Kumpulan H & L High-Tech Berhad

Incorporated in Malaysia (317805-V)

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

ANNUAL REPORT 2013

2013

ANNUAL REPORT

www.hlhightech.com

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CORPORATE INFORMATION

DIRECTORS

Tan Lye Huat
Group Executive Chairman and Managing Director

Tan Sook Yee
Executive Director

Chu Kan
Independent Non-Executive Director

Rita Tai Lai Ling
Independent Non-Executive Director

Hau Hock Khun
Independent Non-Executive Director

Tan Ho Foot
Executive Director (Resigned on 15 May 2013)

Tan Kim Lai
Executive Director (Resigned on 22 May 2013)

AUDIT COMMITTEE

Chu Kan
Chairman of Audit Committee,
Independent Non-Executive Director

Rita Tai Lai Ling
Independent Non-Executive Director

Hau Hock Khun
Independent Non-Executive Director

COMPANY SECRETARIES

Ng Bee Lian (MAICSA 7041392)

Tan Enk Purn (MAICSA 7045521)
(Resigned on 17 May 2013)

AUDITORS

SJ Grant Thornton
(Member Firm of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

REGISTERED OFFICE

Chamber E, Lian Seng Courts
275, Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus
Tel : (06) 762 3339
Fax : (06) 762 9693

PRINCIPAL PLACE OF BUSINESS

No. 6, Jalan TSB 1
Taman Industri Sungai Buloh
47000 Sungai Buloh
Selangor Darul Ehsan
Tel : (03) 6157 6339
Fax : (03) 6156 8918

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6 Symphony House
Pusat Dagangan Dana 1, Jalan PJU1A/46
47301 Petaling Jaya, Selangor Darul Ehsan
Tel : (03) 7841 8000
Fax : (03) 7841 8151

BANKERS

CIMB Bank Berhad
Standard Chartered Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : HIGHTEC
Stock Code : 7033

BOARD OF DIRECTORS' PROFILE

TAN LYE HUAT
Group Executive Chairman and Managing Director

Tan Lye Huat, Malaysian, aged 60, 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 36 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 brother Tan Ah Heng is a major shareholder of H & L. His daughter Tan Sook Yee is also an Executive Director of H & L.

TAN SOOK YEE
Executive Director

Tan Sook Yee, Malaysian, aged 33 was appointed as Non-Independent Executive Director of H & L on 30 June 2006.

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

She joined H & L Group as a Customer Support Engineer in 2004 and is now the Business Development Director of which her primary role is to develop new projects for the Group and manage the Group's international businesses. She is also the Quality Management Representative for the H & L Group. She sits on the Board of H & L and all its subsidiaries. She also holds directorships in a number of other private limited companies. She has no conflict of interest with the Company. She is the daughter of Mr. Tan Lye Huat, Chairman and Managing Director of H & L. She has no conflict of interest with the Company.

CHU KAN
Independent Non – Executive Director

Chu Kan, Malaysian, aged 70, 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 professional 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 the 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.

BOARD OF DIRECTORS' PROFILE

RITA TAI LAI LING

Independent Non-Executive Director

Rita Tai, Malaysian, aged 48, was appointed as an Independent Non-Executive Director of Kumpulan H & L High-Tech Berhad on 23 June 2009. She is a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and holder of a Dealer's Representative licence issued by the Securities Commission.

She began her career in 1989 as an Accountant with MST Industrial System Sdn Bhd. In 1990, she joined Coopers & Lybrand (now known as PriceWaterHouseCoopers) as an audit assistant and thereafter was promoted to the position of an Audit Manager. Subsequently in 1994, she joined a licensed Asset Management company as the Head of Finance and Corporate Affairs. In 1997, she joined Hwang DBS Securities Sdn. Bhd. (now known as Hwang DBS Investment Bank Bhd.) as a Dealer's Representative. Later in 2001, she transferred her Dealer's Representative licence to Kenanga Investment Bank Berhad and has been with the company until end of 2011. In January 2012, she transferred her Dealer's Representative licence to Malacca Securities Sdn Bhd. The years of experience that she gained in the audit and business advisory services as well as in the securities industry has equipped her with extensive knowledge in the operations of the stockbroking, manufacturing, banking, insurance, trading and plantation sectors.

She 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 she has personal interest.

HAU HOCK KHUN

Independent Non-Executive Director

Hau Hock Khun, Malaysian, aged 42, was appointed as an Independent Non-Executive Director of Kumpulan H & L High-Tech Berhad on 5 August 2009. He holds a Bachelor of Law (L.L.B.) from Bond University, Australia, MBA (Total Quality Management) from Newport University, USA and International Diploma Computer Science NCC, UK.

He was called to the Malaysian Bar on 31 May 1998 and is admissible to the Queensland Solicitors' Board (Australia), and currently is the Advocate & Solicitor of the High Court of Malaya. He is also a Mediator registered with the panel of Malaysia Mediation Centre and the Associate Member of the U. K. Chartered Institute of Arbitrators.

He is currently a Managing Partner in Messrs Ooi Sam Heng & Associates, Advocates and Solicitors and also a Consultant for various organisation for property and project development planning, property investment & development and real estate related matters.

He is proficient and well versed in various law fields with specialization and experience in shipping, company restructuring, franchising, trade mark, patents, industry design, corporate and commercial law, banking and civil litigation. As well as the property and real estate related matters.

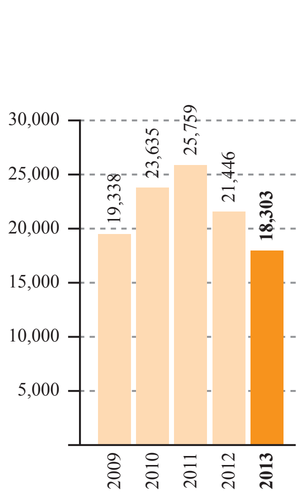
He does not have any family relationship with any director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest.

5 YEARS' FINANCIAL HIGHLIGHTS

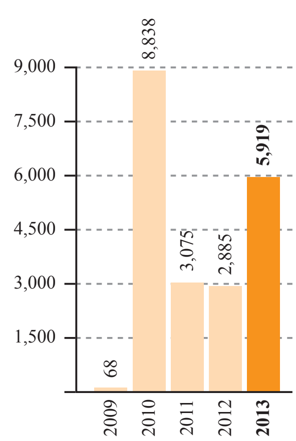
For the financial year ended 31st October

	2009 RM 000	2010 RM 000	2011 RM 000	2012 RM 000	2013 RM 000
GROUP REVENUE	19,338	23,635	25,759	21,446	18,303
PROFIT BEFORE TAX	68	8,838	3,075	2,885	5,919
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	95	10,179	2,619	2,265	7,229
PAID UP CAPITAL	40,612	40,612	40,612	40,612	40,612
TOTAL ASSETS	57,635	73,509	77,851	80,149	83,886
SHAREHOLDERS' EQUITY	49,415	59,258	60,403	63,730	69,496
NET EARNINGS PER SHARE (SEN) *	0.26	27.04	7.16	6.19	19.76
NET TANGIBLE ASSETS PER SHARE (RM) *	1.31	1.57	1.65	1.74	1.90
DIVIDEND RATE %	1.0%	1.0%	5.0%	4.0%	3.5%

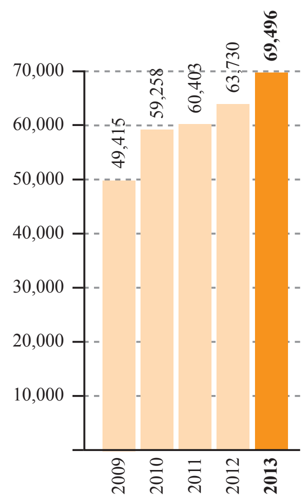
GROUP REVENUE
(RM '000)



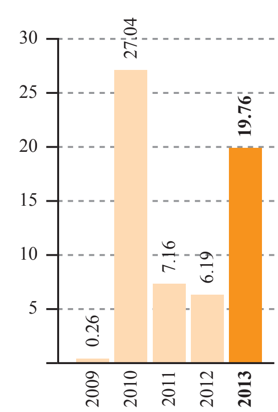
PROFIT BEFORE TAX
(RM '000)



SHAREHOLDERS' EQUITY
(RM '000)



NET EARNINGS PER SHARE
(SEN)



* Excluding treasury shares

CHAIRMAN'S STATEMENT

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 2013.

FINANCIAL PERFORMANCE OVERVIEW

For the financial year ended 31 October 2013, despite the group sales and gross profit margin dropped by 14.7% and 3% respectively, the group pretax profit compared to a year earlier jumped by 105% to RM5.919 million from RM2.885 million. The significant increased in pretax profit by RM3.035 million was mainly derived from the fair value adjustment gain of RM5.19 million from the investment properties revaluation.

The Group's net profit after tax attributed to shareholders also increased to RM7.229 million from RM2.265 million and earning per share therefore improved to 19.76 sen from 6.19 sen when compared a year earlier.

REVIEW OF SUBSIDIARY COMPANY'S PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2013

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

For the financial year ended 31 October 2013, H & L High-Tech incurred pretax loss of RM0.903 million from a pretax profit of RM0.181 million recorded a year earlier. The dragged down from profit to loss was caused by demand slow down and competitive pricing resulted sales and gross profit plunged by 36.9% and 83.3% respectively, despite cut down operation expenses by RM0.278 million and increased other income by RM0.240 million.

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

For the financial year ended 31 October 2013, Plastik STC's pretax profit was dragged down to RM0.492 million from RM1.595 million recorded a year earlier. The shortfall of profit by RM1.103 million was due to sales dropped by 8.2% and gross profit margin declined to 18% from 24% and operation expenses increased by 23.4% or RM0.306 million.

c) Properties Renting

For the financial year ended 31 October 2013, H & L High-Tech Properties achieved a record high pretax profit to RM5.688 million from RM1.525 million registered a year earlier. The improvement was mainly derived from fair value adjustment gain of RM5.00 million from investment properties revaluation.

d) Properties Development

For the financial year ended 31 October 2013, H & L High-Tech Properties Development achieved a pretax profit of RM0.813 million from the sales of 64 units of houses out of total 66 units houses launched under the 21% profit sharing joint venture project.

PROSPECTS

The Group is expected to focus on its core business in Malaysia while venturing and capturing new oversea markets which will be the key growth driver in the coming year. Meanwhile, the progressive sales proceeds from the joint venture housing project will contribute to the earning in the forthcoming year.

Barring any unforeseen circumstances, the directors anticipate that the forthcoming financial year will be challenging in view of the slow down impact from price and cost rising. The Board will continue to remain cautiously optimistic and will explore feasible investment opportunities which will bring synergy and profitability to the Group.

CORPORATE DEVELOPMENTS

The Group is financially sound with a net surplus cash of RM6.84 million and the Board has implemented a Share Buy-Back Scheme which is subjected to the renewal approval of the shareholders of the Company at the forthcoming AGM.

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

The Board will use its financial resources which are not immediately required for other use to purchase H & L Shares. The Company 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.

PROPOSED DIVIDEND

The Board of Directors is pleased to recommend a final single-tier dividend of 2.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 October 2013 (2012: single-tier dividend of 2.0 sen per ordinary share of RM1.00 each) subject to the approval of the shareholders at the forthcoming Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

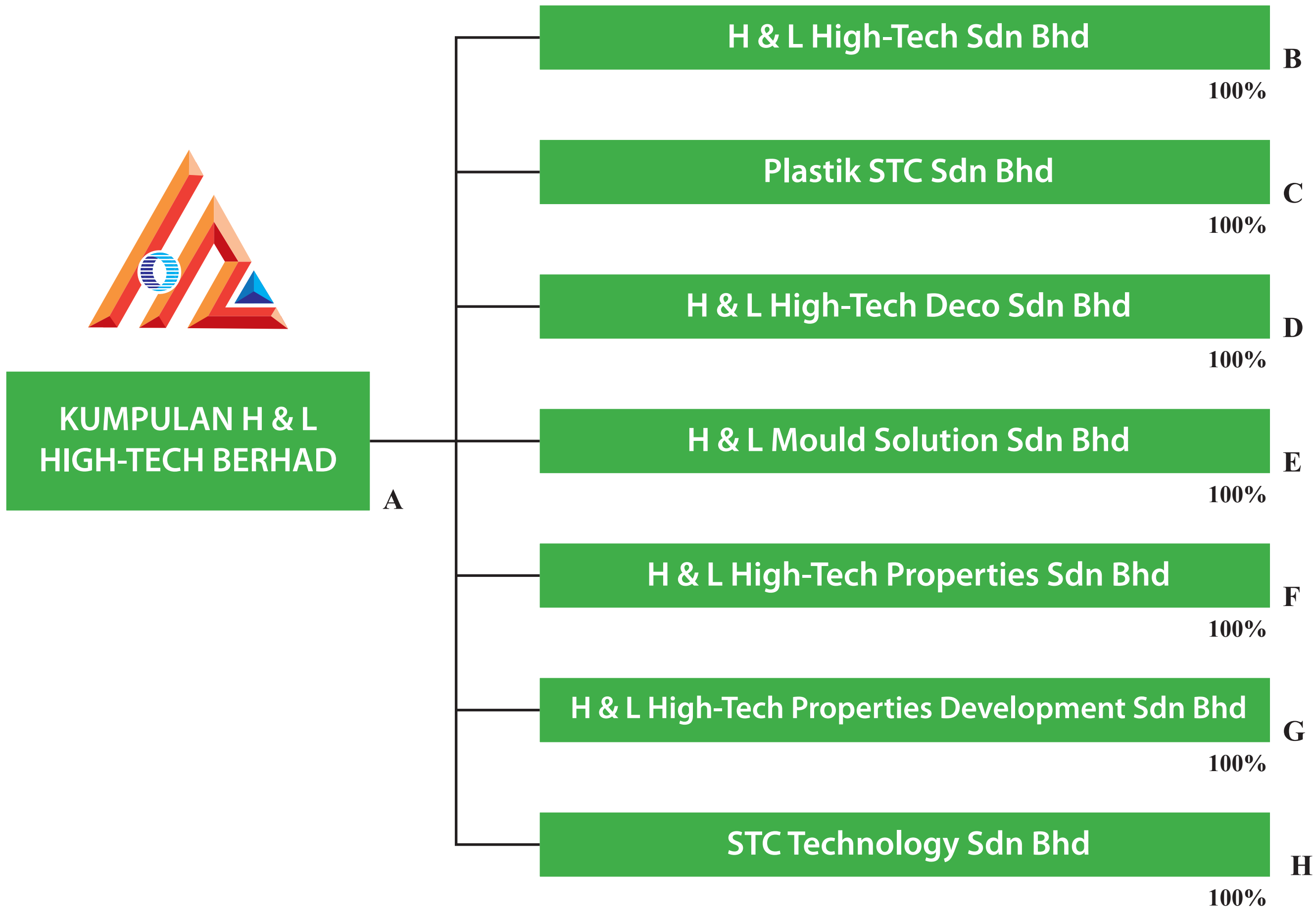
The Board acknowledges the importance of corporate social responsibility towards the community, its employees, shareholders, and other stakeholders and views it as an extension of the Group's efforts in fostering a strong corporate governance culture.

