



Kumpulan H & L High-Tech Berhad
Incorporated in Malaysia (317805-V)

2007 annual report

The header features a dark orange background with a faint, light gray globe centered behind a grid of white squares. The word "contents" is written in a large, orange, sans-serif font on the left side of the grid.

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Board of Directors

Tan Lye Huat

Group Executive Chairman
and Managing Director

Tan Kim Lai

Executive Director

Tan Ho Foot

Executive Director

Tan Sook Yee

Executive Director

Chong Yew Kiang

Independent Non-Executive Director

Chu Kan

Independent Non-Executive Director

Samat bin Junai

Independent Non-Executive Director

Audit Committee

Chu Kan

Chairman/
Independent Non-Executive Director

Tan Lye Huat

Group Executive Chairman
and Managing Director

Samat bin Junai

Independent Non-Executive Director

Chong Yew Kiang

Independent Non-Executive Director

Secretaries

Ng Bee Lian

MAICSA 7041392

Lim Hooi Mooi

MAICSA 0799764

Registered Office

Suite 13A-2, Menara Uni. Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (03) 2697 7611
Fax: (03) 2697 7311

Principal Place of Business

No. 6 Jalan TSB 1
Taman Industri Sungai Buloh
47000 Sungai Buloh
Tel: (03) 6157 6339
Fax: (03) 6156 8918
E-mail: info@hlhightech.com
Website: www.hlhightech.com

Share Registrars

Symphony Share
Registrars Sdn Bhd
Level 26
Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: (03) 2721 2222
Fax: (03) 2721 2530

Auditors

Messrs. BDO Binder
Chartered Accountants

Principal Bankers

EON Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad

Stock Exchange Listing

Second Board of the
Bursa Malaysia Securities Berhad

board of directors' profile



TAN LYE HUAT

Group Executive Chairman and Managing Director

Tan Lye Huat, aged 54, was appointed as Group Executive Chairman and Managing Director of Kumpulan H&L High-Tech Berhad (H&L) on 2 September 1997. He is a businessman by profession and the founder of H&L High-Tech Sdn Bhd (HHT), Plastik STC Sdn Bhd (PSSB), H&L High-Tech Deco Sdn Bhd (HHTD), H&L High-Tech Properties Sdn Bhd (HHTP) and H&L High-Tech Properties Development Sdn Bhd (HHPD).

He founded Hup Lee Engineering Works (HLEW) in 1976 as a partnership in the mould and dies industry and incorporated the partnership under HHT on 9 November 1988.

With more than 30 years experience of closely managing the production and marketing operations of HHT and HLEW, he possess in-depth knowledge and experience in the overall operations of HHT as well as the industry in general.

He sits on the Board of all companies under the H&L Group and also holds directorships in a number of other private limited companies. He has no conflict of interest with the Company. His brothers Tan Ho Foot, Tan Kim Lai are Directors of H&L and Tan Ah Heng is major shareholder of H&L. His daughter Tan Sook Yee is Director of H & L.

He sits on the Board of all companies under the H&L Group and also holds directorships in a number of other private limited company. He has no conflict of interest with the Company. His brothers Tan Ho Foot, Tan Lye Huat are Directors of H&L and Tan Ah Heng is major shareholder of H&L.



TAN HO FOOT

Executive Director

Tan Ho Foot, aged 57, was appointed as Executive Director of H&L on 2 September 1997. He is one of the founding partners of HLEW and became a shareholder and director of HHT upon its incorporation in 1988.

He was the chief technician for the fabrication of machine parts and tooling of HLEW since 1982 and this function continued in HHT. He is primary responsible for the fabrication functions in HHT.

He sits on the Board of few companies under the H&L Group and also holds directorships in a number of other private limited companies. He has no conflict of interest with the Company. His brothers Tan Lye Huat, Tan Kim Lai are Directors of H&L and Tan Ah Heng is major shareholder of H&L.



TAN KIM LAI

Executive Director

Tan Kim Lai, aged 56, was appointed as Executive Director of H&L on 2 September 1997.

He is a businessman by profession and founding partners of HLEW and became a shareholder and director of HHT upon its incorporation in 1988. He is responsible for the administrative matters of H&L Group as he has garnered a wide experience in the administrative aspect of the precision mould and die business since the partnership business of HLEW began in 1976.



TAN SOOK YEE

Executive Director

Tan Sook Yee, aged 27, was appointed as Executive Director of H&L on 30 June 2006.

She holds a Bachelor of Engineering (Honours) (Mechanical and Manufacturing) and Bachelor of Commerce from the University of Melbourne.

She was the Mentor Co-ordinator in the Faculty of Engineering for the University of Melbourne from 2002 to 2004. She was exposed to multi-national culture while leading a team of mentors to provide support services for the international engineering students.

She is the Customer Support Engineer in H & L Group since 2004. She has no conflict of interest with the Company. She is the daughter of Mr. Tan Lye Huat, Group Executive Chairman and Managing Director.

CHU KAN

Independent Non-Executive Director

Chu Kan, aged 64, was appointed as an Independent Non-Executive Director of Kumpulan H&L High-Tech Berhad on 2 September 1997. He has been a member of the Institute of Internal Auditors since 1980 and he became a member of the National Institute of Accountants, Australia in 2003. In 1969, he began his career as an office manager cum accountant with General Ceramic Bhd (now known as General Corporation Bhd).

He left in 1986 as the assistant group internal auditor. In 1987, he joined Redland Prestige Ceramic Sdn Bhd, a wholly owned subsidiary of Johan Holdings Bhd, which is principally involved in manufacturing of ceramic tiles, as a finance and administration manager. He retired from employment in early 1997 and currently sits on board of several private limited companies.

He is the Chairman of Audit Committee and also sits on the Nomination Committee and Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest.

Samat holds a Master's Degree in Business Administration (Ohio University), Bachelor of Business Studies (Finance) and Diploma in Public Administration.

He joined Yayasan Sarawak in 1978 and currently is the Deputy Director of Yayasan Sarawak.

He also sits on the board of PSSB, one of the company under the H&L Group and a number of other private limited companies. He does not have any family relationship with any director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest.

He is the Chairman of Nomination Committee and also sits on the Audit Committee and Remuneration Committee.

CHONG YEW KIANG

Independent Non-Executive Director

Chong Yew Kiang, aged 59, was appointed as an Independent Non-Executive Director on 25 April 2001 and is a member of Malaysian Institute of Accountants and Canadian Institute of Chartered Accountants.

He holds a Master's Degree in Science (Business Administration) University of British Columbia, Vancouver, Canada and a Bachelor of Economics (2nd Class Upper) University of Malaya.

He currently works as a Dealer Representative with K&N Kenanga Berhad, a stockbroking company. He holds directorships in a number of other private limited companies. He does not have any family relationship with any director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest.

He is the Chairman of Remuneration Committee and also sits on the Nomination Committee and Audit Committee.

SAMAT BIN JUNAI

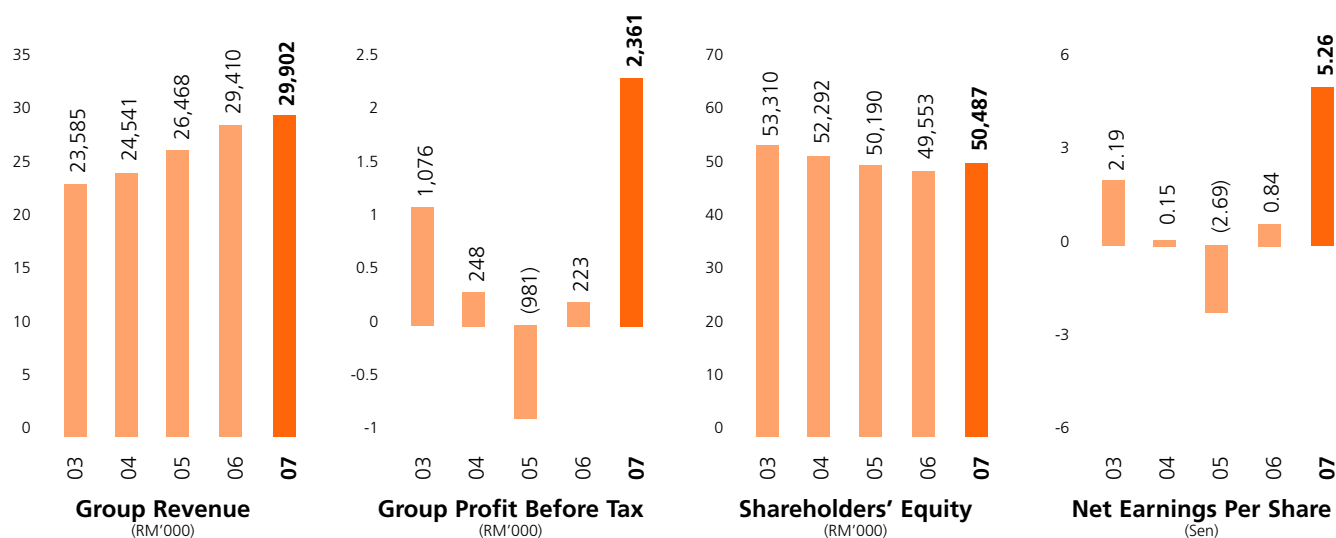
Independent Non-Executive Director

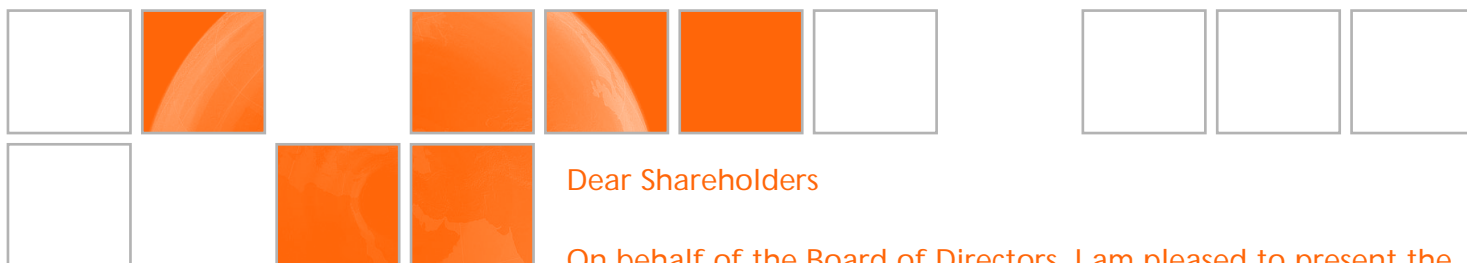
Samat Bin Junai, aged 49, was appointed as an Independent Non-Executive Director on 27 July 1999.

5 years' financial highlights



	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
GROUP REVENUE	23,585	24,541	26,468	29,410	29,902
PROFIT BEFORE TAX	1,076	248	(981)	223	2,361
NET PROFIT FOR THE FINANCIAL YEAR	888	61	(1,092)	341	2,135
PAID UP CAPITAL	40,612	40,612	40,612	40,612	40,612
TOTAL ASSETS	59,356	59,065	63,222	60,634	61,753
SHAREHOLDERS' EQUITY	53,310	52,292	50,190	49,553	50,487
NET EARNINGS PER SHARE (Sen)	2.19	0.15	(2.69)	0.84	5.26
NET TANGIBLE ASSETS PER SHARE (RM)	1.31	1.29	1.24	1.22	1.24
DIVIDEND RATE %	2.5%	2.5%	2.5%	2.5%	2.5%





Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Kumpulan H&L High-Tech Berhad and its Group of Companies for the financial year ended 31 October 2007.

FINANCIAL PERFORMANCE OVERVIEW

For the financial year ended 31 October 2007, H & L High-Tech group recorded a 520% jump in its net profit attributable to shareholders from RM0.341 million in 2006 to RM2.113 million in 2007, resulted from revenue and gross profit margin improved by 2% and 31% respectively, and also operation expenses decreased by 5% or RM0.278 million.

a) Manufacture and Sale of Precision Engineering Moulds, Tools and Dies, Jigs & Fixtures

1. H & L High-Tech Sdn Bhd achieved a higher pretax profit of RM1.728 million against a pretax profit of RM1.225 million recorded in the previous corresponding year. The improvement was attributed to sales increased by 5% or RM0.742 million, gross profit margin increased to 33% from 30% despite operating expenses increased by 4% or RM0.129 million.

2. H&L High-Tech Mould (Thailand) achieved a pretax profit of RM0.076 million against a pretax loss of RM0.145 million recorded in the previous corresponding year. The turnaround was attributed to sales increased by 25% or RM0.325 million and gross profit margin improved to 24% from 13%.

b) Manufacture and Sale of Customised Engineering Plastic Injection Moulded thermoplastics and thermosett parts and components for electrical and electronic industries.

Plastik STC group achieved a pretax profit of RM0.153 million against a pretax loss of RM1.262 million incurred in previous corresponding year. The turnaround was due to improved gross profit margin to 8% from 0.5%, sales increased by 3.7% or RM0.472 million. Also operating expenses decreased by 23% or RM0.389 million.

c) Properties Renting

The pretax profit of H&L High-Tech Properties dropped marginally by 1% to RM0.531 million from RM0.536 million recorded in the previous corresponding year. The drop of rental income of 3% or RM0.032 million was offset by the lower expenses of building maintenance.

PROSPECTS

The Group is expected to focus on its core business in Malaysia and the region. Venturing and capturing new market in the Europe region will be a key growth driver in the coming year.

In view of the uncertainty and stiff competition, especially in local market business and barring unforeseen circumstances, the directors anticipate that the next year's operation will be challenging.

The Board will continue to remain perceptive and will exploit for feasible investment opportunities which could bring synergy and profitability to the Group.

CORPORATE DEVELOPMENTS

As the Group is financially sound with a surplus cash of RM11.716 million, hence the Board has implemented Share Buy-Back Scheme. The Share Buy-Back is subject to the renewal approval of the shareholders of H & L at the forthcoming AGM.

The Share Buy-Back, will enable the Company to stabilize the supply and demand of H & L Shares on the Bursa Securities and thereby support the Company's fundamental value.

The Board would have the opportunity to utilize its financial resources not immediately required for other use to purchase H & L Shares. H & L may have the opportunity for potential gains if the purchased H & L shares which are retained as treasury shares are resold at prices higher than their purchase price.