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 financial 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



Principle Activities:

A Invesment holdings
B Manufacture and sale of precision engineering moulds, jigs, fixtures, tools and other machine parts
C Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry
D Oil palm plantation
E Dormant
F Letting of properties and property investment
G Properties development
H Dormant

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 Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

This corporate governance statement also set up the application of 8 principles of Malaysian Code on Corporate Governance 2012, relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on corporate governance.

Principle 1
- establish clear roles and responsibilities of the Board of Directors and Management

The Board has a collective responsibility for the management of the Group.

The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

To enhance accountability, the Board has specific functions reserved for the Board and those delegated to Management.

The Board assumes the following responsibilities in discharging its fiduciary and leadership functions:
- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Group's business via assessing the performance of Group and management team to determine whether the business is being properly managed.
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measure to address such risks.
- Ensure that all candidates appointed to senior management positions are of sufficient caliber and satisfied that there are programmes in place to provide for the orderly succession of senior management and members of the Board.
- Overseeing the development and implementation of shareholders communications policy for the Group.
- Reviewing the adequacy and the integrity of the management information system and internal control system of the Group.

Code of Ethics and Conduct

The Company has adopted a code of conduct and ethics which applies to Directors, officers and employees of the Group and is available on the Company's website at www.hlhightech.com.

The Board is ultimately responsible for the implementation of this Code of Ethics. The Board has delegated to the Nomination Committee the responsibility to administer this Code of Ethics. Directors who learn of or suspect that a violation of the Code of Ethics has occurred or is likely to occur must immediately report the violation to the Chairman of the Nomination Committee, or to any other member of the Nomination Committee, except in the case of issues regarding the Company's financial statements, financial reporting, accounting, auditing matters or internal accounting controls of which it should be reported to the Chairman of the Audit Committee.

If a Director is unsure whether a violation should be reported to the Nomination or the Audit Committee, he or she is encouraged to report to both Committees. Directors who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be treated confidentially to the extent possible.

Alleged violations of the Code of Ethics shall be investigated by the Nomination Committee and may result in discipline and other action at the discretion of the Board upon recommendation of the Nomination Committee, including, where appropriate, removal from the Board. The Board is ultimately responsible for the investigation and resolution of all issues that may arise under this Code of Ethics.

Whistle-blowing Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fault, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Group. An early warning system such as a whistle-blowing policy and procedure can help the Group detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis.

The Board thus in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour or misconduct without fear of reprisal. Any concerns raised will be investigated and outcome of such investigation will be reported to the Board. Appropriate action will be taken to resolve the issue.

Principle 2
-Strengthen the composition of the Board

The Board currently consists of five (5) directors, comprise two (2) Executive Directors and 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 other communities in which the Group conducts its business. The presences of Independent Non-Executive Directors are 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 page 3 to 4. The Board composition complies with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, which requires one third to be independent.

Nomination Committee - Selection and Assessment of Directors
A Nomination Committee was established to make recommendations to the Board on the suitable candidates for appointment to the Board. The Nomination Committee comprise exclusively of Independent Non-Executive Directors.

The Nomination Committee was formed by the Board with specific terms of reference and empowered by the Board to, amongst others, identify, recommend and nominate suitably qualified candidates in terms of appropriate balance of skills, expertise, attributes and core competencies for the re–election and re-appointment of directors, review the independence of Directors, ensure new Directors go through a proper induction programme and to continuously, collectively and individually, evaluate Directors and senior management on their performance on an on-going basis and recommend training, if necessary.

The Committee is also tasked to review succession plans and boardroom diversity, including gender diversity and to develop criteria for the assessment of the Board, Board Committees and individual Directors, including where appropriate, criteria on assessing the independence of candidates' appointment as Independent, Non-Executive Directors and to assess the contribution and performance of members of the Board. Currently, the Company has two female member of the Board.

The Nomination Committee has reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors; considered aspects of succession planning and boardroom diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board and the contribution of each individual Director; effectiveness of the Board, as a whole, and the Board Committees as well as the retirement of Directors by rotation who are eligible for re-election or re-appointment.

The Board, through the assessment and recommendations of the Nomination Committee, is confident and firmly believes that individuals chosen and appointed to the Board are all individuals of high calibre and integrity and can be tasked to discharge their duties and responsibilities independently and effectively.

Remuneration Committee

The Remuneration Committee was established to make recommendations to the Board on the compensation framework for Directors. The Remuneration Committee consists of three (3) members, comprising wholly Independent Non-Executive Directors.

The Remuneration Committee was formed by the Board with specific terms of reference. The main responsibilities of the Remuneration Committee are to ensure that the remuneration, salary and benefits of the employees of the Company are benchmarked with industry standards in light of the Company's performance in the industry.

The Remuneration Committee review the remuneration structure of Executive and Non-Executive Directors and recommend to the Board. The Company's Articles of Association provide that any payment of Directors' fees should be approved at the Annual General Meeting.

Recommendations by the Remuneration Committee are reported at a meeting of the Board by the Chairman of the Remuneration Committee. All Remuneration Committee meeting minutes, including meeting papers, carried out by the Remuneration Committee in the discharge of its functions are properly documented.

Details of the nature and the amount of the Directors' remuneration paid or payable by the Group for the financial year ended 31 October 2013 are as follows:-

Category	Fees RM'000	Salaries, Allowances & Other Emoluments RM'000	Bonuses & Incentives RM'000	Employer Provident Fund RM'000	Benefits in Kind RM'000	Total RM'000
Executive Directors	-	656	66	79	16	817
Independent Non-Executive Directors	39	30	-	-	-	69
Total	39	686	66	79	16	886

The number of Directors of the Company whose remuneration fall within the following bands are:-

Range of Remuneration inclusive Attendance Allowance (RM)	Executive Director	Independent Non-Executive Director
Below -50,000	-	3
50,001 – 100,000	-	-
100,001 – 150,000	1	-
650,001 – 700,000	1	-

Principle 3
– Reinforce independence of the Board

The Board recognises the importance of independence and objectivity in its decision making process. The Directors are professionals of high calibre and integrity and possess of in-depth knowledge and experience of the business to enable them to discharge their duties effectively. The Independent, Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent, Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Group's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board assessed the independence of its Independent, Non-Executive Directors based on criteria set out in the Listing Requirements. The MCCG 2012 provides a limit of a cumulative term of 9 [nine] years on the tenure of an Independent Director.

However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of 9 [nine] years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent, Non-Executive Director based on the criteria on independence. There is one Independent Non-Executive Director of the Company has served the Board for cumulative term of more than nine years since 02 September 1997. The board recommends retaining his destination as Independent Non-Executive Director of the Company mainly based on his vast experience in internal audit and finance.

Principle 4
- Foster commitment of Directors

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

Time Commitment
Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special meetings of the Board are convened by the Company Secretary, after consultation with the Group Executive Chairman and Managing Director .

The agenda for the meeting of the Board are set by the Company Secretary in consultation with the Group Executive Chairman and Managing Director. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

The agenda, the relevant reports and Board papers are furnished to Directors in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings.

The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year namely, Quarterly Reports; the Quarterly Unaudited Consolidated Results; Recommendations of the various Board Committees; Announcements to Bursa; Company's Audited Financial Statements; Company's Annual Report

Members of the Management Team or external advisors are invited, as and when required, to attend the Board and/ or Committee meetings to advise and furnish the members of the Board and/ or Committees with information and clarification relating to the items on the agenda for effective discussion and decision making.
All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Group Executive Chairman and Managing Director before accepting any new directorship notwithstanding that the Listing Requirements allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Board Meetings
There were five (5) Board meetings held during the financial year ended 31 October 2013, with details of Directors' attendance set out below:-

Name of Director	Designation	Attendance Board Meeting
Tan Lye Huat	Group Executive Chairman and Managing Director	5/5
Tan Ho Foot (Resigned on 15 May 2013)	Non-Independent Executive Director	3/3
Tan Kim Lai (Resigned on 22 May 2013)	Non-Independent Executive Director	2/3
Tan Sook Yee	Executive Director	5/5
Chu Kan	Independent non-Executive Director	5/5
Rita Tai Lai Ling	Independent non-Executive Director	5/5
Hau Hock Khun	Independent non-Executive Director	5/5

Directors' Training

The Board is mindful of the importance for its members to undergo continuous training and through its Nomination Committee continues to evaluate and determine the training needs of its members to ensure continuing education is made available to Directors in order for them to enhance their business acumen and professionalism in discharging their duties to the Group.

Pursuant to paragraph 15.08[2] and Appendix 9C [Part A, Paragraph 28] of the Listing Requirements, the Directors have during the financial year ended 31 October 2013, attended the following courses/training programmes:

Name of Director	Date	Courses/Training Programmes Attended
Tan Lye Huat	01.10.2013	Enhancing Corporate Governance
	31.10.2013	Tax Seminar On Malaysian Budget 2014
Tan Sook Yee	19.09.2013	Removal of Generalised System of Preference(GSP): Impact on Malaysian Companies
	01.10.2013	Enhancing Corporate Governance
Chu Kan	01.10.2013	Enhancing Corporate Governance
	31.10.2013	Tax Seminar On Malaysian Budget 2014
Rita Tai Lai Ling	15.06.2013	Corporate Strategic Analytics II: Value Creation, Strategies and Takeover Analysis
	28.09.2013	Success Stock Trading-The Journey by the Chartist
Hau Hock Khun	01.10.2013	Enhancing Corporate Governance

The Company also provided internal briefings to the Directors on key corporate governance developments and salient changes on the Listing Requirements, laws and regulations. In addition, as part of the Directors' continuous education programme, all Directors are, from time to time, provided with hard copies of reading materials pertaining to the latest developments in areas relating to the Directors' roles and responsibilities. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, at the Company's expense.

Principle 5
- Uphold integrity in financing reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders, as well as the Message to Shareholders and review of the Group's operations in the Annual Report.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors ensure that accounting standards approved by the Malaysian Accounting Standards Board [MASB] in Malaysia and the provisions of the Companies Act, 1965 are complied with and reasonable and prudent judgments and estimates have been made. The Directors' overall responsibilities also include taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the Financial Statements set out in this Annual Report. To assist in the discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Mr. Chu Kan as the Chairman of the Audit Committee. The composition of the Audit Committee, including its roles and responsibilities are set out in this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements. The Board's obligation to establish formal and transparent arrangements in considering how it should apply financial reporting and internal controls, and maintaining an appropriate relationship with the Group's external auditors is met through the Audit Committee.

The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before audit commences. The Audit Committee ensures that the Management provides timely response on any material queries raised by the external auditors, in respect of the accounting records, financial accounts or system of controls. The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors.

The Audit Committee works closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

Principle 6
- Recognise and manage risks of the Group

Recognising the importance of risk management and internal controls, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control as stated in this Annual Report.

The Board has established internal control policies and procedures and monitors to ensure that such internal control system is implemented and effectively carried out by the Management Team. The Group has in place an Information Technology Policy that outlines the processes that should be followed to create policies, best practices, standards and the use of the supporting information technologies. The Group is mindful of the legal implications if technology systems or information are misused in a manner which may be found to breach laws and regulations. Guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board performs reviews on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. The Board is provided with reasonable assurance from the various reports submitted by Management and the Audit Committee on risk management and internal control system. Details on the Statement on Risk Management and Internal Control and Internal Audit Function are furnished in page 26 to page 27 of the Corporate Governance and Financial Report.

Principle 7
- Ensure timely and high quality disclosure

An essential aspect of an active and constructive communication policy is the promptness in disseminating information to shareholders and investors. The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures pertaining to the Company and its subsidiaries to regulators, shareholders and stakeholders.

For the financial year under review, the corporate disclosure policies and procedures which have been adopted and implemented in the Company are as follows:

i) **Timely release of quarterly financial results**

The Group recognises the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. The Board is of the view that information that is not released in a timely manner, albeit comprehensive and accurate, would be less relevant for such investment purposes.

As such, the Group accords a high priority in ensuring that information is made available and disseminated as early as possible.

ii) Company website and authorized spokesperson

In order to disseminate timely information, the Company have made available latest Quarterly Report and other financial information on the Company's corporate website, www.hlhightech.com at which shareholders can access information under the 'Investor Relations' tab.

As part of the Company's commitment towards the objective in maintaining effective communication with shareholders and investors to enable them to make informed investment decisions, experienced Senior Management personnel are directly involved in the Company's investor relations activities. With the active involvement of the Senior Management personnel, the investment community is assured of views and information on the Group that is appropriate, accurate and timely. The details of the authorized Senior Management personnel responsible for Investor Relations are as follows:

Name	:	Tan Sook Yee
Designation	:	Executive Director, Business Development
Age	:	33 years
Address	:	Kumpulan H & L High-Tech Berhad No.6, Jalan TSB 1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.
Tel No	:	03 - 61576339
E-mail	:	info@hlhightech.com

iii) Related party transactions and material contract

An internal compliance framework exists to ensure the Company meets its obligations under the Listing Requirements, including obligations relating to related party transactions and recurrent related party transactions. The Board, through its Audit Committee, reviews all related party transactions involved. A director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the meeting of the Board and at the Annual General Meeting convened to consider the said matter.

There are procedures established by the Group to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies, which are generally not more favourable than those generally available to the public and other suppliers and are not detrimental to minority shareholders. Salient features of the procedures relating to the governance of related party transactions are summarized as follows:

- a list of related parties of the Group is circulated to the Directors and Management of the Company and its subsidiaries to notify that all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders;

- all related party transactions are reported to the Audit Committee. Any member of the Audit Committee, where deemed fit, may request for additional information pertaining to the transactions, including advice from independent sources or advisers; and

- all recurrent related party transactions which are entered into pursuant to the shareholders' mandate for recurrent related party transactions are recorded by the Company in a register or records maintained by the Company Secretary. There was no Related Party Transactions entered into by the Company with its related parties in financial year 2013.

For the financial year ended 31 October 2013, there were no material contracts entered into by the Group, involving directors and substantial shareholders.

Principle 8
- Strengthen relationship between the company and its shareholders

The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders.

Annual Report and shareholder participation at general meeting

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Board provides its shareholders and investors with information on its business, financials and other key activities in the Annual Report of the Company, which contents are continuously enhanced to take into account the developments, amongst others, in corporate governance.
The Board aims to provide and present a clear and comprehensive assessment of disclosures in the Annual Report to shareholders. In disclosing information in the Annual Report, the Board is guided by the principles set out in the Listing Requirements and the Code of Business Conduct.

The Company sends out the Notice of the Annual General Meeting and related circular to shareholders at least 21 days before the meeting as required under the Listing Requirements, in order to facilitate full understanding and evaluation of the issues involved. Where special business items appear in the Notice of the Annual General Meeting, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item.

The Annual General Meeting is the principal opportunity for the Board to meet shareholders and for the Chairman to provide an overview of the Company's progress and receive questions from shareholders.

At the Annual General Meeting, shareholders actively participate in discussing the resolutions proposed or on future developments of the Group's operations in general. The Board, the Management Team and the Company's external auditors, are present to answer questions raised and provide clarification as required by shareholders. All the resolutions set out in the Notice of the Annual General Meeting are put to vote by show of hands.

From 2014 onwards, the Company shall endeavour, wherever possible, to put to vote of resolutions at the Annual General Meeting by poll. A press conference is held immediately after the Annual General Meeting where the Managing Director and selected members of the Management Team provides updates to the media representatives of the resolutions passed and answer questions on matters relating to the Group.

The outcome of the Annual General Meeting is announced to Bursa on the same meeting day. At every Annual General Meeting, helpdesks are set up as a contact point for shareholders. The Company's primary contact with shareholders is through the Chairman, Managing Director, Executive Director and the Company Secretary. All shareholders' queries are received by the Company Secretary. The Company Secretary provides feedback and responses to the shareholders' queries, save for sensitive information, which may not be privy to the general public.

The 2012 Annual General Meeting was held on 29 April 2013 at the Tropicana Golf & Country Resort. An increased number of shareholders were observed in comparison to the turn-up in the preceding year, indicating a higher level of engagement and participation by shareholders.

Communication and engagement with shareholders

The Company recognises the importance of being transparent and accountable to its stakeholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally.

The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Company's corporate website at www.hlhightech.com which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company.

To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, info@hlhightech.com, to which stakeholders can direct their queries or concerns.

Statement by the Board on compliance

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that the Company has fulfilled its obligations under the Code of Business Conduct, MCCG 2012, the relevant chapters of the Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year ended 31 October 2013. This Statement was presented and approved at the meeting of the Board on 27 January 2014.

	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	Attendance Audit Committee Meeting
1	Tan Lye Huat	Kumpulan H & L High-Tech Berhad	Risk Management Committee Investment Committee ESOS Committee	NIL	5 / 5	N/A
2	Tan Ho Foot (Resigned on 15.05.2013)	Kumpulan H & L High-Tech Berhad	NIL	NIL	3 / 3	N/A
3	Tan Kim Lai (Resigned on 22.05.2013)	Kumpulan H & L High-Tech Berhad	NIL	NIL	2 / 3	N/A
4	Chu Kan	Kumpulan H & L High-Tech Berhad	Audit Committee (Chairman) Remuneration Committee Nomination Committee Risk Management Committee ESOS Committee	NIL	5 / 5	5 / 5
5	Tan Sook Yee	Kumpulan H & L High-Tech Berhad	Risk Management Committee	NIL	5 / 5	N/A
6	RitaTai Lai Ling	Kumpulan H & L High-Tech Berhad	Remuneration Committee (Chairperson) Audit Committee Nomination Committee Risk Management Committee	NIL	5 / 5	5 / 5
7	Hau Hock Khun	Kumpulan H & L High-Tech Berhad	Nomination Committee (Chairman) Audit Committee Remuneration Committee Investment Committee Risk Management Committee	NIL	5 / 5	5 / 5

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2013 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. MEMBER

The Audit Committee currently comprises the following members, all of which are Independent Non-Executive Directors. A summary of their respective attendance at the Audit Committee meetings held during the financial year are as follows:-

MEMBERS AND MEETINGS ATTENDANCE

Name	Membership status	Attendance
• Chu Kan	Chairman, Independent Non-Executive Director	5 out of 5
• Rita Tai Lai Ling	Independent Non-Executive Director	5 out of 5
• Hau Hock Khun	Independent Non-Executive Director	5 out of 5

Date, Time and Place of the Audit Committee Meetings held

Date	Time	Place
21 December 2012	2.30 p.m.	
27 February 2013	2.30 p.m.	Boardroom No.6 Jalan TSB 1
28 March 2013	2.30 p.m.	Taman Industri Sg. Buloh 47000 Sg Buloh
27 June 2013	2.30 p.m.	Selangor Darul Ehsan
26 September 2013	2.30 p.m.	

2. 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.

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.

At least one (1) member of the Audit Committee:-

1. must be a member of the Malaysian Institute of Accountants; or
2. if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and
   a. either have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
   b. a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
3. possess a degree/masters/doctorate in accounting or finance and at least 3 years post qualification experience in accounting or finance; or
4. must have at least 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
5. fulfill such other requirements relating to financial-related qualifications or experience 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 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.

Authority & Rights

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

a. has authority to investigate any activity within its Terms of Reference;
b. has the resources which are required to perform its duties;
c. has full and unrestricted access to any information pertaining to the Group;
d. has direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity(if any);
e. 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
f. be able to convene meetings with External Auditors, excluding the attendance of executive members of the Group, whenever deemed necessary.

Duties and Responsibilities

a. To consider the appointment of the external auditors, the audit fee and questions of resignation or dismissal;
b. To discuss with the external auditors before the annual audit commences, the nature and scope of the audit plan;

c. To review the quarterly, and annual financial statements of the Company and the Group focusing particularly on:
   (i) Any changes in accounting policies and practices
   (ii) Significant adjustments arising from the audit
   (iii) The going concern assumption
   (iv) Compliance with accounting standards and other legal requirements
d. 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:
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 be 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.

3. 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.

During the financial year, the internal auditors have conducted audit reviews on the production management system. Five (5) meetings of the Committee were held during the financial year ended 31 October 2013,

a. At each of these Audit Committee's meetings, the Group's finance manager 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 SJ Grant Thornton was invited to discuss the Group Accounts for the financial year ended 31 Oct 2013. 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.

4. INTERNAL AUDIT FUNCTION

The Group had since November 2002 outsourced its internal audit function which is independent of its activities and operation and will report to the audit committee on the following:
a. Undertakes the internal audit of the Group's operating units; ascertaining the extent of the units compliance with the established internal control procedures, policies and statutory requirements; highlighting the weaknesses and recommending improvements to the existing systems of controls;
b. Assist in reviewing the adequacy and effectiveness of the Group's processes for controlling its activities;
c. 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
d. Periodically provide information on the status and results of the internal audit plan.

The costs incurred for the Internal Audit function in respect of the financial year ended 31 October 2013 was RM 13,389.

REMUNERATION COMMITTEE AND TERMS OF REFERENCE

The Remuneration Committee comprises the following directors during the year:

• Rita Tai Lai Ling	Chairperson, Independent Non-Executive Director
• Hau Hock Khun	Independent Non-Executive Director
• Chu Kan	Independent Non-Executive Director

Membership

(a) The members of the Remuneration Committee shall be appointed by the Board from amongst their member, consisting wholly of Non-Executives and shall consist not less than three (3) members.

(b) The members of the Committee shall elect the Chairman from amongst their member who shall be Independent Non-Executive Directors.

(c) 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.

(d) The term of office for all members of the Committee is subject to renewal on a yearly basis.

(e) The Company Secretary shall be the Secretary of the Committee

(f) Directors do not participate in decisions on their own remuneration packages.

Terms of Reference

(a) 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.

(b) 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 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.

During the financial year ended 31 October 2013, one meeting was held, which was attended by all members of the Remuneration Committee.

The Nomination Committee comprises the following directors during the year

- Hau Hock Khun — Chairman, Independent Non-Executive Director
- Chu Kan — Independent Non-Executive Director
- Rita Tai Lai Ling — Independent Non-Executive Director

(a) The members of the Nomination Committee shall be appointed by the Board from amongst their member, consisting of wholly Non-Executives and shall consist not less than three (3) members.

(b) The members of the Committee shall elect the Chairman from amongst their member who shall be Independent Non-Executive Director.

(c) 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.

(d) The term of office for all members of the Committee is subject to renewal on a yearly basis.

(e) The Company Secretary shall be the Secretary of the Committee.

(f) Directors do not participate in decisions on their own nomination.

Terms of Reference

(a) 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.

(b) To make recommendations to the Board of Directors to fill seats on Board Committees.

(c) 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.

(d) 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.

(e) 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 financial year ended 31 October 2013, one meeting was held, which was attended by all members of the Nomination Committee.

The Board of Directors ("The Board") is pleased to provide the following statement which outlines the key elements of the internal control systems within the Group for the financial year ended 31 October 2013.

The Malaysian Code on Corporate Governance 2012 requires the Board to maintain an effective governance structure to ensure the appropriate management of risks and level of internal control to safeguard shareholders' interest and the Group's assets. In compliance with paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, the Board has prepared the following statement.

THE BOARD'S RESPONSIBILITIES

The Board acknowledges 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 system includes financial controls, operational and compliance controls and risk management to safeguard the 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 to achieve corporate objectives. The system, by its nature, can only provide reasonable but not absolute assurance against any material misstatement or loss.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL

- Clearly defined delegation of responsibilities of the Board, Committee and Management of the Group including authorisation levels 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 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 the Group;

- 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 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;

- 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 Group.

The Board engages an independent firm of consultants to assist the Board in reviewing and appraising the internal control system within the Group.

RISK MANAGEMENT FRAMEWORK

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.
In light of the 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers' issued by Bursa Malaysia, the Board has re-evaluated its risk management practices to ensure that it is appropriate and continues to remain relevant to the Group's requirements.

The Board has approved a Risk Management Framework and Internal Controls System Policy. This policy sets the organisational structure and defines the delegation of responsibilities of the Board, Committees and Management of the Group in Risk Management.

The Board has also approved the Terms of Reference for Risk Management Committee ("RMC") in the Board Charter. The RMC consists of all Directors on the Board chaired by the Chairman of the Board and shall meet at least 4 times a year.

CONCLUSION

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 weaknesses in internal control. The Audit Committee considers the report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

The Board has also received assurance from the Managing Director and the Management that the Group's internal control and risk management system is operating adequately and effectively based on the internal controls implemented throughout the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 27 January 2014.

1. **Non Audit Fees**

   The amount of non audit-fees paid/payable to external auditors and its affiliates for the financial year ended 31 October 2013 amounted to RM5,000 (2012: RM5,000).

2. **Revaluation Policy on Landed Properties**

   The revaluation policy on landed properties is as disclosed in the financial statement.

3. **Share Buy-backs**

   There was no share buy-back during the financial year.

   The details of the share retained as treasury shares during the financial year are as follow:-

	As at 1.11.2012	Purchase	Sold / Cancelled / Distributed	As at 31.10.2013
Number of shares	4,035,560	-	-	4,035,560
At Cost (RM)	3,554,493	-	-	3,554,493
Average price per share (RM)	0.8808	-	-	0.8808

4. **Sanctions and /or Penalties Imposed**

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

5. **Depository Receipt Programme**

   Kumpulan H & L High-Tech Berhad has not sponsored any Depository Receipt Programme during the financial year.

6. **Material Contracts**

   During the financial year there were no material contracts 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. **Variation in results**

   There was no material variance between the results for the financial year and the unaudited results previously announced. 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.