DIVIDEND

The first and final tax exempt dividend of 2.5 sen for the year ended 31 October 2006 was paid in 18 April 2007. The Board of Directors is pleased to recommend a first and final tax exempt dividend of 2.5% representing 2.5 sen per share (2006: tax exempt dividend of 2.5 sen per share) in respect of the financial year ended 31 October 2007 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

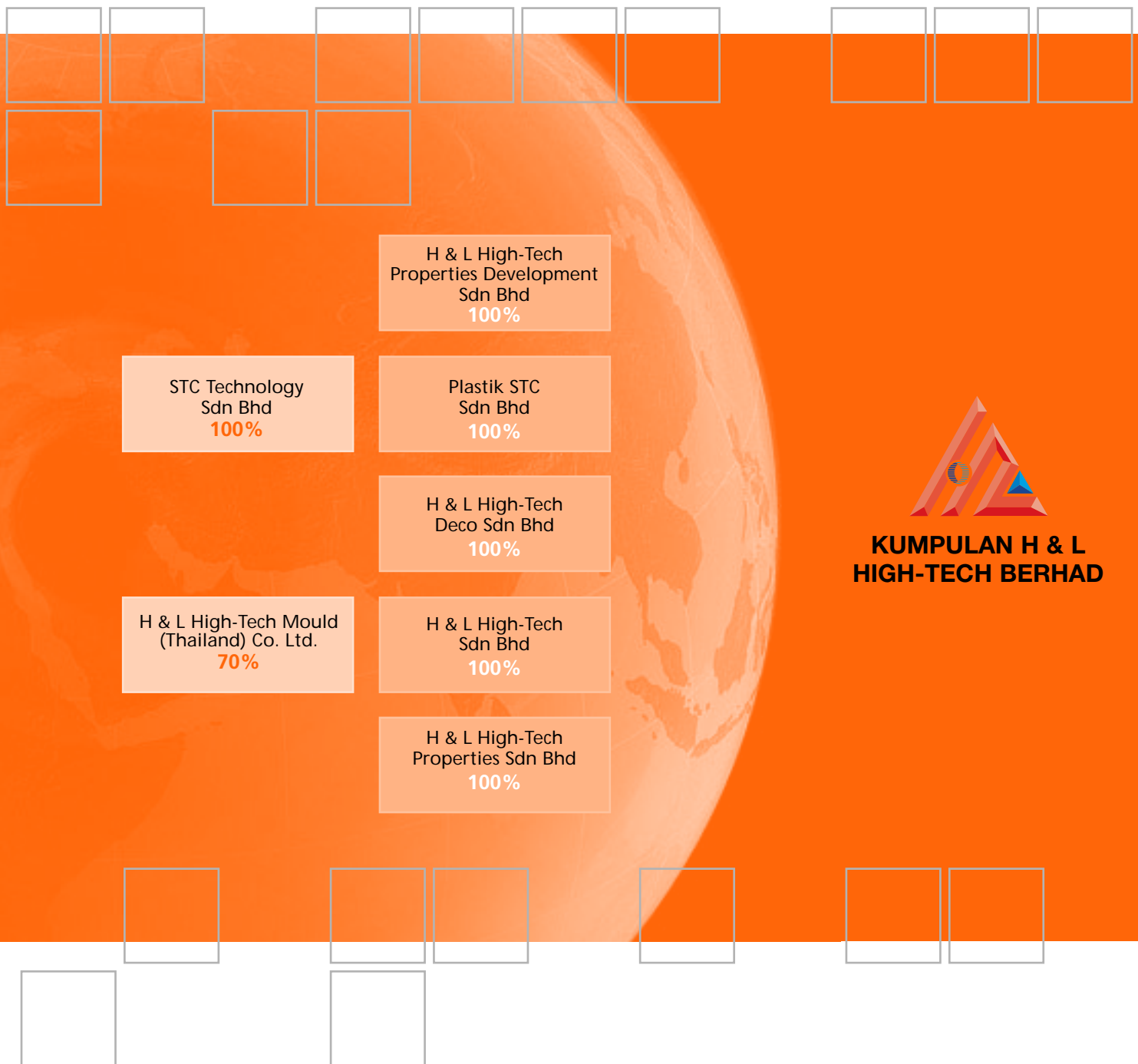
ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to thank the management and staff for the dedication and commitment shown in the performance of their duties during the year. In addition, our sincere gratitude is extended to our customers and suppliers for their continued support and loyalty.

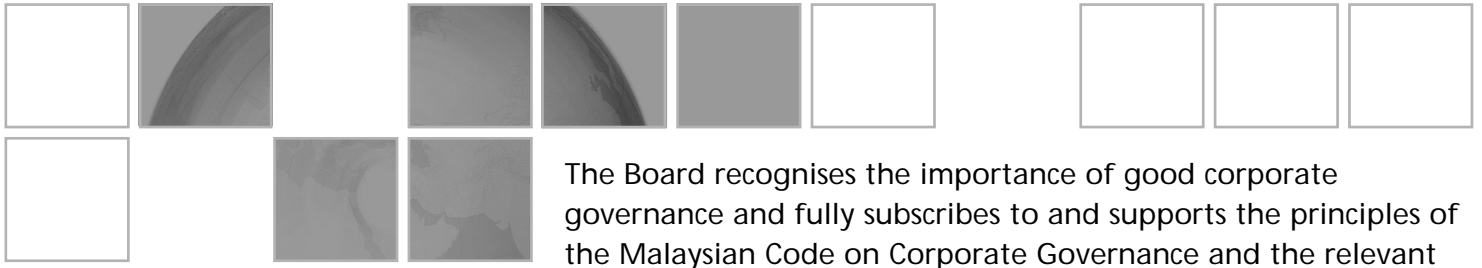
TAN LYE HUAT

Group Executive Chairman and Managing Director

corporate structure



**KUMPULAN H & L
HIGH-TECH BERHAD**



The Board recognises the importance of good corporate governance and fully subscribes to and supports the principles of the Malaysian Code on Corporate Governance and the relevant provisions in the Bursa Securities Listing Requirements.

The Board is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company.

THE BOARD

The Board comprised members with a wide range of business, financial and technical service background. The directors also have experience and expertise in other related and unrelated industries. The Board has overall responsibility for the strategic direction and control of the Group.

All the directors have successfully completed the Mandatory Accreditation Programme and attended the relevant seminars and trainings recognized under the Directors' Continuing Education Programme as prescribed by Bursa Securities. The Directors are encouraged to undergo further education programmes to keep abreast with the relevant developments on a continuous basis. Directors have also kept themselves abreast with relevant developments via the writing and services of independent professionals.

The Board meets every three (3) months in regular Board of Directors' meetings during the year to approve the quarterly results and the audited financial statements on a pre-scheduled basis. Additional meetings are convened whenever necessary. The Audit Committee reports the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

During the financial year ended 31 Oct 2007, the Company held five (5) regular meetings of the Board of Directors. At its regularly scheduled meeting, there was full financial and business review and discussion including trading performance to date against the annual budget and financial plan previously approved by the Board for that year. All directors fulfilled the requirements of the Articles of Association in respect of board meeting attendance.

To enable the Board to carry out its duties, regular status reports and board papers, including quarterly and year-to-date performance reports are provided to the Board.

Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his or her interest and to abstain from the decision making process.

The Board had established the Employee Share Option Scheme ("ESOS") Committee, Investment Committee and Board Audit Committee, Board Remuneration and Nomination Committee which is delegated with certain responsibilities as well as operates within the clearly define terms of reference. The Board may, whenever required, set up Board Committees delegated with specific powers and responsibilities.

BOARD COMPOSITION

The Board currently consists of seven (7) directors; comprising four (4) Executive Director, three (3) Independent Non-Executive Directors.

The roles of the Chairman and Managing Director are currently not separated. The Managing Director is primarily responsible for the orderly conduct and the working of the Board, day to day running of the business and implementation of Board policies and decisions. There is sufficient balance of executive directors such that decision made are fully discussed and examined taking into account the long term interest of shareholders, employees, customers and the many communities in which the Group conducts its business. The presence of Independent Non-Executive Directors is essential as they provide unbiased and independent views, advice and judgement as well to safeguard the interest of other parties such as minority shareholders. A brief profile of each director is presented in this annual report on pages 3 to 4. The Board composition complies with the Bursa Securities Listing Requirement, which requires one third to be independent.

RE-ELECTION

The Articles of Association of the Company provides that at least one third of the directors including the Managing Director, are subject to retirement by rotation at each Annual General Meeting but shall be eligible for re-election and that each Director shall submit himself for re-election at least once in every three (3) years.

SUPPLY OF INFORMATION TO THE BOARD

The Board has full and timely access to information with an agenda and Board papers distributed in advance of meetings. The Managing Director will lead the presentation of Board papers and provide explanation of pertinent issue. All directors are entitled to call for additional clarification and information to assist them in matters that require their decision.

Apart from the quarterly and year end financial statements, a report on the Company performance and progress will be presented to the Board every quarter to keep them informed of the Company's state of affairs.

All the directors have access to the advice and services of the Company Secretaries and the Senior Management staff in the Group and may obtain independent professional advice at the Company's expense in furtherance of their duties.

THE AUDIT COMMITTEE

The details are shown in the accompanying report of the Audit Committee on pages 14 to 16.

THE EMPLOYEE SHARE OPTION SCHEME COMMITTEE ("ESOS")

The ESOS Committee comprises two (2) members namely Mr. Tan Lye Huat (Chairman - Group Executive Chairman and Managing Director) Mr. Chu Kan (Independent Non-Executive Director). The Independent Non-Executive Directors do not participate in the scheme.

The ESOS Committee shall within the duration of the Scheme, make Offers to any Eligible Employee whom the ESOS Committee may in its discretion select to subscribe for new H&L Shares.

The ESOS which was approved by the Shareholders at an Extraordinary General Meeting on 15 March 2000 for a period of five (5) years commencing from 27 April 2000 had expired on 27 April 2005.

THE INVESTMENT COMMITTEE

The Investment Committee comprises three (3) members namely Mr. Tan Lye Huat (Chairman - Group Executive Chairman and Managing Director) Mr. Tan Ho Foot (Executive Director) and Encik Samat Bin Junai (Independent Non-Executive Director).

Investment policy on Quoted Securities

The maximum size of the fund (inclusive of subsidiaries) shall derive from surplus funds to be set aside for investment in quoted securities shall not be more than RM1,500,000 or such other sum as may be set by the Board of Directors. The Company or its subsidiaries may not make any borrowing to finance any proposed investments. Not more than 30% of the total fund may be used for investment in non-Trustee securities quoted on Bursa Malaysia Securities Stock Exchange.

THE REMUNERATION COMMITTEE

The details are shown in the accompanying report of the Remuneration on pages 17.

THE NOMINATION COMMITTEE

The details are shown in the accompanying report of Nomination Committee on pages 18.

DIRECTORS' REMUNERATION

All the Independent Non-Executive Directors will receive director fees subject to shareholders approval at the forthcoming Annual General Meeting. The Independent Non-Executive Directors were also paid meeting allowance. However none of the Independent Non-Executive Directors had received meeting allowance which exceeded RM25,000 each in the year.

The level of remuneration of each Director reflects the level of responsibility and commitment, which goes with the Board

membership. It is the Board's and Remuneration Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors of the caliber needed to run the group successfully.

The Remuneration Committee will deliberate and submit its recommendation to the Board for their endorsement. During the Board's deliberation on the respective Director's remuneration, the Directors play no part in deciding their own remuneration and shall abstain from discussion and decision in respect of their own remuneration.

Disclosure of Remuneration

The Directors are satisfied that the current level of remuneration is in line with the responsibilities expected in the Group.

The aggregate remuneration packages of the directors for the financial year ended 31 October 2007 are as follows: -

Category	Fees RM'000	Salaries & Allowances RM'000	Bonuses & Incentives RM'000	Employer Provident Fund RM'000	Benefits in Kind RM'000	Total RM'000
Executive Directors	-	548	42	66	35	691
Independent Non-Executive Directors	30	17	-	-	-	47
Total	30	565	42	66	35	738

Range of Remuneration inclusive Attendance Allowance (RM)	Executive Director	Independent Non-Executive Director
Below -25,000		3
25,001 -50,000		
50,001 -100,000	3	
100,001-150,000		
150,001-200,000		
200,001 -250,000		
250,001 -300,000		
300,001 above	1	

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company values its dialogue with both institutional shareholders and private investors and acknowledges the need for shareholders to be informed of all material business matters affecting the Group. In this regard it strictly adheres to the disclosure requirement of the Bursa Malaysia Securities Listing Requirement.

The Annual General Meeting (AGM) is the principal forum of dialogue with the shareholders. Shareholders are notified of the Meeting and provided with a copy of the Company's annual report at least 21 days before the date of the Meeting. At each AGM, the Board presents the progress and performance of the Company as contained in the Annual Report and provides opportunity to shareholders to raise questions or to seek for more information. During these meetings, all the directors are available to provide response to question from the shareholders.

For re-election of director, the Board ensures that full information is disclosed in the notice of meeting regarding directors who will be retiring and willing to serve if re-elected.

H&L also maintain a website (www.hlhightech.com) through which shareholders and the general public can obtain up-to-date information on the trading and products information.

FINANCIAL REPORTING

The Company's financial statements are drawn up in accordance with the provision of the Companies Act 1965 and the applicable approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements of the Group and Companies give a true and fair view of the state of affairs of the Group at the end financial year and of their operations and cashflows for the period then ended.

In this regard, the Board will ensure that the Company has applied consistently appropriate accounting policies and made reasonable and prudent judgements and estimates. The Board also has to ensure that all applicable approved Accounting Standards have been complied.

Prior to release to Bursa Malaysia Securities Berhad, the quarterly and year end financial statements are presented to the Board of Audit Committee and reviewed by the Board of Directors towards ensuring that the financial statements present a balanced and understandable assessment of the Group's position and prospects.

RELATIONSHIP WITH AUDITORS

The role of the Audit Committee in relation to the external auditors is stated on pages 15 to 16.

COMPLIANCE WITH THE CODE

Save as disclosed below, the Group has substantially complied with the Principles and Best Practices of the Code.

The Board is mindful of the dual roles held by the Group Executive Chairman/Managing Director but is of the view that there are sufficient independent minded Directors with wide boardroom experience to provide the necessary check and balance. Besides, the Board has various Board Committees to discuss and decide on policy matters and related issues on a regular basis. The Group Executive Chairman/Managing Director as a rule abstain from all deliberations and voting on matters, which he is directly or deemed interested.

The Board does not have a formal schedule of matters specifically reserved to it for decision. However, it has been the practice for the Board to deliberate on significant matters that concern the overall strategy of the Group such as major investment or divestment decisions, financial and operating performance, acquisition and disposal of fixed assets.

The Board together with the Group Executive Chairman/Managing Director has not developed formal position description for the Board and Group Executive Chairman/Managing Director. This is due to the current set-up of the Board whereby a majority of the directors have been with the Group since its commencement.

STATE OF INTERNAL CONTROL

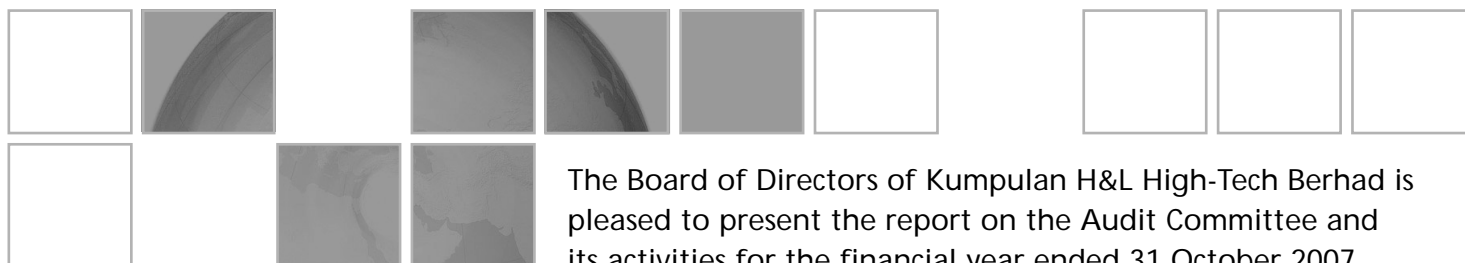
The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risks exposure.

The Statement of Internal Control is set out on page 19 of the annual report provides an overview of the state of internal controls within the Group.



	Name of Director	Directorship in Listed Companies	Membership in Board Committee	Convictions for Offences within past 10 years other than Traffic Offences	Attendance Board Meeting
1.	Tan Lye Huat	Kumpulan H&L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee ESOS Committee Investment Committee	Nil	5/5
2.	Tan Ho Foot	Kumpulan H&L High-Tech Berhad	Investment Committee	NIL	5/5
3.	Tan Kim Lai	Kumpulan H&L High-Tech Berhad	NIL	NIL	5/5
4.	Chu Kan	Kumpulan H&L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee ESOS Committee	NIL	5/5
5.	Samat Bin Junai	Kumpulan H&L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee Investment Committee	NIL	4/5
6.	Chong Yew Kiang	Kumpulan H&L High-Tech Berhad Ni Hsin Resources Berhad	Audit Committee Remuneration Committee Nomination Committee	NIL	5/5
7.	Tan Sook Yee	Kumpulan H&L High-Tech Berhad	NIL	NIL	5/5

audit committee report



The Board of Directors of Kumpulan H&L High-Tech Berhad is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2007.

The Audit Committee comprises of four members, majority of whom are non-executive directors.

Members and Meetings Attendances

Name	Membership status	Attendance
• Chu Kan	Chairman, Independent Non-Executive Director	5 out of 5
• Samat bin Junai	Independent Non-Executive Director	4 out of 5
• Chong Yew Kiang	Independent Non-Executive Director	5 out of 5
• Tan Lye Huat	Group Executive Chairman and Managing Director	5 out of 5

Date, Time and Place of the Audit Committee Meetings held

Date	Time	Place
22 December 2006	2.30 p.m.	Boardroom
07 February 2007	2.30 p.m.	No.6 Jalan TSB 1
28 March 2007	2.30 p.m.	Taman Industri Sg. Buloh
19 June 2007	2.30 p.m.	47000 Sg Buloh
25 Sept 2007	2.30 p.m.	Selangor Darul Ehsan

Internal Audit Function

The Group had since November 2002 outsourced its internal audit function which is independent of the activities and operation and will report to the audit committee on the following:

- Undertakes the audit of the Group's operating units; ascertaining the extent of the units compliance with the established internal control procedure, policies and statutory requirements; highlighting the weaknesses and recommending improvements to the existing systems of controls;
- Assist in reviewing the adequacy and effectiveness of the Group's processes for controlling its activities;

- To review and appraise the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable costs; and
- Periodically provide information on the status and results of the internal audit plan.

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members, all of whom must be Independent Non-Executive Directors. An Independent Director shall be one who

fulfills the requirement as provided in the Bursa Securities Listing Requirements.

At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants; or if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or possess a degree/masters/doctorate in accounting or finance and at least three (3) years past qualification experience in accounting or finance or at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation or fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be appointed by the members of the Audit Committee who shall be an Independent Non-Executive Director.

Members of the Committee may relinquish their membership with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

In the event of any vacancy in the Committee, the vacancy shall be filled within three (3) months and the Nomination Committee shall review and recommend for the Board's approval another appropriate Director to fill the vacancy.

The Board must ensure that no Alternate Director is appointed as a member of the Audit Committee.

Terms of Reference

Objective

- To serve as a focal point for communication between Non-Committee Directors and external auditors, internal auditors and the management on matters in connection with financial accounting, reporting and controls.
- To assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting, system of

internal controls, management and financial reporting practices of the Group.

- To enhance the independence of the functions of the Company's external auditors and internal auditors through active participation in the audit progress.

Authority & Rights

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- has authority to investigate any activity within its Terms of Reference;
- has the resources which are required to perform its duties;
- has full and unrestricted access to any information pertaining to the Group;
- has direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- has authority to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- be able to convene meetings with External Auditors, excluding the attendance of executive members of the Group, whenever deemed necessary.

Duties and Responsibilities

- To consider the appointment of the external auditors, the audit fee and questions of resignation or dismissal;
- To discuss with the external auditors before the annual audit commences, the nature and scope of the audit plan;
- To review the quarterly, and annual financial statements of the Company and the Group focusing particularly on:
 - Any changes in accounting policies and practices
 - Significant adjustments arising from the audit
 - The going concern assumption
 - Compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from the final and any interim audits, evaluation of the system of

internal controls and any matters the external auditors may wish to discuss including assistance given by the employees of the Group to the auditors; and to review the auditors' audit report, management letter and management's response;

- e. To consider any related party, inter company transactions and conflict of interest that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- f. To review the scope, functions, procedures of internal audit and results of any internal audit conducted and whether or not appropriate actions, where necessary have been taken; and
- g. Such other functions as may be agreed by the Audit Committee and the Board of Directors.

Meeting and Minutes

The meeting shall be held not be less than four (4) times a year. Additionally, the Chairman shall convene a meeting of the Committee if requested to do so by its member, management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee. The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports. Any two (2) members of the Committee present at the meeting shall constitute a quorum. If at any meeting the Chairman of the Committee is not present within 10 minutes after the time appointed for holding the meeting, the Members present may choose one of their numbers who is an Independent Non-Executive Director to be Chairman of the meeting. The Chairman of the Audit Committee shall engage on a continuous basis with the senior management such as the chairman, chief executive officer, finance director, the head of internal control and the external auditors in order to kept informed of matters affecting the Company.

The Audit Committee members shall meet with external auditors without Executive Board members at least twice a year. An Agenda shall be sent to all the members of the Committee

and any persons that may be required to attend. Minutes of each meeting shall be kept and distributed to each member of the Company and also the members of the Board of Directors.

The Company Secretary shall be Secretary of the Committee.

SUMMARY OF ACTIVITIES

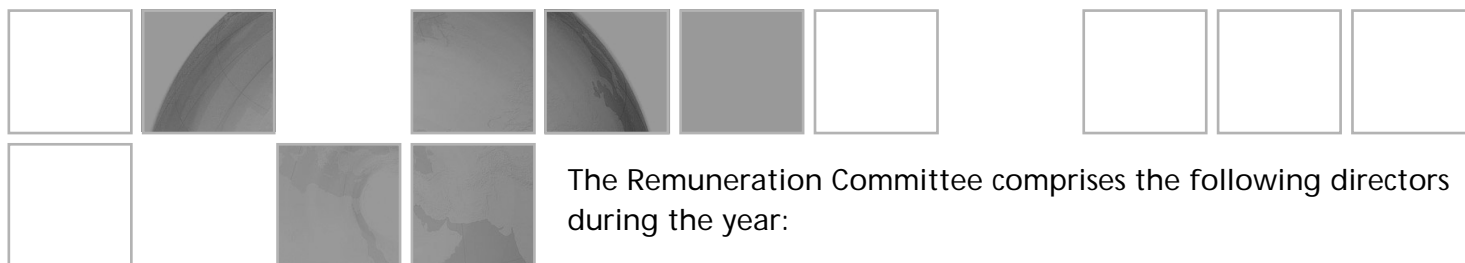
During the financial year under review, the Audit Committee conducted its activities in accordance with its existing terms of reference, which included the review of the external auditors' scope of work and annual audit plan.

The internal auditors have conducted audit reviews on internal control assessment for budgeting controls and processes.

Five (5) meetings of the Committee were held during the financial year ended 31 October 2007, one of them absent one time and the rest of the committee members had fully attended these meetings.

- a. At each of these Audit Committee's meetings, the accountants of the Group's respective wholly owned subsidiaries were invited to brief the Audit Committee on specific issues.
- b. The reviews of the Group's quarterly and year-to-date unaudited financial statements were made before submission to the Board for their consideration and approval. During the respective Board Meetings, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon.
- c. During the review of the Group's twelve-month's financial results, representatives of the External Auditors, Messrs BDO Binder was invited to discuss the Group Accounts for the year ended 31 Oct 2007. Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the said Group Accounts; together with recommendations in respect of the findings; and
- d. Reviewed the internal audit reports presented and considered the significant findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by Management.

remuneration committee and terms of reference



- | | |
|-------------------|--|
| • Chong Yew Kiang | Chairman, Independent Non-Executive Director |
| • Samat Bin Junai | Independent Non-Executive Director |
| • Chu Kan | Independent Non-Executive Director |
| • Tan Lye Huat | Group Executive Chairman and Managing Director |

Membership

- The members of the Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly of Non-Executives and shall consist not less than three (3) members.
- The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Directors.
- If the number of members for any reasons fall below three (3), the Board shall, within three (3) months of that event, appoint such numbers of new members as may be required to make up the minimum number of three (3) members.
- The term of office for all members of the Committee is subject to renewal on a yearly basis.
- The Company Secretary shall be the Secretary of the Committee
- Directors do not participate in decisions on their own remuneration packages.

- To recommend to the Board after reviewing the management's proposals on:

- Overall annual salary increment frameworks/policy.
- Annual bonus limits/ guidelines and incentive scheme.
- Fees and basic salary levels.
- Remuneration, benefits in kinds and other terms and conditions of employment, which have to be introduced as part of the group's overall human resource development plan. This would include matters such as pegging the Group salaries in line with industry standards and major changes in benefits package.

Meetings and Procedures

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Managing Director shall attend and make presentations at meetings, whenever business is not related to Executive Directors' remuneration. The Committee will decide its own procedures and other administrative arrangements.

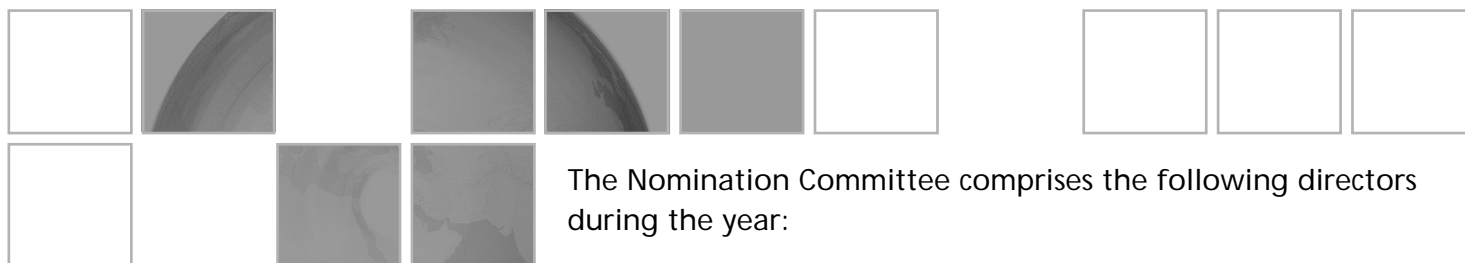
Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Remuneration Committee meeting.

Terms of Reference

- To review and recommend to the Board the remuneration of each of the executive and non-executive directors in all its forms, drawing from outside advice as necessary.

During the year ended 31st October 2007, one meeting was held, which was attended by all members of the Remuneration Committee.

nomination committee and terms of reference



- Samat Bin Junai
- Chong Yew Kiang
- Chu Kan
- Tan Lye Huat

Chairman, Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Group Executive Chairman and Managing Director

- The members of the Nomination Committee shall be appointed by the Board from amongst their number, consisting of wholly or mainly Non-Executives and shall consist not less than three (3) members.
- The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.
- If the number of members for any reasons fall below three (3), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval appropriate Director to fill the vacancy.
- The term of office for all members of the Committee is subject to renewal on a yearly basis.
- The Company Secretary shall be the Secretary of the Committee.
- Directors do not participate in decisions on their own nomination.

Terms of Reference

- To propose new nominees for the Boards and its subsidiaries whether to be filled by Board members, shareholders or executives.

The Committee shall also consider candidates for directorships proposed by the Managing Director and

within the bounds of practicality by any other senior executive or any director or shareholder.

- To make recommendations to the Board of Directors to fill seats on Board Committees.
- To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board.
- To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

Meetings and Procedures

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nomination Committee meeting.