CONTENT

FINANCIAL STATEMENTS
31 OCTOBER 2013

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2013.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 25 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	7,228,882	1,340,136

DIVIDENDS

The amount of dividends paid and declared since the end of the last financial year were as follows:-

	RM
In respect of the financial year ended 31 October 2012:-	
First interim single tier dividend of 2 sen per ordinary share of RM1.00 each for total ordinary shares of 36,576,525 paid on 5 February 2013	731,530
Final single tier dividend of 2 sen per ordinary share of RM1.00 each for total ordinary shares of 36,576,525 paid on 23 May 2013	731,530

Subsequent to the end of the reporting period, an interim single tier dividend, in respect of the financial year ended 31 October 2013, of 1.5 sen per share of RM1.00 each for a total ordinary shares of 36,576,525 amounted to RM548,648 was declared and will be paid on 28 January 2014.

DIVIDENDS (CONT'D)

In addition, a final single tier dividend in respect of the financial year ended 31 October 2013, of 2 sen per share of RM1.00 each for a total ordinary shares of 36,576,525 amounted to RM 731,530 will be proposed for shareholders' approval at the upcoming annual general meeting. This proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 October 2014.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except for those disclosed in the financial statements.

DIRECTORS

The Directors in office since the date of the last report are:-

Tan Lye Huat
Tan Sook Yee
Chu Kan
Rita Tai Lai Ling
Hau Hock Khun
Tan Ho Foot (Resigned on 15 May 2013)
Tan Kim Lai (Resigned on 22 May 2013)

In accordance with Article 97 of the Company's Articles of Association, Ms. Tan Sook Yee and Mr. Hau Hock Khun will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Mr. Chu Kan will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the Directors who held office at the end of the financial year and who have interest in shares of the Company and its related corporations were as follows:-

	-------------- Ordinary share of RM1.00 each --------------			
	At 1.11.2012	Bought	Sold	At 31.10.2013
Company				
Direct interest				
Tan Lye Huat	1,739,272	-	-	1,739,272
Tan Sook Yee	804,756	-	-	804,756

DIRECTORS' INTERESTS (CONT'D)

According to the register of Directors' shareholdings, the Directors who held office at the end of the financial year and who have interest in shares of the Company and its related corporations were as follows (cont'd):-

	-------------- Ordinary share of RM1.00 each --------------			
	At 1.11.2012	Bought	Sold	At 31.10.2013
Company (cont'd)				
Indirect interest				
Tan Lye Huat	24,488,869	-	-	24,488,869
Tan Sook Yee	20,887,124	-	-	20,887,124

By virtue of their interest in shares of the Company, Tan Lye Huat and Tan Sook Yee are deemed to have interest in the shares of all the subsidiary companies under Section 6A of the Companies Act, 1965 to the extent that the Company has an interest.

No other Directors at the end of the financial year held any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of previous financial year, no Director 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 Directors as shown in the notes to 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 those disclosed in the Note 27 and 31 to the financial statements.

AUDIT COMMITTEE

The members of the Audit Committee are as follows:-

Chu Kan (Chairman of Audit Committee, Independent Non-Executive Director)
Rita Tai Lai Ling (Independent Non-Executive Director)
Hau Hock Khun (Independent Non-Executive Director)

The functions of the Audit Committee are to review accounting policies, internal controls, financial results and annual financial statements of the Group and of the Company on behalf of the Board of Directors.

In performing its functions, the Committee reviewed the overall scope of external audit. It met with the Group's auditors to discuss the results of their examinations and their evaluation of the system of internal controls of the Group and of the Company.

AUDIT COMMITTEE (CONT'D)

The Committee also reviewed the assistance given by the officers of the Group and of the Company to the auditors.

The Committee reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as of the auditors' report thereon.

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued during the financial year.

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 29 April 2013. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company has the right to cancel or to resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased during the financial year had been sold as at the reporting date.

As at the reporting date, the number of ordinary shares in issue after deducting treasury shares against equity is 36,576,525 ordinary shares of RM1.00 each.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secure the liability of any other person; or

(b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

(a) 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, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

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

....	)	
TAN LYE HUAT	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
	)	
	)	
....	)	
TAN SOOK YEE	)	

Kuala Lumpur
27 January 2014

KUMPULAN H & L HIGH-TECH BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 39 to 111 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on page 112 had been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....	....
TAN LYE HUAT	TAN SOOK YEE

Kuala Lumpur
27 January 2014

STATUTORY DECLARATION

I, Tan Chee Meng, being the Officer primarily responsible for the financial management of Kumpulan H & L High-Tech Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 39 to 111 and the financial information set out on page 112 are 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 declared)
by the abovenamed at Kuala Lumpur)
in the Federal Territory this day of)
27 January 2014)

....
TAN CHEE MENG

Before me:

Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of Kumpulan H & L High-Tech Berhad, which comprise statements of financial position of the Group and of the Company as at 31 October 2013, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as enumerated in Notes 1 to 38 and set out on pages 39 to 111.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

(c) The auditors' reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 39 to the Financial Statements and set out on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

TAN CHEE BENG
CHARTERED ACCOUNTANT
(NO: 2664/02/15(J))

Kuala Lumpur
27 January 2014

Group	Note	2013 RM	2012 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	14,923,495	16,265,271
Investment properties	5	37,082,962	29,143,131
Biological assets	6	3,749,751	2,456,866
Land held for property development	7	1,200,711	1,200,711
Prepaid land lease payments	8	1,912,744	1,937,583
Other investments	9	165,000	165,000
Total non-current assets		59,034,663	51,168,562
CURRENT ASSETS			
Property development costs	10	1,098,273	1,692,327
Inventories	11	2,948,273	3,825,319
Trade receivables	12	2,950,644	4,167,836
Other receivables	13	1,178,836	797,170
Other investments	9	769,220	2,026,224
Tax recoverable		130,232	157,556
Deposits with licensed financial institutions	14	12,396,737	11,216,676
Cash and bank balances		3,378,992	5,097,020
Total current assets		24,851,207	28,980,128
TOTAL ASSETS		83,885,870	80,148,690
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	40,612,085	40,612,085
Treasury shares	16	(3,554,493)	(3,554,493)
Revaluation reserve	17	4,522,183	4,522,183
Retained earnings	18	27,916,362	22,150,540
Total equity		69,496,137	63,730,315
LIABILITIES			
Non-current liabilities			
Borrowings	19	7,921,213	8,431,348
Hire purchase creditors	20	-	79,084
Deferred tax liabilities	21	2,524,043	4,309,018
Total non-current liabilities		10,445,256	12,819,450
Current liabilities			
Trade payables	22	553,168	897,535
Other payables	23	2,237,599	1,623,025
Government grants	24	-	20,939
Borrowings	19	1,018,250	949,213
Hire purchase creditors	20	79,084	101,213
Tax payable		56,376	7,000
Total current liabilities		3,944,477	3,598,925
Total liabilities		14,389,733	16,418,375
TOTAL EQUITY AND LIABILITIES		83,885,870	80,148,690

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

Company	Note	2013 RM	2012 RM
ASSETS			
NON-CURRENT ASSET			
Investment in subsidiary companies	25	23,416,971	23,416,971
Total non-current asset		23,416,971	23,416,971
CURRENT ASSETS			
Other receivables	13	19,469	13,993
Amount due from subsidiary companies	25	12,416,818	9,604,093
Other investments	9	-	212,400
Tax recoverable		79	780
Deposits with licensed financial institutions	14	3,467,912	6,316,853
Cash and bank balances		357,749	239,332
Total current assets		16,262,027	16,387,451
TOTAL ASSETS		39,678,998	39,804,422
EQUITY AND LIABILITY			
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	40,612,085	40,612,085
Treasury shares	16	(3,554,493)	(3,554,493)
Retained earnings	18	2,553,164	2,676,088
Total equity		39,610,756	39,733,680
LIABILITY			
Current liability			
Other payables	23	68,242	70,742
Total current liability/Total liability		68,242	70,742
TOTAL EQUITY AND LIABILITY		39,678,998	39,804,422

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

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Revenue	26	18,303,167	21,446,443	1,392,000	2,064,840
Cost of sales		(13,456,005)	(15,174,613)	-	-
Gross profit		4,847,162	6,271,830	1,392,000	2,064,840
Other income		6,593,125	2,637,372	169,001	228,897
Selling and distribution expenses		(808,822)	(708,840)	-	-
Administration expenses		(3,216,699)	(3,280,162)	(103,953)	(96,797)
Other expenses		(1,077,053)	(1,579,183)	(115,797)	(139,712)
Finance costs		(418,249)	(456,397)	-	-
Profit before tax	27	5,919,464	2,884,620	1,341,251	2,057,228
Tax income/(expense)	28	1,309,418	(624,708)	(1,115)	(1,831)
Profit for the financial year		7,228,882	2,259,912	1,340,136	2,055,397
Other comprehensive income, net of tax					
Exchange translation differences		-	(3,992)	-	-
Revaluation reserve		-	3,040,930	-	-
Total comprehensive income for the financial year		7,228,882	5,296,850	1,340,136	2,055,397
Profit/(Loss) for the financial year attributable to:-					
Owners of the Company		7,228,882	2,264,859	1,340,136	2,055,397
Non-controlling interests		-	(4,947)	-	-
		7,228,882	2,259,912	1,340,136	2,055,397
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		7,228,882	5,301,119	1,340,136	2,055,397
Non-controlling interests		-	(4,269)	-	-
		7,228,882	5,296,850	1,340,136	2,055,397
Earnings per share attributable to the owners of the Company (sen)	29				
- Basic		19.76	6.19		
- Diluted		-	-		

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

	Attributable to owners of the Company							
	Non-distributable			Distributable				
	Share capital RM	Revaluation reserve RM	Exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
Balance at 1 November 2011	40,612,085	1,535,485	149,734	(3,554,493)	21,660,274	60,403,085	217,211	60,620,296
Total comprehensive income:-								
Reversal due to disposal of subsidiary company	-	(54,232)	(145,064)	-	54,232	(145,064)	(212,942)	(358,006)
Revaluation reserves	-	3,040,930	-	-	-	3,040,930	-	3,040,930
Profit for the financial year	-	-	(4,670)	-	2,264,859	2,260,189	(4,269)	2,255,920
Transaction with owners:-								
Dividend paid (Note 30)	-	-	-	-	(1,828,825)	(1,828,825)	-	(1,828,825)
Balance at 31 October 2012	40,612,085	4,522,183	-	(3,554,493)	22,150,540	63,730,315	-	63,730,315
Total comprehensive income:-								
Profit for the financial year	-	-	-	-	7,228,882	7,228,882	-	7,228,882
Transaction with owners:-								
Dividend paid (Note 30)	-	-	-	-	(1,463,060)	(1,463,060)	-	(1,463,060)
Balance at 31 October 2013	40,612,085	4,522,183	-	(3,554,493)	27,916,362	69,496,137	-	69,496,137
Company								
Balance at 1 November 2011	40,612,085	-	-	(3,554,493)	2,449,516	39,507,108	-	39,507,108
Total comprehensive income	-	-	-	-	2,055,397	2,055,397	-	2,055,397
Transaction with owners:-								
Dividend paid (Note 30)	-	-	-	-	(1,828,825)	(1,828,825)	-	(1,828,825)
Balance at 31 October 2012	40,612,085	-	-	(3,554,493)	2,676,088	39,733,680	-	39,733,680
Total comprehensive income	-	-	-	-	1,340,136	1,340,136	-	1,340,136
Transaction with owners:-								
Dividend paid (Note 30)	-	-	-	-	(1,463,060)	(1,463,060)	-	(1,463,060)
Balance at 31 October 2013	40,612,085	-	-	(3,554,493)	2,553,164	39,610,756	-	39,610,756

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
OPERATING ACTIVITIES				
Profit before tax	5,919,464	2,884,620	1,341,251	2,057,228
Adjustments for:-				
Impairment on doubtful receivables	-	45,359	-	-
Inventories written down to net realisable value	87,297	9,761	-	-
Amortisation of prepaid land lease payments	24,839	24,840	-	-
Amortisation of deferred income	(20,939)	(20,940)	-	-
Bad debts written off	45,359	-	-	-
Depreciation of property, plant and equipment	2,169,566	2,231,703	-	-
Dividend income	(21,278)	(33,542)	-	-
Fair value gain on investment properties	(5,190,000)	(1,210,000)	-	-
Interest income	(357,942)	(437,939)	(142,632)	(228,897)
Interest expense	418,249	472,083	-	-
Net unrealised loss/(gain) on foreign exchange	15,004	(16,712)	-	-
Gain on disposal of property, plant and equipment	(35,384)	(256,128)	-	-
Loss on disposal of subsidiary company	-	138,764	-	-
Gain on disposal of other investment	(54,833)	(163,664)	(26,369)	-
Reversal of impairment loss on property, plant and equipment	-	(443,764)	-	-
Net fair value (gain)/loss on held for trading investment	(112,046)	210,246	-	-
Reversal of written down of inventories	(35,238)	(5,169)	-	-
Reversal of impairment on doubtful receivables	(45,359)	-	-	-
Property, plant and equipment written off	8	164	-	-
	2,806,767	3,429,682	1,172,250	1,828,331
Changes in working capital:-				
Inventories	824,987	862,701	-	-
Receivables	835,946	135,541	(5,476)	(1,360)
Payables	213,047	(1,180,796)	(2,500)	10,954
Property development cost	594,054	16,321	-	-
Cash from operations	5,274,801	3,263,449	1,164,274	1,837,925
Tax refund	103,951	3,734	-	-
Tax paid	(501,699)	(493,842)	(414)	(2,116)
Net cash from operating activities	4,877,053	2,773,341	1,163,860	1,835,809