During the year ended 31st October 2007, one meeting was held, which was attended by all members of the Nomination Committee.

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The associated company has not been considered in this statement, as the Board does not consider them significant in relation to the Group. The Board has prepared the following statement in accordance with paragraph 15.27(b) of the Bursa Securities Listing Requirement and BMSB's Statement of Internal Control: Guidance for Directors of Public Listed Companies (Guidance).

Board Responsibility

The Board of Directors acknowledges their responsibility for the Group's system of internal controls and reviewing its adequacy. The system includes financial controls, operational and compliance controls and risk management to safeguard shareholders' investments and the Group's assets. Because of the limitations that are inherent in any system of internal control, the system is designed to manage the principal business risks that may impede the Group from achieving its business objectives, rather than eliminate the risk of failure to achieve corporate objectives. The system, by its nature, can only provide reasonable but not absolute assurance against any material misstatement or loss.

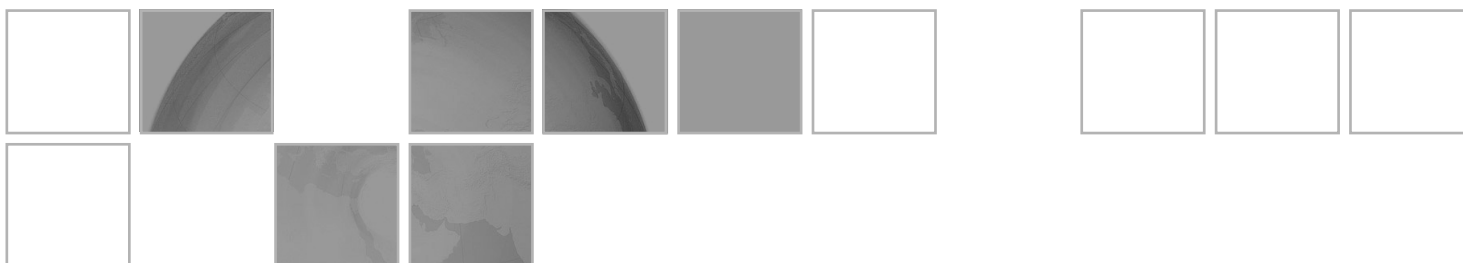
The key elements of the Group's Internal Control are described below:

- Clearly defined delegation of responsibilities of the Board, Committee and Management of the Group including authorization's level for all aspect of business. Subsidiary companies have clear accountabilities to ensure appropriate risk management and control procedures are in place;
- Clearly documented internal procedures in the Group Financial Policies and ISO 9001, where applicable, for its subsidiaries;
- Detailed budgeting process whereby subsidiary companies prepare budgets for the coming year which are approved by their respective Boards and endorsed by the Board of H&L;
- Regular and comprehensive information provided to Board of Directors and Management, covering operational and financial performance;
- Monitoring actual results against budget. Significant variances are investigated and followed up, and where necessary, management actions are taken;
- Internal audit visit by outsourced internal auditors are to review and appraise the internal control system within the Group in accordance with the approved internal audit plan;
- The Group Executive Chairman and Managing Director provide briefing to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;
- The Audit Committee Chairman provides the Board and deliberates with quarterly financial information, including pertinent explanation on the performance of the Group vis-à-vis the market situation;
- Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the Management; and
- There is an ongoing process for identifying, evaluating and managing the significant risk faced by the Company.

The Board engages an independent firm of consultants to assist the Board in reviewing and appraising the internal control system within the Group. The Board regularly reviews the Group's key commercial and financial risks together with general risks relating to compliance with laws and regulations so that reasonable level of assurance that the system of controls and operations is appropriate to the Group's situation and that there is an acceptable level of risk throughout the Group's businesses.

During the financial year, the results of findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee. The Board is of the opinion that there were no material losses incurred during the financial year as a result of weakness in internal control. The Audit Committee considers report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

This statement is made in accordance with the resolution of Board of Directors dated 18 February 2008.



1. Non Audit Fees

The amount of non audit-fees paid/payable to external auditors and its affiliates for the financial year 31 October 2007 amounted to approximately RM 25,000.

2. Revaluation Policy on Landed Properties

The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 October 2007.

3. Share Buybacks

There was share buyback scheme implemented during the financial year ended 31 October 2007. A total of 1,469,900 ordinary shares were repurchased from the open market for a total consideration of RM1,135,242 for the financial year to date.

4. Sanctions and/or Penalties Imposed

There were no public sanctions and / or penalties imposed on the Company and its other subsidiaries, directors or management by any other relevant authorities.

5. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

Kumpulan H&L High-Tech Berhad has not sponsored any ADR or GDR programme.

6. Material Contract

During the financial year there was no material contract entered into by the Company or its subsidiary involving interest of Directors and major shareholders of the Company that have not been reflected in the financial statement.

7. Profit Estimate, Forecast or Projection

There was material variance of 14% surplus in consolidated profit between the results for the financial year and the unaudited results previously announced, mainly due to reduction in statutory tax rate to 26% effective YA 2008, thus resulting in defer tax income being credited to the audited result. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

8. Profit Guarantees

The Company did not give any profit guarantees during the financial year.

9. Utilisation of Proceeds

No proceeds were raised by the Company for any corporate exercise during the financial year.

10. Recurrent Related Party Transaction of a Revenue or Trading Nature

During the financial year, the company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which requires shareholders' mandate.

11. Options, Warrants or Convertible Securities

There was no exercise of options, warrants or convertible securities during the financial year ended 31 October 2007.



financial statements

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directors' report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2007.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	2,157,934	932,859
Attributable to:		
Equity holders of the Company	2,135,083	932,859
Minority interests	22,851	-
	2,157,934	932,859

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 28 March 2007, a final dividend of 2.5 sen per share, tax exempt, amounting to RM1,015,301 in respect of the previous financial year was paid on 18 April 2007.

The Directors proposed a first and final dividend of 2.5 sen per share, tax exempt, amounting to RM1,015,301 in respect of the current financial year ended 31 October 2007, subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS

The Directors who held office since the date of the last report are as follows:

Tan Lye Huat
 Tan Ho Foot
 Tan Kim Lai
 Chu Kan
 Samat bin Junai
 Chong Yew Kiang
 Tan Sook Yee
 Cheang Kam Hong (resigned on 19 June 2007)

In accordance with Article 97 of the Company's Articles of Association, Tan Lye Huat and Chu Kan retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

Except as stated below, no other Directors holding office at the end of the financial year had any beneficial interests in the ordinary shares of the Company and related corporations during the financial year ended 31 October 2007, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:

Shares in the Company	---- Number of ordinary shares of RM1.00 each ----			
	Balance as at 1.11.2006	Bought	Sold	Balance as at 31.10.2007
Direct Interests				
Tan Lye Huat	1,696,851	-	-	1,696,851
Tan Ho Foot	555,807	-	-	555,807
Tan Kim Lai	1,661,871	-	-	1,661,871
Tan Sook Yee	502,200	-	-	502,200
Indirect Interests				
+ Tan Lye Huat	11,200,001	-	-	11,200,001
+ Tan Ho Foot	11,200,001	-	-	11,200,001
+ Tan Kim Lai	11,200,001	-	-	11,200,001
+ Tan Sook Yee	11,200,001	-	-	11,200,001

+ By virtue of their shareholdings in the Company, Tan Lye Huat, Tan Ho Foot, Tan Kim Lai and Tan Sook Yee are also deemed to have beneficial interests in the shares of the subsidiary companies to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as Directors of the subsidiary companies.

DIRECTORS' BENEFITS (CONT'D)

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (CONT'D)**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

Messrs. BDO Binder, retired and do not seek for re-appointment. A nomination has been received from a shareholder for the appointment of SJ Grant Thornton in place of the retiring auditors.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Tan Lye Huat
Director

Tan Ho Foot
Director

Kuala Lumpur
18 February 2008

statement by directors

In the opinion of the Directors, the financial statements set out on pages 30 to 68 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 31 October 2007 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 October 2007.

On behalf of the Board,

Tan Lye Huat
Director

Tan Ho Foot
Director

Kuala Lumpur
18 February 2008

statutory declaration

I, Tan Swee Kiow, being the officer primarily responsible for the financial management of Kumpulan H & L High-Tech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 68 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)	Tan Swee Kiow
declared by the abovenamed at)	
Kuala Lumpur this)	
18 February 2008)	

Before me:

notice of nomination of new auditor

AFFLUENT FUTURE SDN. BHD. (316380 – V)

No. 6, Jalan TSB 1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor

Tel : 603 – 6157 6339 Fax : 603 – 6156 8918

Date: 09 January 2008

The Board of Directors
Kumpulan H&L High-Tech Berhad
Suite 13A-2 Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF NEW AUDITOR

We, Affluent Future Sdn. Bhd., being a member of Kumpulan H&L High-Tech Berhad holding more than 10% of the capital of the Company, hereby give notice pursuant to Section 172 (11) of the Companies Act, 1965 of our intention to nominate M/s SJ Grant Thornton of Level 11, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur for appointment as Auditors of the Company in place of the retiring Auditors M/s BDO Binder and of our intention to move the following motion to be passed as an Ordinary Resolution at the Annual General Meeting of the Company.

Proposed Change of Company's Auditors

"THAT Messrs SJ Grant Thornton be and are hereby appointed auditors of the Company in place of the retiring Auditors, M/s BDO Binder, and to hold office until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors."

Yours faithfully
Affluent Future Sdn. Bhd.



Tan Lye Huat Tan Kim Lai
Directors

report of the auditors to the members of Kumpulan H & L High-Tech Berhad

We have audited the financial statements set out on pages 30 to 68.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 October 2007 and of their results and cash flows for the financial year then ended;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of a subsidiary company of which we have not acted as auditors, as indicated in Note 11 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF : 0206
Chartered Accountants

Siew Kah Toong
1045/03/08(J)
Partner

Kuala Lumpur
18 February 2008

balance sheets as at 31 October 2007

		Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
ASSETS EMPLOYED	NOTE				
Non-current assets					
Property, plant and equipment	7	18,891,191	19,862,541	-	-
Investment properties	8	14,978,516	15,455,062	-	-
Land held for property development	9	2,909,359	2,909,359	-	-
Prepaid lease payments	10	2,061,786	2,086,627	-	-
Investment in subsidiary companies	11	-	-	23,116,963	23,116,963
Other investments	12	265,575	319,125	-	-
		39,106,427	40,632,714	23,116,963	23,116,963
Current assets					
Inventories	13	2,901,241	2,121,290	-	-
Trade receivables	14	7,157,593	6,121,805	-	-
Other receivables, deposits and prepayments	15	523,410	544,047	23,365	20,972
Tax recoverable		183,387	499,860	4,289	-
Amounts owing by subsidiary companies	16	-	-	19,290,470	20,036,918
Fixed deposits with licensed banks	17	8,834,903	8,737,433	320,819	688,723
Cash and bank balances		3,046,289	1,976,710	3,997	114,610
		22,646,823	20,001,145	19,642,940	20,861,223
TOTAL ASSETS		61,753,250	60,633,859	42,759,903	43,978,186
EQUITY AND LIABILITIES					
Issued capital and reserves					
Share capital	18	40,612,085	40,612,085	40,612,085	40,612,085
Treasury shares		(1,135,242)	-	(1,135,242)	-
Reserves	19	11,010,132	8,941,026	3,226,829	3,309,271
Equity attributable to equity holders of the Company		50,486,975	49,553,111	42,703,672	43,921,356
Minority interest		501,085	428,412	-	-
TOTAL EQUITY		50,988,060	49,981,523	42,703,672	43,921,356

		Group		Company	
		2007	2006	2007	2006
	NOTE	RM	RM	RM	RM
LIABILITIES					
Non-current and deferred liabilities					
Borrowings (interest bearing)	20	2,775,957	3,570,085	-	-
Deferred income	24	11,197	26,124	-	-
Deferred tax liabilities	25	2,574,592	2,617,811	-	-
		5,361,746	6,214,020	-	-
Current liabilities					
Trade payables	26	1,392,886	742,428	-	-
Other payables, deposits and accruals	27	3,017,107	2,765,624	56,231	56,419
Borrowings (interest bearing)	20	993,406	912,353	-	-
Tax liabilities		45	17,911	-	411
		5,403,444	4,438,316	56,231	56,830
TOTAL LIABILITIES		10,765,190	10,652,336	56,231	56,830
TOTAL EQUITY AND LIABILITIES		61,753,250	60,633,859	42,759,903	43,978,186

The attached notes form an integral part of the financial statements.

income statements for the financial year ended 31 October 2007

	NOTE	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	28	29,902,353	29,410,476	1,080,000	3,060,000
Cost of sales		(21,856,498)	(23,456,332)	-	-
Gross profit		8,045,855	5,954,144	1,080,000	3,060,000
Other operating income		812,160	699,419	18,620	20,629
Marketing and distribution expenses		(1,051,570)	(1,261,292)	-	-
Administration expenses		(3,364,994)	(2,896,527)	(72,159)	(72,919)
Other operating expenses		(1,810,949)	(2,020,889)	(99,513)	(83,060)
Finance cost		(269,391)	(251,492)	-	-
Profit before tax	29	2,361,111	223,363	926,948	2,924,650
Tax (expense)/income	30	(203,177)	74,205	5,911	(5,449)
Net profit for the financial year		2,157,934	297,568	932,859	2,919,201
Attributable to:					
Equity holders of the Company		2,135,083	341,206	932,859	2,919,201
Minority interests		22,851	(43,638)	-	-
		2,157,934	297,568	932,859	2,919,201
Earnings per ordinary share attributable to equity holders of the Company (sen)	31	5.26	0.84		
Dividend per share (sen):					
First and final dividend of 2.5 sen (2006: 2.5 sen), tax exempt	32	2.50	2.50		

The attached notes form an integral part of the financial statements.

statement of changes in equity for the financial year ended 31 October 2007

<----- Attributable to equity holders of the Company ----->

GROUP	Share capital	Treasury shares	Share premium	Revaluation reserve	Exchange translation reserve	Retained profits	Total	Minority interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 31 October 2005	40,612,085	-	252,460	685,672	31,955	8,548,984	50,131,156	447,300	50,578,456
Currency translation differences	-	-	-	-	96,050	-	96,050	24,750	120,800
Income recognised directly in equity	-	-	-	-	96,050	-	96,050	24,750	120,800
Profit for the financial year	-	-	-	-	-	341,206	341,206	(43,638)	297,568
Total recognised income and expense for the year	-	-	-	-	96,050	341,206	437,256	(18,888)	418,368
Dividend paid (Note 32)	-	-	-	-	-	(1,015,301)	(1,015,301)	-	(1,015,301)
Balance as at 31 October 2006	40,612,085	-	252,460	685,672	128,005	7,874,889	49,553,111	428,412	49,981,523
Currency translation differences	-	-	-	-	104,486	-	104,486	20,370	124,856
Revaluation surplus	-	-	-	821,350	-	-	821,350	29,452	850,802
Reversals of deferred tax due to reduction in tax rate	-	-	-	23,488	-	-	23,488	-	23,488
Income recognised directly in equity	-	-	-	844,838	104,486	-	949,324	49,822	999,146
Profit for the financial year	-	-	-	-	-	2,135,083	2,135,083	22,851	2,157,934
Total recognised income and expense for the year	-	-	-	844,838	104,486	2,135,083	3,084,407	72,673	3,157,080
Dividend paid (Note 32)	-	-	-	-	-	(1,015,301)	(1,015,301)	-	(1,015,301)
Share Buy-Back	-	(1,135,242)	-	-	-	-	(1,135,242)	-	(1,135,242)
Balance as at 31 October 2007	40,612,085	(1,135,242)	252,460	1,530,510	232,491	8,994,671	50,486,975	501,085	50,988,060

The attached notes form an integral part of the financial statements.

continued

COMPANY	Share capital RM	Treasury shares RM	Share premium RM	Retained profits RM	Total RM
Balance as at 31 October 2005	40,612,085	-	252,460	1,152,911	42,017,456
Profit for the financial year, representing total recognised income and expense for the year	-	-	-	2,919,201	2,919,201
Dividend paid (Note 32)	-	-	-	(1,015,301)	(1,015,301)
Balance as at 31 October 2006	40,612,085	-	252,460	3,056,811	43,921,356
Profit for the financial year, representing total recognised income and expense for the year	-	-	-	932,859	932,859
Share buy-back	-	(1,135,242)	-	-	(1,135,242)
Dividend paid (Note 32)	-	-	-	(1,015,301)	(1,015,301)
Balance as at 31 October 2007	40,612,085	(1,135,242)	252,460	2,974,369	42,703,672

The attached notes form an integral part of the financial statements.

cash flow statements for the financial year ended 31 October 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	2,361,111	223,363	926,948	2,924,650
Adjustments for:				
Allowance for doubtful debts	8,651	72,741	-	-
Allowance for diminution in value of other investments	-	41,000	-	-
Amortisation of prepaid lease payments	24,841	24,841	-	-
Amortisation of deferred income	(14,927)	(14,928)	-	-
Depreciation of investment properties	180,834	180,866	-	-
Depreciation of property, plant and equipment	3,405,477	3,774,501	-	-
Dividend income	(8,040)	(8,500)	(1,080,000)	(3,060,000)
Gain on disposal of investment properties	(9,288)	(16,800)	-	-
Gain on disposal of other investments	(26,292)	-	-	-
Gain on disposal of property, plant and equipment	-	(90,370)	-	-
Impairment loss on property, plant and equipment	6,883	26,555	-	-
Interest expense	269,391	251,492	-	-
Interest income	(269,544)	(246,538)	(18,620)	(20,629)
Inventories written off	203,003	25,047	-	-
Loss on disposal of property, plant and equipment	10,661	14,115	-	-
Property, plant and equipment written off	65,108	44,811	-	-
Reversal of impairment loss	(20,776)	-	-	-
Unrealised gain on foreign exchange	(48,492)	(91,094)	-	-
Unrealised loss on foreign exchange	90,131	-	-	-
Operating profit/(loss) before working capital changes	6,228,732	4,211,102	(171,672)	(155,979)
(Increase)/Decrease in inventories	(982,954)	921,331	-	-
(Increase)/Decrease in trade receivables	(1,040,133)	666,412	-	-
Decrease/(Increase) in other receivables, deposits and prepayments	24,074	108,926	(2,393)	(406)
Increase/(Decrease) in trade payables	668,250	(629,063)	-	-
Increase/(Decrease) in other payables, deposits and accruals	173,058	(1,346,884)	(188)	7,884
Cash generated from/(used in) operations	5,071,027	3,931,824	(174,253)	(148,501)
Interest paid	(4,593)	(7,111)	-	-
Tax paid	(303,653)	(372,548)	(3,373)	(5,133)
Tax refund	116,565	-	4,584	-
Net cash from/(used in) operating activities	4,879,346	3,552,165	(173,042)	(153,634)

continued

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received from subsidiary companies	-	-	1,080,000	3,060,000
Dividend received from quoted investments	6,390	6,400	-	-
Interest income received	269,544	246,538	18,620	20,629
Proceeds from disposal of property, plant and equipment	1,054	103,651	-	-
Proceeds from disposal of quoted investments	79,842	-	-	-
Purchase of investment properties	-	(25,000)	-	-
Purchase of property, plant and equipment (Note 33)	(1,228,919)	(1,436,558)	-	-
Proceed from disposal of investment properties	305,000	315,000	-	-
Net cash (used in)/from investing activities	(567,089)	(789,969)	1,098,620	3,080,629
CASH FLOWS FROM FINANCING ACTIVITIES				
Share buy-back	(1,135,242)	-	(1,135,242)	-
Interest paid	(264,798)	(244,381)	-	-
Repayment of term loan	(400,064)	(576,189)	-	-
Repayments from/(Advances to) subsidiary companies	-	-	746,448	(1,555,955)
Repayment of hire-purchase liabilities	(324,389)	(257,856)	-	-
Dividend paid	(1,015,301)	(1,015,301)	(1,015,301)	(1,015,301)
Net cash used in financing activities	(3,139,794)	(2,093,727)	(1,404,095)	(2,571,256)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,172,463	668,469	(478,517)	355,739
EFFECTS OF EXCHANGE RATE CHANGES	(171,584)	17,353	-	-
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	10,701,612	10,015,790	803,333	447,594
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR (Note 34)	11,702,491	10,701,612	324,816	803,333

The attached notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Suite 13A-2, Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business is located at No. 6, Jalan TSB 1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments such as trade and other receivables, and trade and other payables arise directly from the Group's operations.

Throughout the period under review, no trading in financial instruments has taken place.

The main risk arising from the Group's financial instruments are foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Foreign currency risk

The Group has an overseas subsidiary company, H & L High Tech Mould (Thailand) Co. Ltd. which operates in Thailand and whose revenue and expenses are denominated exclusively in Thai Baht. The Group's policy is to minimise the foreign currency risk exposure of subsidiary company operating overseas to transaction risk by matching local currency income against local currency cost.

The Group also has transactional currency exposures. Such exposures arise from the sales to customers in Ireland, France and Thailand. These sales are invoiced in foreign currencies. The Group also makes purchases of raw materials from Singapore. The management monitors these exposures on an ongoing basis to ensure that the Group is exposed to minimal foreign currency risk.

Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

3. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 11.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain buildings) unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the purchase method of accounting.

The Group has taken advantage of the exemption provided by FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the aggregate of fair values of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) Reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) Recognise immediately in profit or loss any excess remaining after that reassessment.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of consolidation (Cont'd)

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

5.3 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

5.4 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation, which is the fair value at the date of revaluation, less accumulated depreciation and impairment losses, if any.

During the financial year, the buildings were revalued on 8 August 2007. These are revalued at regular intervals of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued properties materially differ from the market values.

The surplus arising from such valuations is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus should be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item only when incurred of which it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained profits.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Property, plant and equipment and depreciation (Cont'd)

Tools and utensils under construction are not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the assets on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings	20 - 50 years
Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Warehouse	10%
Renovation	10%
Tools and utensils	10% - 14%
Electrical installation	10%

Depreciation of property, plant and equipment commences when it is available for use and does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

5.5 Assets acquired under lease and hire-purchase agreements

(a) Finance lease and hire-purchase

Assets acquired under hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

(b) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The payment made on entering into or acquiring the leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land that would otherwise meet the definition of an investment property.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117. Such prepaid lease payments is amortised over the lease term of 86 years.

5.6 Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 31 to 50 years for buildings. Freehold land is not depreciated.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Land held for property development

Land held for property development, stated at cost less impairment losses, if any, is classified as non-current assets when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

5.8 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less impairment losses, if any.

(ii) Other investments

Other investments are stated at cost less allowance for diminution in value, if any.

5.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of raw materials and consumables is determined on a first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and a proportion of manufacturing overheads.

5.10 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

5.11 Impairment of non-financial assets

The carrying amount of assets, except for inventories and financial assets (excluding investment in subsidiary companies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the income statement immediately except for the impairment on revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if and only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

5.12 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.14 Employee benefits

5.14.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Employee benefits (Cont'd)

5.14.1 Short term employee benefits (Cont'd)

Bonus is recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.14.2 Defined contributions plans

The Group makes contributions to the respective countries' statutory provident funds and recognises the contributions payable:

- (a) after deducting contributions already paid as a liability; and
- (b) as an expense in the financial year in which the employees render their services.

5.15 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.15.1 Current tax expense

Current tax expense includes all domestic and foreign taxes which are based on taxable profits. Current tax expense also includes other taxes, such as withholding taxes which are payable by a foreign subsidiary company on distributions to the Group and the Company.

5.15.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.16 Deferred income

Government grants are recognised in the financial statements as deferred income when there is reasonable assurance that:

- (i) the Company will comply with the conditions attached to the grants; and
- (ii) the grants will be received.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 Deferred income (Cont'd)

Government grants are recognised as income in the income statement on a straight line basis over the periods necessary to match them with the related costs that they are intended to compensate.

The government grant is amortised over 5 years.

5.17 Foreign currency transactions and translations

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which it operates (the 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

On consolidation, the results of overseas operations are translated into Ringgit Malaysia at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at actual rate are recognised directly in equity ('the exchange translation reserve'). Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the exchange translation reserve if the item is denominated in the functional currency of the Group or the overseas operation concerned.

5.18 Revenue recognition

Revenue from sale of goods is recognised in the income statement upon delivery of goods and customers' acceptance.

Rental income is recognised in the income statement on accrual basis unless collectibility is in doubt.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised in the income statement on accrual basis.

5.19 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

5.20 Financial instruments

5.20.1 Financial instruments recognised on the balance sheet

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 Financial instruments (Cont'd)

5.20.1 Financial instruments recognised on the balance sheet (Cont'd)

(b) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policy associated with each item.

(c) Purchase of own shares

Where the Company or its subsidiary companies purchase the Company's equity share capital, the consideration paid, including any attributable transaction costs, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are reissued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

5.20.2 Financial instruments not recognised on the balance sheet

There are no financial instruments not recognised on the balance sheet.

5.21 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment

The Group carried out an impairment test based on a variety of estimation including the fair value less costs to sell off the property, plant and equipment. Estimating the fair value less costs to sell requires the Group to make an estimate of the expected price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be attributable to the disposal of the asset.

(b) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(c) Fair value of investment properties

Investment properties are carried at cost and depreciated on a straight-line basis over the assets' useful lives. For disclosure purposes, the investment properties have been valued by independent professional valuers based on current prices.

6. ADOPTION OF NEW AND REVISED FRSs AND AMENDMENTS TO FRSs

6.1 New and revised FRSs adopted

During the financial year, the Group and the Company adopted FRS 124: Related Party Disclosures which is effective for annual periods beginning on or after 1 October 2006. The effect of adopting this FRS is disclosed in Note 37.

6.2 New and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations not adopted

At the date of authorisation of these financial statements, the following FRSs and amendments to FRSs were in issue, but not yet effective for the Group, which the Group and the Company have not elected to early adopt:

		For financial periods beginning on or after
FRS 6 :	Exploration for and Evaluation of Mineral Resource	1 January 2007
	Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - net investment in foreign operation	1 July 2007
FRS 107 :	Cash Flow Statements	1 July 2007
FRS 111 :	Construction Contracts	1 July 2007
FRS 112 :	Income Taxes	1 July 2007
FRS 118 :	Revenue	1 July 2007
FRS 119 :	Employee Benefits	1 July 2007
FRS 120 :	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126 :	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129 :	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134 :	Interim Financial Reporting	1 July 2007
FRS 137 :	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1:	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6:	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7:	Applying the Restatement Approach under FRS 129/2004	1 July 2007
IC Interpretation 8:	Scope of FRS 2	1 July 2007
FRS 139 :	Financial Instruments: Recognition and Measurement	Yet to be determined

The adoption of FRS 107, 112, 118, 119, 134 and 137 does not have any significant financial impact on the results and the financial position of the Company when these standards become effective to the Company.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 6, 111, 120, 126 and 129 are not relevant to the Group's operations.

By virtue of exemption provided for in FRS 139, the impact of applying this standard need not be disclosed.