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
INVESTING ACTIVITIES					
Investment in subsidiary company		-	-	-	(4)
Dividend received from quoted investments		20,169	31,344	-	-
Advances to subsidiary companies		-	-	(2,812,725)	(4,912,915)
Net cash inflow from disposal of subsidiary company	25	-	207,275	-	-
Biological assets expenditure		(1,292,885)	(2,456,866)	-	-
Interest received		357,942	437,939	142,632	228,897
Proceeds from disposal of property, plant and equipment		105,149	1,017,424	-	-
Proceeds from disposal of held for trading investment		1,467,721	2,073,471	238,769	-
Purchase of property, plant and equipment		(897,563)	(1,136,082)	-	-
Purchase of held for trading investment		(43,838)	(1,742,792)	-	(212,400)
Purchase of investment properties		(2,749,831)	(3,533,131)	-	-
Net cash used in investing activities		(3,033,136)	(5,101,418)	(2,431,324)	(4,896,422)
FINANCING ACTIVITIES					
Repayment of hire purchase		(101,213)	(153,914)	-	-
Interest paid		(418,249)	(472,083)	-	-
Dividend paid		(1,463,060)	(1,828,825)	(1,463,060)	(1,828,825)
Repayment of borrowings		(941,098)	(861,687)	-	-
Drawndown of borrowings		500,000	-	-	-
Net cash used in financing activities		(2,423,620)	(3,316,509)	(1,463,060)	(1,828,825)
CASH AND CASH EQUIVALENTS					
Net changes		(579,703)	(5,644,586)	(2,730,524)	(4,889,438)
Effect of exchange rate changes		41,736	15,440	-	-
Brought forward		16,313,696	21,942,842	6,556,185	11,445,623
Carried forward	A	15,775,729	16,313,696	3,825,661	6,556,185

NOTE TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following items:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	3,378,992	5,097,020	357,749	239,332
Deposits with licensed financial institutions (Note 14)	12,396,737	11,216,676	3,467,912	6,316,853
	15,775,729	16,313,696	3,825,661	6,556,185

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus. The principal place of business of the Company is located at No. 6, Jalan TSB 1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 25 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 January 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the requirements of the Companies Act, 1965 in Malaysia and Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"). At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for the financial periods beginning on or after 1 November 2012 and it does not have financial impact to the financial statements of the Group and of the Company.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Financial Reporting Standards ("FRSs")

Standards Issued but Not Yet Effective

Malaysian Financial Reporting Standards (MFRSs)

To converge with International Financial Reporting Standards in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the MFRSs, which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC Interpretation 15, Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2013. On 4 July 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. On 7 August 2013, the MASB has again decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. The MFRS Framework will therefore be mandated for all companies for annual financial periods beginning on or after 1 January 2015.

A subsidiary of the Company falls within the scope of definition of Transitioning Entities and has opted to defer the adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending 31 October 2016.

The subsidiaries which are not Transitioning Entities had adopted MFRS on 1 November 2012.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1.

Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is completed.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated result.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Key Sources of Estimation Uncertainty

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

Income Taxes/Deferred Tax Liabilities

Significant judgement is involved in determining the Group provision for income taxes. There are certain transactions and computations for which the ultimate tax determation is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

Deferred Tax Assets (cont'd)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The recognised and unrecognised deferred tax assets during the financial year of the Group have been fully described in Note 21 to the financial statements.

Fair Value of Financial Instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, the management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Significant Management Judgement in Applying Accounting Policies

The significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements are as follow:-

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

Significant Management Judgement in Applying Accounting Policies (cont'd)

Leases

In applying the classification of leases in FRS 117, management considers some of its leases of leasehold land as operating lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with FRS 117 Leases.

Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillilary services are so significant that a property does not qualify as an investment property.

Available-for-sale Investment

The Group reviews its available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. No further impairment loss has been provided for available-for-sale investment during the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received (for all the acquisition took place after 1 November 2009).

All the subsidiary companies within the Group are acquired before 1 November 2009. Thus, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

Business Combinations (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. For instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

3.2 Subsidiary Companies

A subsidiary company is a company in which the Company or the Group either directly or indirectly owns the power to govern its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost in financial statements of the Company. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and impaired immediately to their recoverable amount.

3.3 Loss of Control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.4 Non-controlling Interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Non-controlling Interest (cont'd)

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

3.5 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. Factory and buildings are subsequently shown at market values, based on revaluations of external values, less subsequent accumulated depreciation and any accumulated impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Revaluation is made once in every five years by independent valuers on an open market value basis. Any revaluation increase is credited to other comprehensive income and shown as revaluation reserve in shareholders' equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised valuation surplus previously recognised in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributed revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Property, plant and equipment 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 annual depreciation rates are as follows:-

Factory and buildings	2%
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%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment which beyond its previously assessed standard of performance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, Plant and Equipment (cont'd)

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, the amount is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset at arm's length basis between knowledgeable, willing parties, less the costs of disposal.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

For arrangements entered into prior to 1 January 2010, the date of inception is deemed to be 1 January 2011 in accordance with the FRS 1.

Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which is substance is a finance lease is classified as a property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

Operating Lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

The Group had previously revalued its leasehold land in year 2002 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. The Group's prepaid lease payment are amortised on a straight line basis over the lease term of 94 years.

3.7 Investment Properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value, which is determined by the Directors by reference to market evidence of transaction prices for similar properties and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gain or losses arising from changes in the fair value of investment properties are included in the profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Biological Assets

Plantation Development Expenditure – Oil Palm Plantation

Planting expenditure of new oil palm plantations and leasehold land rental attributable to the plantation incurred up to the time of maturity have been capitalised as biological assets.

Any other costs related to the development of new plantation are included as part of the capitalisation of immature planting cost.

As and when the new oil palm plantation mature, the planting expenditure will be taken to the profit or loss as revenue expenditure.

The capitalised pre-cropping cost is not amortised, which represents costs incurred in planting in the original estates, as their values are maintained through replanting programmes.

The capitalised costs will be amortised to the profit or loss and the amortisation is on a straight-line basis over the economic useful lives of the trees.

3.9 Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost plus incidental costs directly attributable to acquisition less any accumulated impairment losses.

Land held for property development is classified as property development cost at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

3.10 Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the profit or loss by using the percentage of completion method. The percentage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Property Development Costs (cont'd)

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on development units sold are recognised as an expense in the period in which they are incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

3.11 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out method. The costs of raw materials comprise costs of purchase plus the cost of bringing the inventories to their present condition and location. The costs of work-in-progress and finished goods comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial Instruments

3.12.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

3.12.2 Financial Assets - Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

a) financial assets at fair value through profit or loss;
b) held-to-maturity investments;
c) loans and receivables; and
d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group does not have held-to-maturity investments and the Company does not have financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Other categories of financial assets are described below:-

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial Instruments (cont'd)

3.12.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Subsequent to initial recognition, assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial Instruments (cont'd)

3.12.2 Financial Assets - Categorisation and Subsequent Measurement (cont'd)

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include the equity instruments.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

3.12.3 Financial Liabilities - Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as:-

a) financial liability at fair value through profit or loss;
b) other liabilities measure at amortised cost using the effective interest method; and
c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The Group and the Company do not have financial liability at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial Instruments (cont'd)

3.12.3 Financial Liabilities - Categorisation and Subsequent Measurement (cont'd)

The Group's financial liabilities include borrowings, hire purchase creditors, trade and other payables. The Company's financial liabilities include other payables.

Other Liabilities Measured at Amortised Cost

Other liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.12.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.13 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of Financial Assets (cont'd)

Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Unquoted Equity Securities Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of Financial Assets (cont'd)

Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3.14 Impairment of Non-Financial Assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Non-financial asset is tested for impairment annually at financial year end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of Non-Financial Assets (cont'd)

An impairment loss is recognised as an expense in profit and loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years.

All reversals of impairment losses are recognised as income immediately in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.15 Foreign Currency Transactions and Balances

The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective entity within the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss except for exchange differences arising from monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Foreign Currency Transactions and Balances (cont'd)

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the RM (the Group's presentation currency) are translated into RM upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into RM at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity (the exchange translation reserve) are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into RM at the closing rate.

3.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and deposits pledged to licensed financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date is classified as non-current asset.

3.17 Income Tax

<u>Current Tax</u>

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in the statement of financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income Tax (cont'd)

Deferred Tax

Deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the financial position and its tax base including unused tax losses, capital allowances and reinvestment allowances.

Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised except:-

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income Tax (cont'd)

Deferred Tax (cont'd)

The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.18 Deferred Income

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grant used for financial support, assistance or to reimburse costs incurred by the Group are recognised in the profit or loss on the straight line basis over the expected lives of 5 years of the related products.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

(a) Revenue from joint property development project is recognised when the right to receive distribution is established.

(b) Revenue from sale of goods is recognised in the profit or loss upon delivery of goods and customers' acceptance, net of discounts and sales returns.

(c) Rental income is recognised on accrual basis unless collectibility is in doubt.

(d) Dividend income is recognised when the right to receive payment is established.

(e) Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

3.20 Employee Benefits

Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Employee Benefits (cont'd)

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group make such contributions to the Employees Provident Fund ("EPF").

3.21 Equity, Reserves and Dividend Payments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. Foreign currency translation differences arising on the translation of the Company's foreign entities are included in the exchange translation reserve. Gains and losses on certain financial instruments are included in reserves for available-for-sale financial assets and cash-flow hedges respectively.

Retained earnings include all current and prior period retained profits.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognsied as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Equity, Reserves and Dividend Payments (cont'd)

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.22 Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classify as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

3.23 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 37 to the financial statements.

3.25 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

3.26 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow or economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

3.27 Provision for Liabilities

Provision for liabilities are recognised when the Group and Company have present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.28 Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(i) A person or a close member of that person's family is related to the Group and the Company if that person:-

(a) Has control or joint control over the Group and the Company;
(b) Has significant influence over the Group and the Company; or
(c) Is a member of the key management personnel of the ultimate holding company or the Group or the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:-

(a) The entity and the Company are members of the same group.
(b) The entity is an associate or joint venture of the Group or the Company.
(c) Both the Group or the Company and the entity are joint ventures of the same third party.
(d) The Group or the Company is a joint venture of a third entity and the entity is an associate of the same third entity.
(e) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company or an entity related to the Group and the Company.
(f) The entity is controlled or jointly-controlled by a person identified in (i) above.
(g) A person identified in (i)(a) above has significant influence over the entity or is a member of the key management personnel of the entity or the ultimate holding company of the entity.

4. PROPERTY, PLANT AND EQUIPMENT

Group	-At valuation- Factory and buildings RM	At cost Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils RM	Tools and utensils under construction RM	Total RM
Cost or valuation										
At 1.11.2011	7,630,243	35,073,483	4,343,678	5,794,529	629,381	939,627	1,090,388	4,879,734	16,530	60,397,593
Additions	90,476	422,401	310,246	85,381	45,070	-	-	136,788	45,720	1,136,082
Revaluation adjustment	3,340,000	-	-	-	-	-	-	-	-	3,340,000
Disposal	-	(1,948,930)	(297,340)	(254,239)	(23,500)	-	-	(339,141)	(2,686)	(2,865,836)
Disposal of subsidiary company	(797,694)	-	-	-	-	-	-	-	-	(797,694)
Written off	-	(226,846)	-	(58,729)	-	-	-	-	-	(285,575)
Reclassification	-	-	-	-	-	-	-	54,911	(54,911)	-
Currency translation differences	(3,958)	(13,021)	(1,809)	(1,885)	-	-	-	(2,451)	(20)	(23,144)
At 31.10.2012	10,259,067	33,307,087	4,354,775	5,565,057	650,951	939,627	1,090,388	4,729,841	4,633	60,901,426
Additions	19,000	332,495	65,000	58,859	34,341	245,204	-	142,664	-	897,563
Disposal	-	-	(301,431)	(1,020)	-	-	-	(85,000)	-	(387,451)
Written off	-	-	(47,240)	(161,083)	-	-	-	(7,750)	-	(216,073)
At 31.10.2013	10,278,067	33,639,582	4,071,104	5,461,813	685,292	1,184,831	1,090,388	4,779,755	4,633	61,195,465

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

Group	-At valuation- Factory and buildings RM	At cost Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils RM	Tools and utensils under construction RM	Total RM
Accumulated depreciation										
At 1.11.2011	798,073	30,334,126	3,406,944	5,316,081	359,006	638,694	1,035,563	3,892,235	-	45,780,722
Charge for the financial year	169,060	1,176,276	324,174	150,997	48,818	73,677	16,381	272,320	-	2,231,703
Disposal	-	(1,310,073)	(225,678)	(223,140)	(23,500)	-	-	(326,480)	-	(2,108,871)
Disposal to subsidiary company	(252,559)	-	-	-	-	-	-	-	-	(252,559)
Revaluation adjustment	(714,574)	-	-	-	-	-	-	-	-	(714,574)
Written off	-	(226,846)	-	(58,565)	-	-	-	-	-	(285,411)
Currency translation differences	-	(9,686)	(1,271)	(1,668)	-	-	-	(2,230)	-	(14,855)
At 31.10.2012	-	29,963,797	3,504,169	5,183,705	384,324	712,371	1,051,944	3,835,845	-	44,636,155
Charge for the financial year	213,388	1,173,058	299,694	114,418	48,640	73,760	15,723	230,885	-	2,169,566
Disposal	-	-	(301,431)	(672)	-	-	-	(15,583)	-	(317,686)
Written off	-	-	(47,240)	(161,075)	-	-	-	(7,750)	-	(216,065)
At 31.10.2013	213,388	31,136,855	3,455,192	5,136,376	432,964	786,131	1,067,667	4,043,397	-	46,271,970
Accumulated impairment loss										
At 1.11.2011	-	447,099	-	-	-	-	-	-	-	447,099
Reversal of impairment loss during the	-	(443,764)	-	-	-	-	-	-	-	(443,764)
financial year	-	(3,335)	-	-	-	-	-	-	-	(3,335)
Currency translation differences	-	-	-	-	-	-	-	-	-	-
At 31.10.2012/2013	-	-	-	-	-	-	-	-	-	-
Net carrying amount										
31.10.2013	10,064,679	2,502,727	615,912	325,437	252,328	398,700	22,721	736,358	4,633	14,923,495
31.10.2012	10,259,067	3,343,290	850,606	381,352	266,627	227,256	38,444	893,996	4,633	16,265,271

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

(a) Factory and buildings were revalued in financial year 2012, based on valuation carried out by an independent professional valuer on an open market value basis to reflect the market value of existing use.