7. PROPERTY, PLANT AND EQUIPMENT

2007 Group	Balance as at 1.11.2006 RM	Additions RM	Disposals RM	Written- off RM	Revaluation RM	Reclassi- fication RM	Exchange translation difference RM	Balance as at 31.10.2007 RM
Cost unless otherwise stated								
Buildings								
- At 2007 valuation	-	-	-	-	-	7,619,753	49,089	7,668,842
- At 2002 valuation	6,069,337	-	-	-	312,913	(6,382,250)	-	-
- At cost	1,230,446	-	(199,982)	-	207,039	(1,237,503)	-	-
Plant and machinery	33,108,723	664,580	-	-	-	-	79,192	33,852,495
Motor vehicles	2,674,262	75,000	-	(144,583)	-	-	7,626	2,612,305
Motor vehicles under hire-purchase	676,623	-	-	-	-	-	-	676,623
Office equipment, furniture and fittings	5,755,956	184,519	(6,320)	(596,627)	-	-	11,577	5,349,105
Warehouse	346,183	30,790	-	-	-	-	-	376,973
Renovation	748,780	54,347	-	-	-	-	-	803,127
Electrical and installation	1,085,653	4,735	-	-	-	-	-	1,090,388
Tools and utensils	4,626,432	279,184	(28,920)	-	-	-	26,853	4,903,549
Tools and utensils under construction	50,896	24,000	(32,386)	-	-	-	-	42,510
	56,373,291	1,317,155	(267,608)	(741,210)	519,952	-	174,337	57,375,917
Accumulated depreciation								
	Balance as at 1.11.2006 RM	Charge for the financial year RM	Disposals RM	Written- off RM	Revaluation RM	Reclassi- fication RM	Exchange translation difference RM	Balance as at 31.10.2007 RM
Buildings								
- At 2007 valuation	-	-	-	-	-	44,440	9,731	54,171
- At 2002 valuation	475,079	123,307	-	-	(566,386)	(32,000)	-	-
- At cost	188,884	52,424	(199,982)	-	(28,886)	(12,440)	-	-
Plant and machinery	25,658,513	1,799,569	-	-	-	-	47,458	27,505,540
Motor vehicles	2,164,208	166,008	-	(79,521)	-	-	4,193	2,254,888
Motor vehicles under hire-purchase	96,913	135,325	-	-	-	-	-	232,238
Office equipment, furniture and fittings	4,355,189	537,153	(5,583)	(596,581)	-	-	7,385	4,297,563
Warehouse	253,222	25,640	-	-	-	-	-	278,862
Renovation	287,348	68,177	-	-	-	-	-	355,525
Electrical and installation	904,781	35,117	-	-	-	-	-	939,898
Tools and utensils	2,099,018	462,757	(17,943)	-	-	-	8,101	2,551,933
	36,483,155	3,405,477	(223,508)	(676,102)	(595,272)	-	76,868	38,470,618

continued

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Balance as at 1.11.2006 RM	Impairment loss for the financial year RM	Reversal RM	Exchange translation difference RM	Balance as at 31.10.2007 RM
Impairment					
Plant and machinery	27,595	6,883	(20,776)	406	14,108

2006 Group	Balance as at 1.11.2005 RM	Additions RM	Disposals RM	Written- off RM	Reclassi- fication RM	Exchange translation difference RM	Balance as at 31.10.2006 RM
Cost unless otherwise stated							
Buildings							
- At 2002 valuation	6,069,337	-	-	-	-	-	6,069,337
- At cost	1,172,960	922	-	-	-	56,564	1,230,446
Plant and machinery	31,924,626	1,103,224	(10,299)	-	-	91,172	33,108,723
Motor vehicles	2,460,266	327,133	(366,639)	-	246,256	7,246	2,674,262
Motor vehicles under hire-purchase	246,256	676,623	-	-	(246,256)	-	676,623
Office equipment, furniture and fittings	5,526,842	290,352	(6,640)	(67,600)	-	13,002	5,755,956
Warehouse	346,183	-	-	-	-	-	346,183
Renovation	748,780	-	-	-	-	-	748,780
Electrical and installation	1,079,653	6,000	-	-	-	-	1,085,653
Tools and utensils	4,098,635	172,530	(20,382)	(360)	349,372	26,637	4,626,432
Tools and utensils under construction	71,216	336,774	-	(7,840)	(349,372)	118	50,896
	53,744,754	2,913,558	(403,960)	(75,800)	-	194,739	56,373,291

	Balance as at 1.11.2005 RM	Charge for the financial year RM	Disposals RM	Written- off RM	Exchange Reclassi- fication RM	Balance translation difference RM	Balance as at 31.10.2006 RM
Accumulated depreciation							
Buildings							
- At 2002 valuation	353,337	121,742	-	-	-	-	475,079
- At cost	131,034	47,880	-	-	-	9,970	188,884
Plant and machinery	23,530,336	2,089,939	(10,299)	-	-	48,537	25,658,513
Motor vehicles	2,209,216	192,415	(353,359)	-	111,794	4,142	2,164,208
Motor vehicles under hire-purchase	62,543	146,164	-	-	(111,794)	-	96,913
Office equipment, furniture and fittings	3,765,265	620,213	(6,640)	(30,983)	-	7,334	4,355,189
Warehouse	227,527	25,695	-	-	-	-	253,222
Renovation	222,529	64,819	-	-	-	-	287,348
Electrical and installation	845,653	59,128	-	-	-	-	904,781
Tools and utensils	1,690,917	406,506	(6,266)	(6)	-	7,867	2,099,018
	33,038,357	3,774,501	(376,564)	(30,989)	-	77,850	36,483,155

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Balance as at 1.11.2005 RM	Impairment loss for the financial year RM	Exchange translation difference RM	Balance as at 31.10.2006 RM
Impairment				
Plant and machinery	-	26,555	1,040	27,595

Group	2007 RM	2006 RM
Net book value		
Buildings		
- At 2007 valuation	7,614,671	-
- At 2002 valuation	-	5,594,258
- At cost	-	1,041,562
Plant and machinery	6,332,847	7,422,615
Motor vehicles	357,417	510,054
Motor vehicles under hire-purchase	444,385	579,710
Office equipment, furniture and fittings	1,051,542	1,400,767
Warehouse	98,111	92,961
Renovation	447,602	461,432
Electrical installation	150,490	180,872
Tools and utensils	2,351,616	2,527,414
Tools and utensils under construction	42,510	50,896
	18,891,191	19,862,541

The buildings were revalued by the directors on 8 August 2007 based on a revaluation carried out by independent professional valuers on an open market value basis.

The net revaluation surplus arising from the revaluation of the Group amounting to RM844,838 has been credited into the revaluation reserve account.

Had the revalued buildings been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Group	Cost RM	Accumulated depreciation RM	Net book value RM
2007			
Buildings	6,330,865	(1,277,431)	5,053,434
2006			
Buildings	6,283,600	(1,152,582)	5,131,018

8. INVESTMENT PROPERTIES

Group	Balance as at 1.11.2006 RM	Additions RM	Disposals RM	Balance as at 31.10.2007 RM
2007				
Cost				
Freehold land	7,459,408	-	(225,392)	7,234,016
Buildings	8,438,261	-	(79,608)	8,358,653
	15,897,669	-	(305,000)	15,592,669

	Balance as at 1.11.2006 RM	Charge for the financial year RM	Disposals RM	Balance as at 31.10.2007 RM
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings	442,607	180,834	(9,288)	614,513
	442,607	180,834	(9,288)	614,513

Group	Balance as at 1.11.2005 RM	Additions RM	Disposals RM	Balance as at 31.10.2006 RM
2006				
Cost				
Freehold land	7,684,800	-	(225,392)	7,459,408
Buildings	8,492,869	25,000	(79,608)	8,438,261
	16,177,669	25,000	(305,000)	15,897,669

	Balance as at 1.11.2005 RM	Charge for the financial year RM	Disposals RM	Balance as at 31.10.2006 RM
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings	268,541	180,866	(6,800)	442,607
	268,541	180,866	(6,800)	442,607

8. INVESTMENT PROPERTIES (CONT'D)

	2007 RM	2006 RM
Net book value		
Freehold land	7,234,016	7,459,408
Buildings	7,744,500	7,995,654
	14,978,516	15,455,062

- (a) The freehold land and buildings were previously revalued by the Directors in 2002 based on a revaluation carried out by independent professional valuers on an open market value basis.

The Group has retained the unamortised revalued amount as the surrogate carrying amount of freehold land and buildings in accordance with the transitional provisions of FRS140.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

	Cost RM	Accumulated depreciation RM	Net book value RM
2007			
Freehold land	6,052,277	-	6,052,277
Buildings	8,498,302	(873,468)	7,624,834
	14,550,579	(873,468)	13,677,111

	Cost RM	Accumulated depreciation RM	Net book value RM
2006			
Freehold land	6,052,277	-	6,052,277
Buildings	8,653,362	(747,328)	7,906,034
	14,705,639	(747,328)	13,958,311

- (b) The investment properties of a subsidiary company which have been charged to a financial institution for banking facilities granted to the Group as set out in Note 23 are as follows:

	Group	
	2007 RM	2006 RM
Net book value		
Freehold land	4,819,356	4,819,356
Buildings	6,795,291	6,939,872
	11,614,647	11,759,228

- (c) The fair value of the investment properties of the Group was estimated at RM20,570,000 by independent professional valuers based on current prices in an active market.

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2007	2006
	RM	RM
Cost		
Balance as at 1 November 2006/2005	2,909,359	2,909,359
Additions during the financial year	-	-
Balance as at 31 October	2,909,359	2,909,359
Freehold land, at cost	2,909,359	2,909,359

10. PREPAID LEASE PAYMENTS

Group	Balance as at		Balance as at
2007	1.11.2006	Additions	31.10.2007
	RM	RM	RM
Cost			
Leasehold land	2,136,309	-	2,136,309

	Balance as at	Charge for	Balance as at
	1.11.2006	the financial	31.10.2007
	RM	year	RM
Accumulated amortisation			
Leasehold land	49,682	24,841	74,523

Group	Balance as at		Balance as at
2006	1.11.2005	Additions	31.10.2006
	RM	RM	RM
Cost			
Leasehold land	2,136,309	-	2,136,309

	Balance as at	Charge for	Balance as at
	1.11.2005	the financial	31.10.2006
	RM	year	RM
Accumulated amortisation			
Leasehold land	24,841	24,841	49,682

10. PREPAID LEASE PAYMENTS

	2007	2006
	RM	RM
Carrying amount		
Leasehold land	2,061,786	2,086,627

The leasehold land was previously revalued by the Directors in 2002 based on a revaluation carried out by independent professional valuers on an open market value basis. The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117. Such prepaid lease payments are amortised over the remaining lease term of 86 years.

11. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2007	2006
	RM	RM
Unquoted shares, at cost	23,416,963	23,416,963
Less: Impairment losses	(300,000)	(300,000)
	23,116,963	23,116,963

Details of the subsidiary companies are as follows:

Name of Company	Interest in equity held by				Principal activities
	Company		Subsidiary company		
	2007	2006	2007	2006	
H & L High-Tech Sdn. Bhd.	100%	100%	-	-	Manufacture and sale of precision engineering moulds, dies, jigs, fixtures, tools and other precision machine parts.
Plastik STC Sdn. Bhd.	100%	100%	-	-	Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry. Letting of equipment and office furniture.
H & L High-Tech Deco Sdn. Bhd.	100%	100%	-	-	Letting of properties and property investment.
H & L High-Tech Properties Sdn. Bhd.	100%	100%	-	-	Letting of properties and property investment.
H & L High-Tech Properties Development Sdn. Bhd.	100%	100%	-	-	Dormant

11. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of Company	Interest in equity held by				Principal activities
	Company		Subsidiary company		
	2007	2006	2007	2006	
Subsidiary company of H&L High-Tech Sdn. Bhd.					
* H&L High-Tech Mould (Thailand) Co. Ltd	-	-	70%	70%	Manufacture and sale of plastic and metal moulds.
Subsidiary company of Plastik STC Sdn. Bhd.					
STC Technology Sdn. Bhd.	-	-	100%	100%	Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry.

* Subsidiary company audited by a member firm of BDO International.

Except for H&L High-Tech Mould (Thailand) Co. Ltd, which is incorporated in Thailand, all other subsidiary companies are incorporated in Malaysia.

12. OTHER INVESTMENTS

	Group	
	2007 RM	2006 RM
Shares quoted in Malaysia, at cost	226,847	269,200
Less: Allowance for diminution in value	(109,267)	(113,070)
	117,580	156,130
Unquoted shares, at cost	50,000	50,000
Less: Allowance for diminution in value	(15,000)	(15,000)
	35,000	35,000
Golf club membership, at cost	238,000	272,000
Less: Allowance for diminution in value	(125,005)	(144,005)
	112,995	127,995
	265,575	319,125
Market value of quoted shares	125,640	168,660

13. INVENTORIES

	Group	
	2007	2006
	RM	RM
At cost		
Raw materials	809,820	1,166,518
Work-in-progress	983,238	209,642
Finished goods	1,108,184	745,130
	2,901,241	2,121,290

14. TRADE RECEIVABLES

	Group	
	2007	2006
	RM	RM
Trade receivables	7,166,244	6,194,546
Less Allowance for doubtful debts, net of bad debts written off of RM72,741 (2006: RM16,997)	(8,651)	(72,741)
	7,157,593	6,121,805

The credit terms offered by the Group in respect of trade receivables range from 30 to 90 days from date of invoice.

The foreign currency exposures of trade receivables of the Group are as follows:

	Group	
	2007	2006
	RM	RM
Singapore Dollar	742,094	215,491
Euro	2,162,092	1,520,136
US Dollar	1,121,681	881,933

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	Company	
	2007	2006	2007
	RM	RM	RM
Other receivables	155,439	213,363	11,463
Deposits	93,294	95,398	1,000
Prepayments	274,677	235,286	10,902
	523,410	544,047	23,365
			20,972

16. AMOUNTS OWING BY SUBSIDIARY COMPANIES

The amounts owing by subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand.

17. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits with licensed banks is an amount of RM13,274 (2006: RM12,531) belonging to a subsidiary company which has been pledged as security for banking facility granted to the subsidiary company.

The foreign currency exposure of fixed deposits of the Group is as follows:

	2007 RM	2006 RM
Thai Baht	13,274	12,531

The effective annual interest rates and maturity periods of fixed deposits with licensed banks are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Effective annual interest rates	3.10% - 3.70%	3.00% - 3.90%	3.10% - 3.70%	3.10% - 3.70%
Maturity periods (days)	30 - 365	30 - 365	30 - 365	30 - 365

18. SHARE CAPITAL**Group and Company**

	2007		2006	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid	40,612,085	40,612,085	40,612,085	40,612,085

19. RESERVES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Non-distributable:				
Share premium	252,460	252,460	252,460	252,460
Revaluation reserve	1,530,510	685,672	-	-
Exchange translation reserve	232,491	128,005	-	-
Distributable:				
Retained profits	8,994,671	7,874,889	2,974,369	3,056,811
	11,010,132	8,941,026	3,226,829	3,309,271

Subject to the agreement of the Inland Revenue Board:

- (i) the Company and certain subsidiary companies have tax exempt accounts amounting to approximately RM10,413,000 (2006: RM9,909,000) and RM21,120,000 (2006: RM21,878,000) respectively available for the distribution of tax exempt dividends; and
- (ii) the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to frank and distribute its entire retained profits as at 31 October 2007 as dividends without incurring additional tax liability.

20. BORROWINGS (INTEREST BEARING)

	Group	
	2007	2006
	RM	RM
Current liabilities		
Bank overdrafts - unsecured (Note 21)	165,427	-
Hire-purchase (Note 22)	216,880	316,528
Term loan - secured (Note 23)	611,099	595,825
	993,406	912,353
Non-current liabilities		
Hire-purchase (Note 22)	49,832	263,195
Term loan - secured (Note 23)	2,726,125	3,306,890
	2,775,957	3,570,085
Total borrowings		
Bank overdrafts - unsecured (Note 21)	165,427	-
Hire-purchase (Note 22)	266,712	579,723
Term loan - secured (Note 23)	3,337,224	3,902,715
	3,769,363	4,482,438

21. BANK OVERDRAFT - UNSECURED

As at 31 October 2007, the Group has undrawn bank overdraft facilities amounting to approximately RM434,000 (2006: RM600,000).

22. HIRE-PURCHASE CREDITORS

	Group	
	2007	2006
	RM	RM
Minimum hire-purchase payments		
- not later than one year	222,524	331,307
- later than one year and not later than five years	52,713	279,996
	275,237	611,303
Less: Future interest charges	(8,524)	(31,580)
Present value of hire-purchase liabilities	266,712	579,723
Repayable as follows:		
Current liabilities:		
- not later than one year	216,880	316,528
Non-current liabilities:		
- later than one year and not later than five years	49,832	263,195
	266,712	579,723

23. TERM LOAN – SECURED

The term loan is repayable as follows:

	Group	
	2007	2006
	RM	RM
Current liability		
- not later than one year	611,099	595,825
Non-current liability		
- later than one year and not later than five years	2,726,125	2,694,989
- later than five years	-	611,901
	2,726,125	3,306,890
	3,337,224	3,902,715

23. TERM LOAN – SECURED (CONT'D)

The term loan is repayable by 96 equal monthly instalments of RM67,178 each commencing 25 January 2005.

The effective annual interest rates are as follows:

	%
Year 1	3.68
Year 2	5.75
Year 3	6.75
Year 4 onwards	7.35

The term loan is secured by the investment properties of a subsidiary company as set out in Note 8.

24. DEFERRED INCOME

	Group	
	2007 RM	2006 RM
Government grant:		
Balance as at 1 November 2006/2005	26,124	41,052
Amortised during the financial year	(14,927)	(14,928)
Balance as at 31 October	11,197	26,124

The government grant received is in respect of the purchase of a software under the scheme of E-Pengilangan by the Small and Medium Industries Development Corporation.

25. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2007 RM	2006 RM
Balance as at 1 November 2006/2005	2,617,811	3,092,070
Recognised in income statement (Note 30)		
- current year	(154,765)	(241,908)
- under/(over) provision in prior years	33,223	(232,351)
- effect of reduction in tax rate on balances brought forward	(162,626)	-
	(284,168)	(474,259)
Reduction in tax rate recognised in the revaluation reserves	(23,488)	-
Revaluation of properties during the financial year	264,437	-
Balance as at 31 October	2,574,592	2,617,811

25. DEFERRED TAX LIABILITIES (CONT'D)

- (b) The movements of deferred tax liabilities during the financial year are as follows:

	Group	
	2007	2006
	RM	RM
Balance as at 1 November 2006/2005	2,617,811	3,092,070
Recognised in the income statement		
- excess of depreciation over capital allowance	(62,523)	(468,817)
- crystallisation of deferred tax on revaluation surplus	(28,462)	(28,302)
- unrealised (loss)/gain on foreign exchange	(30,097)	22,860
- other tax effect from temporary differences	(460)	-
- effect of reduction in tax rate on balances brought forward	162,626	-
Reduction in tax rate recognised in the revaluation reserves	(23,488)	-
Revaluation of properties during the financial year	264,437	-
Balance as at 31 October	2,574,592	2,617,811

- (c) The components of deferred tax liabilities as at the end of the financial year comprise tax effect of:

	Group	
	2007	2006
	RM	RM
Excess of capital allowances over corresponding depreciation	1,933,788	2,187,399
Other temporary differences	(7,697)	22,860
Revaluation surplus	648,501	407,552
	2,574,592	2,617,811

- (d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheets are approximately as follows:

	Group	
	2007	2006
	RM	RM
Unabsorbed tax losses	1,065,000	534,000
Unabsorbed capital allowances	2,554,000	2,968,000
	3,619,000	3,502,000

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of certain subsidiary companies will be available against which the deductible temporary differences can be utilised.

26. TRADE PAYABLES

The credit terms available to the Group in respect of trade payables range from 30 to 60 days from date of invoice.

The foreign currency exposure of trade payables of the Group is as follows:

	Group	
	2007	2006
	RM	RM
Singapore Dollar	302,064	57,161

27. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other payables	542,160	1,451,931	-	-
Deposits	1,246,011	563,541	-	-
Accruals	1,228,936	750,152	56,231	56,419
	3,017,107	2,765,624	56,231	56,419

The foreign currency exposures of other payables of the Group are as follows:

	Group	
	2007	2006
	RM	RM
Singapore Dollar	53,085	996,371
Swiss Franc	-	60,881

28. REVENUE

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Sales of goods	28,682,441	28,159,819	-	-
Rental income	1,219,912	1,250,657	-	-
Dividend income	-	-	1,080,000	3,060,000
	29,902,353	29,410,476	1,080,000	3,060,000

29. PROFIT BEFORE TAX

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- current year	76,294	64,462	17,000	15,000
- under provision in prior year	1,500	3,500	500	1,000
Allowance for doubtful debts	8,651	72,741	-	-
Amortisation of prepaid lease payments	24,841	24,841	-	-
Depreciation of investment properties	180,834	180,866	-	-
Depreciation of property, plant and equipment	3,405,477	3,774,501	-	-
Directors' remuneration:				
- fees	30,000	30,000	30,000	30,000
- emoluments other than fees	780,482	689,357	15,800	15,795
Impairment loss on property, plant and equipment	6,883	26,555	-	-
Interest expense on:				
- bank overdraft	4,593	7,111	-	-
- hire-purchase	24,158	31,892	-	-
- term loan	240,640	212,489	-	-
Inventories written off	203,003	25,047	-	-
Property, plant and equipment written off	65,108	44,811	-	-
Allowance for diminution in value of other investments	-	41,000	-	-
Realised loss on foreign exchange	64,046	38,028	-	-
Rental of premises	46,082	60,353	-	-
Loss on disposal of property, plant and equipment	10,977	14,115	-	-
Loss on disposal of other investments	6,000	-	-	-
Unrealised loss on foreign exchange	90,131	-	-	-
And crediting:				
Amortisation of deferred income	14,927	14,928	-	-
Gain on disposal of investment properties	9,288	16,800	-	-
Gain on disposal of other investments	32,292	-	-	-
Gain on disposal of property, plant and equipment	316	90,370	-	-
Gross dividend from quoted investments	8,040	8,500	-	-
Interest income	269,544	246,538	18,620	20,629
Unrealised gain on foreign exchange	48,492	91,094	-	-
Rental income from investment properties	1,359,617	179,365	-	-
Realised gain on foreign exchange	5,987	6,062	-	-
Reversal of impairment loss	20,776	-	-	-
Tax exempt dividend from unquoted subsidiary companies	-	-	1,080,000	3,060,000

The estimated monetary value of benefit-in-kind received by the Directors otherwise than in cash from the Group amounted to RM31,471 (2006: RM46,825).

30. TAX (INCOME)/EXPENSE

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Based on results for the financial year:				
Current year	457,583	303,652	-	5,566
Deferred tax (Note 25)	(154,765)	(241,908)	-	-
Under/(Over) provision of tax expense in prior years	302,818	61,744	-	5,566
Under/(Over) provision of deferred tax in prior years (Note 25)	29,762	96,402	(5,911)	(117)
Effect of change in tax rate on deferred tax (Note 25)	33,223	(232,351)	-	-
	(162,626)	-	-	-
	203,177	(74,205)	(5,911)	5,449

The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Applicable tax rate	27.00	28.00	27.00	28.00
Tax effect in respect of:				
Real property gains tax	-	3.53	-	-
Depreciation of non-qualifying property, plant and equipment	3.26	34.23	-	-
Crystallisation of deferred tax liabilities	(1.21)	(12.67)	-	-
Non-allowable expenses	6.07	64.23	4.46	1.50
Non-taxable income	(7.74)	(129.84)	(31.46)	(29.30)
Reinvestment allowance incentive	(12.66)	(86.30)	-	-
Reduction in statutory tax rate on the first RM500,000 chargeable income for certain subsidiary companies	(3.31)	(37.96)	-	-
Movements in deferred tax assets not recognised	1.42	164.42	-	-
Under/(Over) provision in prior years	12.83	27.64	-	0.20
Effect of change in tax rate on deferred tax	2.67	(60.86)	(0.64)	(0.01)
	(6.89)	-	-	-
Average effective tax rate	8.61	(33.22)	(0.64)	0.19

31. EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity holders of the Company of RM2,135,083 (2006: RM341,206) by the number of ordinary shares in issue during the financial year of 40,612,085 (2006: 40,612,085).

32. DIVIDENDS

	Group			
	2007		2006	
	Tax exempt dividend per share	Amount of tax exempt dividend	Tax exempt dividend per share	Amount of tax exempt dividend
	Sen	RM	Sen	RM
First and final dividend paid	2.5	1,015,301	2.5	1,015,301

A first and final dividend in respect of the financial year ended 31 October 2007 of 2.5 sen per share, tax exempt, amounting to RM1,015,301 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 October 2008.

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2007	2006
	RM	RM
Purchase of property, plant and equipment (Note 7)	1,317,155	2,913,558
Financed by hire-purchase creditors	-	(490,000)
Financed by other payables	(88,236)	(987,000)
Cash payments on purchase of property, plant and equipment	1,228,919	1,436,558

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Fixed deposits	8,834,903	8,737,433	320,819	688,723
Cash and bank balances	3,046,289	1,976,710	3,997	114,610
Bank overdrafts	(165,427)	-	-	-
	11,715,765	10,714,143	324,816	803,333
Less: Fixed deposits pledged to a licensed bank (Note 17)	(13,274)	(12,531)	-	-
	11,702,491	10,701,612	324,816	803,333

35. FINANCIAL INSTRUMENTS

(a) Credit risk

As at 31 October 2006, the Group has trade receivables of RM4,269,115 (2006: RM3,342,640) which has exceeded the credit terms given. In addition, the Group and the Company have placements of RM8,834,903 (2006: RM8,737,433) and RM320,819 (2006: RM688,723) respectively in fixed deposits with major financial institutions in Malaysia and Thailand. The Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength. Other than as mentioned, the Group and the Company have no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(b) Fair value

The carrying amounts of the financial assets and liabilities of the Group and the Company as at balance sheet date approximate their fair values.

The following methods and assumptions are used to determine the fair value of financial instruments:

- (i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair values of quoted investments are their quoted market prices at the balance sheet date.
- (iii) The fair values of borrowings are estimated by discounting future cash flows at the current market rate available for similar borrowings.

36. CONTINGENT LIABILITIES – UNSECURED

	Company	
	2007	2006
	RM	RM
Unsecured:		
Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiary companies on amount utilised as at 31 October	3,337,224	3,902,715

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

37. RELATED PARTY DISCLOSURES (CONT'D)

- (b) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the year was approximately:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Short term employee benefits	744,000	648,000	-	-
Contributions to defined contribution plans	66,000	72,000	-	-

38. SEGMENT INFORMATION

The Group's operations comprise the following major business segments:

- (i) Manufacturing and trading
- (ii) Property investment
- (iii) Others

Others consist mainly of investment holding.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

2007	Manufacturing and trading RM	Property investment RM	Others RM	Elimination RM	Consolidation RM
Revenue					
External sales	28,682,441	1,219,912	-	-	29,902,353
Inter-segment sales	608,000	-	1,080,000	(1,688,000)	-
	29,290,441	1,219,912	1,080,000	(1,688,000)	29,902,353
Segment results (external)	2,025,276	758,278	(153,052)		2,630,502
Finance cost	(28,751)	(240,640)	-		(269,391)
Profit before tax	1,996,525	517,638	(153,052)		2,361,111
Tax expense					(203,177)
Net profit for the financial year					2,157,934
Attributable to:					
Equity holders of the Company					2,135,083
Minority interests					22,851
					2,157,934

38. SEGMENT INFORMATION (CONT'D)

2007	Manufacturing and trading RM	Property investment RM	Others RM	Elimination RM	Consolidation RM
Other information					
Segment assets	43,485,295	17,736,387	348,181		61,569,863
Unallocated assets					183,387
Total assets					61,753,250
Segment liabilities	4,503,754	3,630,568	56,231		8,190,553
Unallocated liabilities					2,574,637
Total liabilities					10,765,190
Capital expenditure	1,317,155	-			1,317,155
Depreciation	3,405,477	180,834			3,586,311
Non-cash expenses other than depreciation	415,594				415,594
2006	Manufacturing and trading RM	Property investment RM	Others RM	Elimination RM	Consolidation RM
Revenue					
External sales	28,159,819	1,250,657	-	-	29,410,476
Inter-segment sales	806,357	-	3,060,000	(3,866,357)	-
	28,966,176	1,250,657	3,060,000	(3,866,357)	29,410,476
Segment results (external)	(162,348)	777,666	(140,463)	-	474,855
Finance cost	(39,003)	(212,489)	-	-	(251,492)
Profit before tax	(201,351)	565,177	(140,463)	-	223,363
Tax income					74,205
Net profit for the financial year					297,568
Attributable to:					
Equity holders of the Company					341,206
Minority interests					(43,638)
					297,568

38. SEGMENT INFORMATION (CONT'D)

2006	Manufacturing and trading RM	Property investment RM	Others RM	Elimination RM	Consolidation RM
Other information					
Segment assets	41,564,552	14,835,552	3,733,895	-	60,133,999
Unallocated assets					499,860
Total assets					60,633,859
Segment liabilities	3,804,014	4,154,555	58,045	-	8,016,614
Unallocated liabilities					2,635,722
Total liabilities					10,652,336
Capital expenditure	2,913,558	25,000	-	-	2,938,558
Depreciation	3,774,501	180,866	-	-	3,955,367
Non-cash expenses other than depreciation	249,112	-	-	-	249,112

No reporting by geographical segment is presented as the Group operates predominantly in Malaysia.