At the reporting date, had the revalued factory and buildings of the Group carried under the cost model, the carrying amount would have been at RM3,721,853 (2012: RM3,856,889).

(b) The net carrying amount of motor vehicles of the Group which is under hire purchase arrangement amounted to RM287,185 (2012: RM391,616).

(c) The motor vehicles with cost and net carrying amount amounted to RM510,451 (2012: RM771,620) and RMNil (2012: RMNil) respectively are held in trust in the name of Directors of the Company.

5. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold land RM	Factory building RM	Leasehold building RM	Total RM
Fair value					
At 1 November 2011	11,275,000	-	13,125,000	-	24,400,000
Addition	-	3,533,131	-	-	3,533,131
Fair value adjustment	1,145,000	-	65,000	-	1,210,000
At 31 October 2012	12,420,000	3,533,131	13,190,000	-	29,143,131
Addition	-	2,504,468	-	245,363	2,749,831
Fair value adjustment	4,780,000	-	410,000	-	5,190,000
At 31 October 2013	17,200,000	6,037,599	13,600,000	245,363	37,082,962

	2013 RM	2012 RM
Rental income from investment properties	1,761,914	1,764,212
Direct operating expenses for investment properties	106,426	105,364

The fair value is estimated by reference made to the information provided by certified independent professional valuer.

Fair value is defined as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

5. INVESTMENT PROPERTIES (CONT'D)

Freehold land and building and leasehold land and building of a subsidiary company with net carrying amount of RM24,000,000 (31.10.2012: RM19,400,000) and RM805,363 (31.10.2012: RMNil) have been charged to a bank for credit facility granted to the subsidiary company as disclosed in Note 19 to the financial statements.

6. BIOLOGICAL ASSETS

Group

Biological assets consist of plantation development expenditure in relation to oil palm plantations.

	2013 RM	2012 RM
Cost		
At 1 November 2012/2011	2,456,866	-
Addition	1,292,885	2,456,866
At 31 October	3,749,751	2,456,866

Biological assets incurred during the year includes:-

	2013 RM	2012 RM
Personnel expenses		
- wages and salaries	217,037	67,062
- staff welfare	16,673	8,892
	233,710	75,954

7. LAND HELD FOR PROPERTY DEVELOPMENT

Group

	2013 RM	2012 RM
Freehold land		
Cost		
At 1 November 2012/2011	1,200,711	2,197,665
Transferred to property development costs (Note 10)	-	(996,954)
At 31 October	1,200,711	1,200,711

Title deeds of the freehold land are currently surrendered to Perak state authority as part of the conditions for the property development project entered by the subsidiary company.

8. PREPAID LAND LEASE PAYMENTS

Group

	Long leasehold hand 2013	2012
Cost	RM	RM
At 1 November 2012 and 2011/ 31 October	2,136,309	2,136,309
Accumulated amortisation		
At 1 November 2012/2011	198,726	173,886
Amortisation charged to profit or loss	24,839	24,840
At 31 October 2013	223,565	198,726
Net carrying amount		
At 31 October	1,912,744	1,937,583

	2013 RM	2012 RM
Amount to be amortised		
Not later than one year	24,839	24,839
Later than one year but not later than five years	99,356	99,356
Later than five years	1,788,549	1,813,388
	1,912,744	1,937,583

Long leasehold land represents leasehold land with unexpired lease period of more than 50 years.

9. OTHER INVESTMENTS

Group

	Golf club membership RM	Unquoted shares in Malaysia RM	Quoted shares in Malaysia RM	Dual currency inverstment RM	Total RM
2013					
Non-current					
Available-for-sale financial assets	180,000	50,000	-	-	230,000
Less: Impairment loss	(65,000)	-	-	-	(65,000)
	115,000	50,000	-	-	165,000
Current					
Financial assests at fair value through profit or loss	-	-	769,220	-	769,220
	115,000	50,000	769,220	-	934,220

9. OTHER INVESTMENTS (CONT'D)

Group (cont'd)

	Golf club membership RM	Unquoted shares in Malaysia RM	Quoted shares in Malaysia RM	Dual currency inverstment RM	Total RM
2013 (cont'd)					
Representing item:-					
At cost	115,000	50,000	-	-	165,000
At fair value	-	-	769,220	-	769,220
	115,000	50,000	769,220	-	934,220
Market value of quoted investments	-	-	769,220	-	769,220
2012					
Non-current					
Available for-sale financial assets	180,000	50,000	-	-	230,000
Less: Impairment loss	(65,000)	-	-	-	(65,000)
	115,000	50,000	-	-	165,000
Current					
Financial assets at fair value through profit or loss	-	-	1,227,999	798,225	2,026,224
	115,000	50,000	1,227,999	798,225	2,191,224
Representing items:-					
At cost	115,000	50,000	-	-	165,000
At fair value	-	-	1,227,999	798,225	2,026,224
	115,000	50,000	1,227,999	798,225	2,191,224
Market value of quoted investments	-	-	1,227,999	798,225	2,026,224

Company

	Golf club membership RM	Unquoted shares in Malaysia RM	Quoted shares in Malaysia RM	Dual currency investment RM	Total RM
2012					
Current					
Financial assets at fair value through profit or loss	-	-	212,400	-	212,400
Representing item:-					
At fair value	-	-	212,400	-	212,400
Market value of quoted investments	-	-	212,400	-	212,400

10. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM
At 1 November 2011	711,694
Transferred from land held for property development (Note 7)	996,954
Transferred to profit and loss	(16,321)
At 31 October 2012	1,692,327
Transferred to profit and loss	(594,054)
At 31 October 2013	1,098,273

Title deeds of the freehold land are currently surrendered to Perak state authority as part of the conditions for the property development project entered by a subsidiary company.

11. INVENTORIES

Group	2013 RM	2012 RM
Raw materials	883,159	1,234,367
Work-in-progress	688,136	609,097
Finished goods	1,376,978	1,981,855
At carrying amount	2,948,273	3,825,319
Recognised in profit or loss:-		
Inventories recognised in cost of sales	7,601,168	7,937,809
Inventoris written down to net realisable value	87,297	9,761
Reversal of written down of inventories	(35,238)	5,169

The reversal of inventories written-down was made during the financial year when related inventories were sold above their carrying amounts.

12. TRADE RECEIVABLES

Group	2013 RM	2012 RM
Trade receivables	2,950,644	4,213,195
Less: Allowance for impairment on doubtful receivables		
Balance brought forward		
Recognised	(45,359)	-
Written off	-	(45,359)
Balance carried forward	45,359	-
	-	(45,359)
	2,950,644	4,167,836

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represents their fair values on initial recognition.

The ageing analysis of trade receivables is as follows:-

	Gross RM	Individually impaired RM	Net RM
2013			
Within credit terms	1,559,811	-	1,559,811
Past due 1-30 days but not impaired	819,162	-	819,162
Past due 31-120 days but not impaired	498,540	-	498,540
Past due more than 120 days but not impaired	73,131	-	73,131
	2,950,644	-	2,950,644
2012			
Within credit terms	1,905,479	-	1,905,479
Past due 1-30 days but not impaired	961,066	-	961,066
Past due 31-120 days but not impaired	889,483	-	889,483
Past due more than 120 days but not impaired	411,808	-	411,808
Past due more than 120 days and impaired	45,359	(45,359)	-
	4,213,195	(45,359)	4,167,836

The normal credit terms given to the customers range from 30 to 90 days (2012: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

12. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 October 2013, trade receivables of RM1,390,833 (2012: RM2,262,357) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. OTHER RECEIVABLES

Group

	2013 RM	2012 RM
Non-trade receivables	163,176	410,459
Deposits	791,456	207,415
Prepayments	224,207	179,296
	1,178,836	797,170

Company

	2013 RM	2012 RM
Deposits	1,000	1,000
Prepayments	18,469	12,993
	19,469	13,993

Included in deposits of the Group is an amount of RMNil (2012: RM37,700) paid for the acquisition of leasehold land and building.

Included in the deposits of the Group as at 31 October 2013 amounted to RM709,100 represents the partial payment made on the purchase of a vacant bungalow land at Miri, Sarawak for a total consideration of RM1,174,888 by a subsidiary company. This transaction has not completed as at the reporting date.

14. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group and Company

The interest rates for deposits with licensed financial institutions of the Group and the Company ranged from 1.00% to 3.10% (2012: 1.00% to 3.00%) and 1.00% to 3.00% (2012: 1.00% to 3.00%) per annum respectively.

Group

Included in deposits with licensed financial institutions is an amount of RM75,903 (2012: RM74,099) which has been pledged for banking facilities granted to the subsidiary companies.

Included in deposits with licensed financial institutions is an amount of RM41,371 (2012: RM42,645) held in trust by certain Directors.

15. SHARE CAPITAL

Group/Company

	2013 RM	2012 RM
Authorised:-		
50,000,000 ordinary shares of RM1.00 each	50,000,000	50,000,000
Issued and fully paid-up:-		
40,612,085 ordinary shares of RM1.00 each	40,612,085	40,612,085

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. TREASURY SHARES

Group/Company	2013		2012	
	Number of treasury shares	RM	Number of treasury shares	RM
At beginning of financial year/At end of financial year	4,035,560	3,554,493	4,035,560	3,554,493

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 29 April 2013. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

16. TREASURY SHARES (CONT'D)

The shares purchased were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

As at the reporting date, the Company held 4,035,560 (2012: 4,035,560) of the Company's shares and the number of outstanding shares in issue after setting off treasury shares against equity is 36,576,525 (2012: 36,576,525).

No treasury shares were sold during the current and previous financial year.

17. REVALUATION RESERVE

Group

	2013 RM	2012 RM
At 1 November 2012/2011	4,522,183	1,535,485
Addition	-	4,054,574
Transferred to deferred tax liabilities (Note 21)	-	(1,013,644)
Disposal of subsidiary company	-	(54,232)
At 31 October	4,522,183	4,522,183

The revaluation reserve is not available for distribution.

18. RETAINED EARNINGS

Company

The Company adopted the Single Tier Income Tax system in which the Company may declare the payment of the dividends out of its entire retained earnings.

19. BORROWINGS

Group	2013 RM	2012 RM
Current		
Secured:-		
Term loan	1,018,250	949,213
Non-current		
Secured:-		
Term loan	7,921,213	8,431,348
	8,939,463	9,380,561

19. BORROWINGS (CONT'D)

	2013 RM	2012 RM
Repayment terms		
- not later than 1 year	1,018,250	949,213
- between 1 to 5 years	4,538,587	4,346,799
- later than 5 years	3,382,626	4,084,549
	8,939,463	9,380,561

The effective interest rate of term loan is charged at rates of 4.05% to 4.60% (2012: 3.52% to 4.27%) per annum.

The term loan is secured by way of:-

(i) Fixed charge against freehold land and building and leasehold land and building of a subsidiary company;
(ii) Assignment of rental proceeds; and
(iii) Corporate guarantee by the Company.

20. HIRE PURCHASE CREDITORS

Group	2013 RM	2012 RM
Minimum lease payments	80,598	108,986
- not later than 1 year		
- later than 1 year but not later than 5 years	-	79,084
	80,598	188,070
Less: Interest-in-suspense	(1,514)	(7,773)
Present value of hire purchase creditors	79,084	180,297
Present value of hire purchase creditors	79,084	101,213
- not later than 1 year		
- later than 1 year but not later than 5 years	-	79,084
	79,084	180,297

The effective interest rate of hire purchase is charged at the rate of 3.69% (2012: 3.69%) per annum.

21. DEFERRED TAX LIABILITIES

Group

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

	2013 Assets RM	2013 Liabilites RM	2013 Net RM	2012 Assets RM	2012 Liabilites RM	2012 Net RM
At 1 November 2012/2011	(549,617)	4,858,635	4,309,018	(851,650)	3,819,734	2,968,084
Recognised in profit or loss	(66,781)	(1,718,194)	(1,784,975)	302,033	25,257	327,290
Revaluation reserve	-	-	-	-	1,013,644	1,013,644
At 31 October	(616,398)	3,140,441	2,524,043	(549,617)	4,858,635	4,309,018

The components of deferred tax liabilities/(assets) are made up of temporary difference arising from:-

	2013 RM	2012 RM
Carrying amount of qualifying property, plant and equipment and investment properties in excess of their tax base	1,711,735	3,415,111
Inventories written down	(21,824)	-
Revaluation surplus	1,358,799	1,443,524
Unutilised reinvestment allowances	-	(114,335)
Unabsorbed capital allowances	(326.6661)	(216,961)
Unutilised business losses	(24,923)	(12,202)
Unutilised industrial building allowance	(242,990)	(206,119)
Fair value gain on investment properties	69,907	-
	2,524,043	4,309,018

(b) As at reporting date, deferred tax benefits for the following temporary differences have not been recognised in the financial statements:-

	2013 RM	2012 RM
Carrying amount of qualifying plant and equipment and biological assets in excess of their tax base	(3,104,857)	(1,189,847)
Unabsorbed agriculture allowance	3,065,800	1,308,300
Unutilised business losses	350,825	78,775
Unabsorbed capital allowances	34,396	34,396
	346,164	231,624

Potential deferred tax assets are not recognised in financial statements as it is anticipated that the tax effects of such deferrals will not reverse in the near future.