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 18 February 2008.

analysis of shareholdings as at 31 January 2008

Authorised Share Capital	: RM50,000,000
Issued & Fully Paid-up Capital	: RM40,612,085
No. of Shareholders	: 1,760
Class of Share	: Ordinary share of RM1.00 each
Voting Right	: One vote for each ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 JANUARY, 2008

			No. of Holders		Units		%	
			(Mal)	(For)	Malaysian	Foreign	(Mal)	(For)
1	-	99	133	2	4,173	68	0.01	-
100	-	1,000	374	3	331,904	3,000	0.82	0.01
1,001	-	10,000	1,051	7	3,906,760	39,667	9.62	0.10
10,001	-	100,000	153	1	4,360,263	35,000	10.74	0.08
100,001	-	and above	36	-	31,931,250	-	78.62	-
Total			1,747	13	40,534,350	77,735	99.81	0.19

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 JANUARY, 2008

Name	Shareholdings	%
1. Affluent Future Sdn Bhd	11,200,001	27.58
2. Tan Lye Huat Holdings Sdn Bhd	4,080,434	10.05
3. Tan Ah Heng	2,820,527	6.95
4. Tan Lye Huat	1,696,851	4.18
5. Ng Tiong Kang	1,053,852	2.59
6. Tan Kim Lai	1,049,287	2.58
7. Kumpulan H & L High-Tech Berhad (Share buy-back)	941,800	2.32
8. Kenanga Nominees (Tempatan)Sdn Bhd- (Chia Kee Siong)	840,000	2.07
9. Kumpulan H & L High-Tech Berhad (Share buy-back)	727,000	1.79
10. Yap Shing @ Yap Sue Kim	659,001	1.62
11. Tan Kim Lai	612,584	1.51
12. Tan Yaw Bin	551,600	1.36
13. Koay Lay Peng	423,300	1.04
14. Tan Ho Foot	356,603	0.88
15. Tan Yaw Tung	343,500	0.85
16. Tan Sook Yee	322,100	0.79
17. Tan Yaw Bin	316,900	0.78
18. ABB Nominee (Tempatan) Sdn Bhd- (Yayasan Terengganu (1115001178))	300,000	0.74
19. Perbadanan Kemajuan Negeri Kedah	279,378	0.69
20. Wong Kim Yong	272,800	0.67

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 JANUARY, 2008

Name	Shareholdings	%
21. Ho Sam Foong	256,000	0.63
22. Chia Kuo Wui	250,000	0.62
23. Chia Kuo Fung	250,000	0.62
24. Yayasan Kelantan Darulnaim	249,482	0.61
25. Mayban Securities Nominees (Tempatan) Sdn Bhd-(Low Kim Soi @ Low Tien Sang)	230,900	0.57
26. Lee Joo Bee	222,500	0.55
27. Ng Chai Tee	221,900	0.55
28. Yap Nyet Yune	221,334	0.54
29. Tan Ho Foot	199,204	0.49
30. Tan Yaw Tung	180,200	0.44
	31,129,038	76.65

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 31 JANUARY, 2008

Name	Direct Shareholdings	%	Inirect Shareholdings	%
Affluent Future Sdn Bhd	11,200,001	27.58	-	-
Tan Lye Huat Holdings Sdn Bhd	4,080,434	10.05	-	-
Tan Ah Heng	2,820,527	6.95	11,200,001	27.58
	18,100,962	44.58	11,200,001	27.58

INFORMATION ON DIRECTORS' SHAREHOLDINGS AS AT 31 JANUARY, 2008

NAME OF DIRECTORS	DIRECT HOLDINGS		INDIRECT HOLDINGS	
	NO.	%	NO.	%
TAN LYE HUAT	1,696,851	4.18	17,174,835	42.30
TAN KIM LAI	1,661,871	4.09	11,200,001	27.58
TAN HO FOOT	555,807	1.37	11,200,001	27.58
TAN SOOK YEE	502,200	1.24	11,200,001	27.58
CHU KAN	-	-	-	-
SAMAT BIN JUNAI	-	-	-	-
CHONG YEW KIANG	-	-	-	-
	4,416,729	10.88		

list of properties

Location	Ownership	Date of Acquisition (A)/ Valuation (V)	Description/ Existing Use	Land Area/ Built-up Area (sq metres)	Tenure/ Age of Buildings (Years)	Net Book Value RM
Lot No Pt 1539 52, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H&L High-Tech Sdn Bhd	31/10/2002 (V)	2-storey Terrace Factory(Corner unit)/ rented out	481.2/987.8	Freehold/21	1,232,524
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H&L High-Tech Properties Sdn Bhd	31/10/2002 (V)	2-storey Terrace Factory/rented out	185.8/371.6	Freehold/21	527,141
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H&L High-Tech Properties Sdn Bhd	31/10/2002 (V)	2-storey Terrace Factory/rented out	185.8/371.6	Freehold/21	527,776
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H&L High-Tech Deco Sdn Bhd	31/10/2002 (V)	2-storey Terrace Factory/rented out	185.8/371.6	Freehold/21	524,192
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H&L High-Tech Properties Sdn Bhd	31/10/2002 (V)	2-storey Terrace Factory/rented out	185.8/371.6	Freehold/21	528,377
Lot No Pt 20033 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	H&L High-Tech Sdn Bhd	31/10/2002 (V)	Prepaid lease payment	3715/5183	99 year leasehold (24/03/2091)	1,038,549
		08/08/2007(V)	Industrial building/ factory		Leasehold/11	3,880,500
						<hr/> 4,919,049
Lot No Pt 19770 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	Plastik STC Sdn Bhd	31/10/2002 (V)	Prepaid lease payment	3633/3189	99 year leasehold (24/03/2091)	1,023,239
		08/08/2007(V)	Factory, Warehouse and office space		Leasehold/11	2,487,500
						<hr/> 3,510,739

continued

Location	Ownership	Date of Acquisition (A)/ Valuation (V)	Description/ Existing Use	Land Area/ Built-up Area (sq metres)	Tenure/ Age of Buildings (Years)	Net Book Value RM
341/1 Moo 2 Bangpa-In Industrial Estate Tambol Klongjig, Amphur Bangpa-In Ayutthaya 13160 Thailand.	H&L High-Tech Mould (Thailand) Co Ltd.	08/08/2007(V)	Factory & Office Building	965	Freehold/5	731,573
D510 & 512 Tingkat 5, Block D Latan Biru, Seksyen 8 Kota Damansara Selangor.	H&L High-Tech Sdn Bhd	08/08/2007(V)	Apartment/Hostel	152.50	Leasehold/4	253,725
D509 & 511 Tingkat 5, Block D Latan Biru, Seksyen 8 Kota Damansara Selangor.	Plastik STC Sdn Bhd	08/08/2007(V)	Apartment/Hostel	152.50	Leasehold/4	253,725
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	H&L High-Tech Properties Sdn Bhd	16/2/2004(A)	Warehouse cum office	16,489/13,383	Freehold/13	11,614,647
Lot 45614 & 45615 Mukim of Hulu Kinta Taman Lapangan Ria Off Jln Pasir Puteh, Ipoh Perak	H&L High-Tech Properties Development Sdn Bhd	31/07/2005(A)	Agricultural lands	76,473	Freehold	2,909,360

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 28 March 2008 at 10.00 a.m. for the following purposes:-

A G E N D A

1. To receive and adopt the audited financial statements for the year ended 31 October 2007 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of a First and Final tax exempt Dividend of 2.5% in respect of the financial year ended 31 October 2007. **(Resolution 2)**
3. To approve the payment of Directors' Fee for the year ended 31 October 2007. **(Resolution 3)**
4. To re-elect the following Directors who retire in accordance with Article 97 of the Company's Articles of Association:
 - (i) Mr Tan Lye Huat **(Resolution 4)**
 - (ii) Mr Chu Kan **(Resolution 5)**
5. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Notice of Nomination pursuant to Section 172(1) of the Companies Act, 1965, has been received by the Company for the nomination of Messrs. SJ Grant Thornton, who have given their consent to act as auditors of the Company and of the intention to propose the following Resolution:-

"That Messrs SJ Grant Thornton be and are hereby appointed auditors of the Company in place of the retiring Auditors, M/s BDO Binder, and to hold office until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors."

6. As Special Business, to consider and if thought fit, to pass the following resolutions as an Ordinary Resolution:
 - (i) Authority to issue shares pursuant to Section 132(D) of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company."

(Resolution 7)

- (ii) Proposed renewal of authority to purchase its own shares by the Company.

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by law, to buy-back and/or hold such amount of ordinary shares of RM1.00 each in the Company ("Shares") and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to

implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

- (i) The aggregate number of Shares bought-back and/or held does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company subject to the restriction that the issued and paid-up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirement;
- (ii) The maximum amount to be allocated for the buy-back of the Company's own Shares shall not exceed the retained profits and the share premium account of the Company;
- (iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and
- (iv) Upon completion of buy-back by the Company of its own Shares, the Directors of the Company are authorised to deal with the shares so bought-back in any of the following manners:-
 - (a) cancel the Shares so purchased; or
 - (b) retain the Shares so purchased as treasury shares and held by the Company; or
 - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder,

and the treasury shares may be distributed as dividends to the Company's shareholders and /or resold on Securities Exchange and/or subsequently cancelled or any combination of the three and in any other manner.

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

(Resolution 8)

7. Proposed Amendments to the Articles of Association of the Company

"That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix 1 attached with the Annual Report for the financial year ended 31 October 2007 be and are hereby approved."

**(Special
Resolution)**

8. To transact any other ordinary business of which due Notice shall have been received.

By Order Of The Board

NG BEE LIAN
Company Secretary

Seremban
03 March 2008

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders of Thirteenth Annual General Meeting on 28 March 2008, a first and final tax exempt dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 October 2007 will be payable on 18 April 2008 to shareholders whose names appear in the Record of Depositors on 9 April 2008.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 9 April 2008 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Notes:

1. A member of the Company who is entitled to attend and vote in the Meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company
The Form of Proxy must be deposited with the Company Secretary at the registered office of the Company at Suite 13A-2, Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting.
2. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the Seal or under the hand or an officer or attorney duly authorized.
3. Where a member appoints two or more proxies to attend at the same meeting, the appointment shall be invalid unless the holder specified the proportion of his shareholdings to be represented by each proxy.

Explanatory Notes

Ordinary Resolution No. 7

Authority to issue shares not exceeding ten (10) percentum of the issued capital of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of share, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Ordinary Resolution No. 8

Proposed Renewal of Authority to purchase its own share

If passed, will provide the mandate for the Company to buy-back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company.

Special Resolution

Proposed Amendments to the Articles of Association of the Company

The Special Resolution proposed, if passed, will render the Articles of Association of the Company to be consistent with the new requirements under Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad pursuant to the letter dated 14 December 2006 from Bursa Malaysia Securities Berhad.

statement accompanying notice of annual general meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

1. The name of individual who is standing for election or re-election:-
Mr. Tan Lye Huat
Mr. Chu Kan

2. The details of attendance of existing Directors at Board meetings.

During the financial period, five (5) Board meetings were held.

Name of Directors	Attendance
Tan Lye Huat	5/5
Samat bin Junai	4/5
Chu Kan	5/5
Chong Yew Kiang	5/5
Tan Sook Yee	5/5
Tan Kim Lai	5/5
Tan Ho Foot	5/5

3. Annual General Meeting of Kumpulan H&L High-Tech Berhad

Place : Dewan Berjaya, Bukit Kiara Equestrian & Country Resort
Jalan Bukit Kiara, Off Jalan Damansara
60000 Kuala Lumpur

Date & Time : 28 March 2008 at 10.00 a.m.

4. Details of Director who is standing for re-election

The shareholdings of the Director standing for re-election in the Company is disclosed in the Directors' Report under Directors' Interest of this annual report and other details of Director standing for re-election is disclosed in the Directors' Profile on pages 3 to 4 in this annual report.

**KUMPULAN H & L HIGH-TECH BERHAD**

Company No. 317805-V
(Incorporated in Malaysia)

form of proxy

I/We _____ NRIC No. _____

of _____ being a member(s) of

KUMPULAN H & L HIGH-TECH BERHAD, hereby appoint _____

_____ of _____

or failing him/her _____ of _____

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday 28 March 2008 at 10.00 a.m. or at any adjournment thereof:

Resolutions	For	Against
1. To receive and adopt the audited Financial Statements for the year ended 31 October 2007 and the Reports of the Directors and Auditors thereon.		
2. To approve the payment of a First and Final tax exempt Dividend of 2.5% in respect of the financial year ended 31 October 2007.		
3. To approve the payment of Directors' Fees for the year ended 31st October 2007.		
4. To re-elect Mr. Tan Lye Huat as Director.		
5. To re-elect Mr. Chu Kan as Director.		
6. To appoint Auditors and to authorize the Directors to fix their remuneration.		
7. To authorise Directors to issue shares not exceeding 10% of the issued capital of the Company.		
8. Proposed renewal of authority to purchase its own share		
9. Proposed Amendments to Articles of Association – Special Resolution		

(Please indicate with an "X" in the spaces provided above, how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.)

As witness my hand this _____ day of _____ 2008

Number of Ordinary Shares held

Signature _____

Notes:

1. A member shall be entitled to be present and to vote on any question either personally or by proxy or as proxy for another member at any general meeting.
2. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
3. A member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation under its common seal, or the hand of its attorney duly authorized. The instrument appointing a proxy together with the power of the attorney (if any) shall be left at the Registered office of the Company at Suite 13A-2 Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Stamp

The Secretary
KUMPULAN H & L HIGH-TECH BERHAD
(Company No. 317805-V)

Registered Office

Suite 13A-2, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