22. TRADE PAYABLES

Group

The trade payables of the Group are non-interest bearing and the normal credit term granted by suppliers of the Group ranges from 30 to 60 days (2012: 30 to 60 days).

23. OTHER PAYABLES

Group

	2013 RM	2012 RM
Sundry deposits	1,158,374	775,053
Non-trade payables	350,581	184,354
Accrual of expenses	728,644	663,618
	2,237,599	1,623,025

Company

	2013 RM	2012 RM
Accrual of expenses	68,242	70,742

Deposit of RM600,000 (31.10.2012: RM300,000) is received in relation with a subsidiary company entering into an arrangement with PYHomes Realty Sdn. Bhd. for the purpose of developing the subsidiary company's lands into a mixed residential project with the usual amenities.

In the previous financial year, included in non-trade payables of the Group was an amount of RM8,135 due to a corporate shareholder of a former subsidiary company.

24. GOVERNMENT GRANTS

Group	2013 RM	2012 RM
At 1 November 2012/2011	20,939	41,879
Amortised during the financial year	(20,939)	(20,940)
At 31 October	-	20,939
Current		
- amortised within the next 12 months	-	20,939

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. INVESTMENT IN SUBSIDIARY COMPANIES/AMOUNT DUE FROM SUBSIDIARY COMPANIES

Company

	2013 RM	2012 RM
Investment in subsidiary companies		
Unquoted shares, at cost	23,416,971	23,416,971

Name of company	Place of incorporation	Effective interest 2013 %	Effective interest 2012 %	Principal activities
1. H & L High-Tech Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precision engineering moulds, dies, jigs, fixtures, tools and other precision machine parts.
2. Plastik STC Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic andthermosett parts and component for electrical and electronic industry.
3. H & L High-Tech Deco Sdn. Bhd.	Malaysia	100	100	Oil palm plantation.
4. H & L High-Tech Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and property investment.
5. H & L High-Tech Properties Development Sdn. Bhd.	Malaysia	100	100	Property development.
6. H & L Mould Solution Sdn. Bhd.	Malaysia	100	100	Dormant.
7. STC Technology Sdn. Bhd.	Malaysia	100	100	Dormant.

(i) In the previous financial year, STC Technology Sdn. Bhd., an indirect wholly-owned subsidiary company of the Company had become a direct wholly-owned subsidiary company of the Company as the result of the Group internal restructuring.

(ii) In the previous financial year, a subsidiary company, H & L High-Tech Sdn. Bhd. had disposed off its 70% equity interest in H & L High-Tech Mould (Thailand) Co. Ltd for a total consideration of RM358,099, which resulted a loss of RM138,764 to the Group.

25. INVESTMENT IN SUBSIDIARY COMPANIES/AMOUNT DUE FROM SUBSIDIARY COMPANIES (CONT'D)

Company (cont'd)

(iii) The effect of the disposal of H & L High-Tech Mould (Thailand) Co. Ltd on the financial position and cash flows of the Group as at the date of disposal was as follows:-

	Group 2012 RM
Property, plant and equipment	545,134
Trade and other receivables	13,847
Cash and bank balance	150,824
Net assets of disposed subsidiary company	709,805
Non-controlling interest	(212,942)
Group's shares of net assets	496,863
Disposal proceeds	(358,099)
Loss of disposal	138,764
Disposal proceed	358,099
Less: Cash and cash equivalents of subsidiary company	(150,824)
Net cash inflows of the Group on disposal	207,275

Amount due from subsidiary companies

The amounts due from subsidiary companies are non-trade related, unsecured, bear no interest and are repayable on demand.

26. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income	-	840	1,392,000	2,064,840
Sales of goods	14,933,348	19,778,081	-	-
Rental income	1,637,462	1,616,702	-	-
Distribution from joint property development project	1,732,357	50,820	-	-
	18,303,167	21,446,443	1,392,000	2,064,840

27. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Inventories written down to net realisable value	87,297	9,761	-	-
Amortisation of prepaid land lease payments	24,839	24,840	-	-
Auditors'remuneration:-				
- statutory audit	84,500	81,500	20,000	25,000
- other auditor	-	6,943	-	-
- other services	5,000	5,000	5,000	5,000
Impairment on doubtful receivables	-	45,359	-	-
Bad debts written off	45,359	-	-	-
Depreciation of property, plant and equipment	2,169,566	2,231,703	-	-
Fair value gain on investment properties	(5,190,000)	(1,210,000)	-	-
Loss on disposal of subsidiary company	-	138,764	-	-
Interest expenses				
- hire purchase	6,259	14,097	-	-
- term loans	411,990	457,986	-	-
Property, plant and equipment written off	8	164	-	-
Rental expense	50,700	72,107	-	-
Gain on disposal of property, plant and equipment	(35,384)	(256,128)	-	-
Reversal of impairment loss on property, plant and equipment	-	(443,764)	-	-
Unrealised foreign exchange				
- gain	(34,674)	(52,824)	-	-
- loss	49,678	36,112	-	-
Realised foreign exchange				
- gain	(322,446)	-	-	-
- loss	-	209,391	-	-
Interest income	(357,942)	(437,939)	(142,632)	(228,897)
Amortisation of deferred income	(20,939)	(20,940)	-	-
Dividend income from subsidiary companies, unquoted shares in Malaysia	-	-	(1,392,000)	(2,064,840)

27. PROFIT BEFORE TAX (CONT'D)

Profit before tax has been determined after charging/(crediting), amongst other items, the following (cont'd):-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Gain on disposal of other investment	(54,833)	(163,664)	(26,369)	-
Gross dividend from quoted shares in Malaysia	(21,278)	(33,542)	-	-
Rental income	(150,052)	(155,910)	-	-
Reversal of written down of inventories	(35,238)	(5,169)	-	-
Reversal of impairment on doubtful receivables	(45,359)	-	-	-
Net fair value (gain)/ loss on held for trading investment	(112,046)	210,246	-	-

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive:-				
Defined contribution plans	78,600	78,392	-	-
Salaries and others emoluments	801,326	729,874	-	-
Non-executive:-				
Fee	39,000	39,000	39,000	39,000
Others	29,850	24,600	29,850	24,600

The estimated monetary value of benefit-in-kind received by the Directors other than cash from the Group amounted to RM16,325 (2012: RM39,550).

28. TAX (INCOME)/EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current year's tax provision	483,258	319,410	410	410
(Over)/Under provision of tax expense in prior financial years	(7,701)	(21,992)	705	1,421
Transferred (to)/from deferred tax liabilities (Note 21)	(1,784,975)	327,290	-	-
	(1,309,418)	624,708	1,115	1,831

Malaysian income tax is calculated at the statutory tax rate of 25% of the estimated taxable profit for the financial year.

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follow:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before tax	5,919,464	2,884,620	1,341,251	2,057,228
Tax at statutory tax rate of 25%	1,479,866	721,155	335,313	514,307
Tax effects in respect of:-				
Income not subject to tax	(1,450,133)	(983,209)	(389,857)	(572,830)
Expenses not deductible for tax purposes	214,301	452,585	54,954	58,933
Crystallisation of deferred tax upon depreciation charged for revalued asset	(84,725)	-	-	-
Addition deferred tax liabilities on real property gain	69,907	-	-	-
Reversal of deferred taxation	(1,547,140)	-	-	-
(Over)/Under provision of tax expense in prior financial years	(7,701)	(21,992)	705	1,421

28. TAX (INCOME)/EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follow (cont'd):-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax assets not recognised	28,635	472,000	-	-
Double deduction expenses	(12,428)	(16,221)	-	-
Loss not allowed to carry forward	-	390	-	-
	(1,309,418)	624,708	1,115	1,831

The Group unabsorbed business losses, unabsorbed capital allowance and unabsorbed agriculture allowance which can be carried forward to offset against future taxable profit amounted to approximately RM350,825 (2012: RM78,775), RM34,396 (2012: RM34,396) and RM3,065,800 (2012: RM1,308,300) respectively.

The availability of the unabsorbed business loss, unabsorbed capital allowance and unutilised reinvestment allowance which can be carried forward to offset against future taxable profit on the respective subsidiary companies are subject to no substantial changes in shareholdings of the respective subsidiary companies under Section 44(5A) & (5B) of Income Tax Act,1967.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

29. EARNINGS PER SHARE

Group

(a) The basic earnings per share has been calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company of RM7,228,882 (2012: RM2,264,859) to the weighted average number of shares issued during the financial year of 36,576,525 (2012: 36,576,525), excluding treasury shares held by the Company.

(b) There is no diluted earnings per share as the Company does not have any convertible financial instruments as at reporting date.

30. DIVIDENDS

	Group and Company	
	2013	2012
	RM	RM
In respect of the financial year ended 31 October 2011:- First interim single tier dividend of 3 sen per ordinary share for total ordinary shares of 36,576,525 paid on 30 January 2012	-	1,097,295
Final single tier dividend of 2 sen per ordinary share for total ordinary shares of 36,576,525 paid on 28 May 2012	-	731,530
In respect of the financial year ended 31 October 2012:- First interim single tier dividend of 2 sen per ordinary share for total ordinary shares of 36,576,525 paid on 5 February 2013	731,530	-
Final single tier dividend of 2 sen per ordinary share for total ordinary shares of 36,576,525 paid on 23 May 2013	731,530	-
	1,463,060	1,828,825

Subsequent to the end of the reporting period, an interim single tier dividend, in respect of the financial year ended 31 October 2013, of 1.5 sen per share of RM1.00 each for total ordinary shares of 36,576,525 amounted to RM548,648 was declared and will be paid on 28 January 2014.

In addition, a final single tier dividend in respect of the financial year ended 31 October 2013, of 2 sen per share of RM1.00 each for a total ordinary shares of 36,576,525 amounted to RM731,530 will be proposed for shareholders' approval at the upcoming annual general meeting. This proposed dividend is not reflected in the current year's financial statements. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 October 2014.

31. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013	2012
	RM	RM
Staff costs:-		
- Directors	879,926	808,266
- Other staff	5,732,536	5,524,295
	6,612,462	6,332,561

31. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in staff costs is defined contribution plans as follows:-

	Group	
	2013	2012
	RM	RM
- Directors	78,600	78,392
- Other staff	406,951	397,664
	485,551	476,056

32. CONTINGENT LIABILITY

	Group	
	2013	2012
	RM	RM
Unsecured:-		
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies		
- Limit	11,500,000	11,000,000
- Utilised	8,939,463	9,380,561

33. COMMITMENTS

Capital commitment

	Group	
	2013	2012
	RM	RM
Capital expenditure		
Authorised and contracted for:-		
- Property, plant and equipment	469,955	702,000
Authorised and not contracted for:-		
- Investment properties	-	1,847,300

Lease commitment

The Group had entered into a total of six non-cancellable Renting Agreements with various parties to lease the land for venturing into business of the oil palm plantation, comprising an area of approximately 1,110 acres for a renting period of sixty years.

33. COMMITMENTS (CONT'D)

Lease commitment (cont'd)

The payment terms of the leasing are as follows:-

i) For the first six months, no rental charges for tenor to land mobilisation.
ii) After the first six months, no rental charges for tenor on oil palm plantation process for three years.
iii) After the three years and six months, RM0.50 of rental charges will be apply on each oil palm tree planted on monthly basis for a period of two years.
iv) After the five years and six months, RM0.60 of rental charges will be apply on each oil palm tree planted on monthly basis until the end of the tenancy period.
v) If the oil palm tree plant is infected by disease, rental charges will be exempted for three years.

As at the reporting date, no rental charges is required as it is still under the oil palm tree plantation process.

34. RELATED PARTY DISCLOSURES

(a) The significant related party transactions during the financial year were as follows:-

	2013 RM	2012 RM
Company		
Subsidiary companies:-		
- Dividend income	(1,392,000)	(2,064,840)

(b) The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Notes 25 to the financial statements.

(c) The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 27 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Directors.

35. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:-

(i) Loans and receivables ("L & R");
(ii) Fair value through profit or loss ("FVTPL");
(iii) Available - for - sale financial assets ("AFS"); and
(iv) Other liabilities measured at amortised cost ("AC").

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Group					
2013					
Financial assets					
Other investments	934,220	-	769,220	165,000	-
Trade receivables	2,950,644	2,950,644	-	-	-
Other receivables	954,629	954,629	-	-	-
Deposits with licensed financial institutions	12,396,737	12,396,737	-	-	-
Cash and bank balances	3,378,992	3,378,992	-	-	-
	20,615,222	19,681,002	769,220	165,000	-
Financial liabilities					
Trade payables	553,168	-	-	-	553,168
Other payables	2,237,599	-	-	-	2,237,599
Hire purchase creditors	79,084	-	-	-	79,084
Borrowings	8,939,463	-	-	-	8,939,463
	11,809,314	-	-	-	11,809,314
2012					
Financial assets					
Other investments	2,191,224	-	2,026,224	165,000	-
Trade receivables	4,167,836	4,167,836	-	-	-
Other receivables	617,874	617,874	-	-	-
Deposits with licensed financial institutions	11,216,676	11,216,676	-	-	-
Cash and bank balances	5,097,020	5,097,020	-	-	-
	23,290,630	21,099,406	2,026,224	165,000	-
Financial liabilities					
Trade payable	897,535	-	-	-	897,535
Other payables	1,623,025	-	-	-	1,623,025
Hire purchase creditors	180,297	-	-	-	180,297
Borrowings	9,380,561	-	-	-	9,380,561
	12,081,418	-	-	-	12,081,418

35. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Company					
2013					
Financial assets					
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiary companies	12,416,818	12,416,818	-	-	-
Deposits with licensed financial institutions	3,467,912	3,467,912	-	-	-
Cash and bank balances	357,749	357,749	-	-	-
	16,243,479	16,243,479	-	-	-
Financial liabilities					
Other payables	68,242	-	-	-	68,242
2012					
Financial assets					
Other investments	212,400	-	212,400	-	-
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiary companies	9,604,093	9,604,093	-	-	-
Deposits with licensed financial institutions	6,316,853	6,316,853	-	-	-
Cash and bank balances	239,332	239,332	-	-	-
	16,373,678	16,161,278	212,400	-	-
Financial liabilities					
Other payables	70,742	-	-	-	70,742

Financial Risks Management Objective and Policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

The main areas of financial risks faced by the Group and the policy of the Group in respect of the major areas of treasury activity are set out as follows:-

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the Group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

The areas where the Group is exposed to credit risk are as follows:-

Receivables

As at reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statement of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(a) Credit Risk (cont'd)

Receivables (cont'd)

The ageing analysis for trade receivables is disclosed in Note 12 to the financial statements.

The credit risk concentration profile by geographical on trade receivables of the Group as at reporting date is as follows:-

	2013		2012	
	RM	%	RM	%
By country				
Malaysia	799,297	27	1,072,731	25
European countries	1,826,497	62	2,920,515	70
Taiwan	143,398	5	-	-
China	28,009	1	-	-
Others *	153,443	5	219,949	5
	2,950,644	100	4,213,195	100

* Less than 1% for each of the country

In respect of trade and other receivables, the Group has no significant concentration of credit risk with any single counterparty except as disclosed below:-

2013

(i) 32% of trade receivables at reporting date were due from two customers.

2012

(ii) 25% of trade receivables at reporting date were due from two customers.

Investments and Other Financial Assets

As at reporting date, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(a) Credit Risk (cont'd)

Investments and Other Financial Assets (cont'd)

Investments are mostly in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of unquoted investments as disclosed in Note 9 to the financial statements.

Financial Guarantee/Corporate Guarantee

The maximum exposure to credit risk as disclosed in Note 32 to financial statements representing the outstanding banking facilities of the subsidiary companies as at end of the reporting period.

The Company provide unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary company and repayments made by the subsidiary company. As at end of the reporting period, there was no indication that the subsidiary company would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring parent's guarantees as a pre-condition for approving the banking facilities granted to subsidiary company. The actual terms of credit facilities are likely to be the best indicator of "at market" term and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary company. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(a) Credit Risk (cont'd)

Intercompany Balances

The maximum exposure to credit risk of the Company is represented by their carrying amounts in the statement of financial position.

The Company provides unsecured loans and advances to subsidiary companies and monitors the results of the subsidiary companies regularly.

As at the end of the reporting period, there was no indication that the carrying amount of loans and advances to the subsidiary companies are not recoverable.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The liquidity risks arise principally from its payables, loans and hire purchase creditors. The repayment term of loans and hire purchase creditors are disclosed in Note 19 and 20 to the financial statements respectively.

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

	Current	←	Non-Current	→	
	On demand/less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group					
2013					
Non-derivative financial liabilities					
Secured:-					
Borrowings	1,353,088	1,384,188	5,536,752	3,458,919	11,732,947
Hire purchase creditors	80,598	-	-	-	80,598
Unsecured:-					
Trade payables	553,168	-	-	-	553,168
Other payables	2,237,599	-	-	-	2,237,599
Total undiscounted financial liabilities	4,224,453	1,384,188	5,536,752	3,458,919	14,604,312

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(b) Liquidity Risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

	Current	Non-Current			
	On demand/less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group (cont'd)					
2012					
Non-derivative financial liabilities					
Secured:-					
Borrowings	1,305,599	1,346,868	5,387,472	4,071,673	12,111,612
Hire purchase creditors	108,986	79,084	-	-	188,070
Unsecured:-					
Trade payables	897,535	-	-	-	897,535
Other payables	1,623,025	-	-	-	1,623,025
Total undiscounted financial liabilities	3,935,145	1,425,952	5,387,472	4,071,673	14,820,242
Company					
2013					
Non-derivative financial liability					
Unsecured:-					
Other payables	68,242	-	-	-	68,242
2012					
Non-derivative financial liability					
Unsecured:-					
Other payables	70,742	-	-	-	70,742

The above amounts reflect the contractual undiscounted cash flows, which differ from the carrying values of financial liabilities at the reporting date.

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales, purchases and investments that are denominated in a currency other than the respective functional currencies of the subsidiary companies. The currency giving rise to this risk is primarily EURO, US Dollar (USD), Singapore Dollar (SGD) and Thai Baht.

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(c) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date are as follows (foreign currency balances are unhedged):-

	----------------- Denominated in			-----------------
	EURO RM	**US RM**	**SGD RM**	**Thai Baht RM**
31.10.2013				
Trade receivables	661,864	704,418	772,510	-
Cash and bank balances	233,210	456,938	227,930	3,485
Other receivables	-	14,768	-	-
Trade payables	(9,968)	(94,522)	-	-
Other payables	(14,844)	-	(981)	-
	870,262	1,081,602	999,459	3,485
31.10.2012				
Trade receivables	2,051,208	437,142	652,114	-
Cash and bank balances	923,076	2,322,406	228,406	16,346
Trade payables	-	(45,226)	(1,528)	-
Other payables	-	-	(3,069)	-
	2,974,284	2,714,322	875,923	16,346

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the EURO, USD, SGD and Thai Baht exchange rates against the functional currency of the Company, with all other variables held constant.

	Increase/(Decrease) on profit for the financial years	
	2013 RM	**2012 RM**
EURO/RM		
- Strengthened 1%/1%	8,703	29,743
- Weakened 1%/1%	(8,703)	(29,743)
USD/RM		
- Strengthened 1%/1%	10,816	27,143
- Weakened 1%/1%	(10,816)	(27,143)
SGD/RM		
- Strengthened 1%/1%	9,995	8,759
- Weakened 1%/1%	(9,995)	(8,759)
Thai Baht/RM		
- Strengthened 1%/1%	35	163
- Weakened 1%/1%	(35)	(163)

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(c) Foreign Currency Risk (cont'd)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date were as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed rate instruments				
Financial asset				
Deposits with licensed financial institutions	12,396,737	11,216,676	3,467,912	6,316,853
Fixed rate instruments				
Financial liability				
Hire purchase creditors	79,084	180,297	-	-
Floating rate instruments				
Financial liability				
Term loan	8,939,463	9,380,561	-	-

35. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(d) Interest Rate Risk (cont'd)

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair Value Sensitivity Analysis for Floating Rate Instruments

At the reporting date, if interest rate had been 50 (2012: 50) basis points lower/higher, with all the other variable held constant, the Group's profit for the financial year would have been RM44,697 (2012: RM46,903) higher/lower, arising mainly from lower/higher interest expense on floating rate borrowings.

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than foreign exchange or interest rates). Equity price risk arises from the Group's investments in equity securities quoted in Bursa Malaysia Securities Berhad.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the authorised person of the Group.

Equity Price Risk Sensitivity Analysis

This analysis assumes that all other variables remain constant and all the Group's equity investments moved in percentage of the share price.

A 41% (2012: 19%) increase in share price of each counter at the reporting date would have increase the Group's profit for the financial year by RM315,380 (2012: RM192,964). A 41% (2012: 19%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit for the financial year.

35. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value of Financial Instruments

The carrying amounts of short term receivables and payable, cash and cash equivalents and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The following summarises the methods used in determining the fair value of financial instruments reflected above:-

Investment in Equity and Debt Instruments

The fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the reporting period.

Non-derivatives Financial Liabilities

Fair value, which is determined for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	2013 %	2012 %
Hire purchase creditors	3.69	3.69
Term loan	4.05 - 4.60	3.52 - 4.27

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value Hierarchy (cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (cont'd).

	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM
Group				
2013				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	769,220	-	-	769,220
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	165,000	-	165,000
Total	769,220	165,000	-	934,220
2012				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	2,026,224	-	-	2,026,224
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	165,000	-	165,000
Total	2,026,224	165,000	-	2,191,224
Company				
2012				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	212,400	-	-	212,400

There were no transfers between Level 1 and 2 in the reporting period.

36. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements.

36. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio, which are the total interest bearing borrowings over owners' equity. The Group's policy is to keep the gearing ratio below 0.50. The borrowings include hire purchase creditors, term loan and other loan while owners' equity refers to the equity attributable to the owners of the Company.

	Group	
	2013 RM	2012 RM
Total borrowings		
- hire purchase creditors	79,084	180,297
- term loan	8,939,463	9,380,561
	9,018,547	9,560,858
Owners' equity	69,496,137	63,730,315
Debt-to-equity ratio	0.13	0.15

There were no changes in the Group's approach to capital management during the financial year.

37. OPERATING SEGMENT

(i) Business segment

For management purposes, the Group is organised into four major business units based on their products and services which comprises the following:-

(a) Manufacturing and trading - Manufacturing and sales of precision engineering moulds and other precision

(b) Investment - Investment holding, letting of properties and properties investment

(c) Plantation - Cultivation of oil palm

(d) Joint property development - Property development

Management monitors the operating results to its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Transfer prices between operating segments are on negotiated basis.

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
2013							
Revenue:-							
External revenue		14,936,948	1,728,757	-	1,637,462	-	18,303,167
Inter-segment revenue		439,538	1,395,600	-	-	(1,835,138)	-
Total revenue		15,376,486	3,124,357	-	1,637,462	(1,835,138)	18,303,167
Results:-							
Interest income		212,553	144,436	-	953	-	357,942
Finance cost		(6,259)	(411,990)	-	-	-	(418,249)
Depreciation and amortisation		(2,118,551)	-	(75,854)	-	-	(2,194,405)
Amortisation of government grant		20,939	-	-	-	-	20,939
Other non-cash income/ (expenses)	(a)	344,182	4,981,010	-	-	-	5,325,192
Tax income/ (expense)		990,802	519,224	3,364	(203,972)	-	1,309,418
Segment profit		(813,362)	7,548,796	(115,129)	608,577	-	7,228,882
Assets:-							
Additions to non-current assets	(b)	813,563	2,749,831	1,376,885	-	-	4,940,279
Segment assets		37,320,359	38,901,392	5,261,424	2,402,695	-	83,885,870
Liabilities:-							
Segment liabilities		3,176,443	10,557,601	9,181	646,508	-	14,389,733

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
2012							
Revenue:-							
External revenue		19,778,081	1,609,142	8,400	50,820	-	21,446,443
Inter-segment revenue		242,220	2,064,000	-	-	(2,306,220)	-
Total revenue		20,020,301	3,673,142	8,400	50,820	(2,306,220)	21,446,443
Results:-							
Interest income		201,728	230,956	5,211	44	-	437,939
Finance cost		(26,790)	(445,293)	-	-	-	(472,083)
Depreciation and amortisation		(2,214,926)	-	(41,617)	-	-	(2,256,543)
Amortisation of government grant		20,940	-	-	-	-	20,940
Other non-cash income/ (expenses)	(a)	1,155,267	543,877	(8,001)	-	-	1,691,143
Tax income/ (expense)		(330,366)	(297,763)	10,421	(7,000)	-	(624,708)
Segment profit		1,346,446	923,867	(29,122)	18,721	-	2,259,912
Assets:-							
Additions to non-current assets	(b)	799,020	3,533,131	2,793,928	-	-	7,126,079
Segment assets		40,220,033	34,009,155	2,972,571	2,946,931	-	80,148,690
Liabilities:-							
Segment liabilities		4,558,288	8,885,357	5,199	2,969,531	-	16,418,375

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Notes:-

(a) Notes to other non-cash income/(expenses) consist of the following items:-

	2013 RM	2012 RM
Fair value gain on investment properties	5,190,000	1,210,000
Reversal of inventories written-down	35,238	5,169
Gain on disposal of property, plant and equipment	35,384	256,128
Gain on disposal of other investment	54,833	163,664
Impairment on doubtful receivables	-	(45,359)
Bad debts written off	(45,359)	-
Net fair value gain/(loss) on held for trading investment	112,046	(210,246)
Net unrealised (loss)/gain on foreign exchange	(15,004)	16,712
Reversal of impairment loss on property, plant and equipment	-	443,764
Reversal of impairment on doubtful receivables	45,359	-
Inventories written down to net realisable value	(87,297)	(9,761)
Property, plant and equipment written off	(8)	(164)
Loss on disposal of subsidiary company	-	(138,764)
	5,325,192	1,691,143

(b) Additions to non-current assets consist of:-

	2013 RM	2012 RM
Property, plant and equipment	897,563	1,136,082
Investment properties	2,749,831	3,533,131
Biological assets	1,292,885	2,456,866
	4,940,279	7,126,079

37. OPERATING SEGMENT (CONT'D)

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	2013		2012	
	Revenue RM	Non-current Assets RM	Revenue RM	Non-current Assets RM
Malaysia*	4,871,804	59,034,663	8,122,975	51,168,562
South East Asia	3,549,830	-	983,835	-
European countries	8,042,697	-	12,148,434	-
Others	1,838,836	-	191,199	-
	18,303,167	59,034,663	21,446,443	51,168,562

* The Company's home country

(iii) Information about major customers

Revenue from 4 (2012: 6) customers amounted to RM6,762,521 (2012: RM11,410,310) arising from sales by the manufacturing and trading segment and no major customers arising from investment segment.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 9 November 2012, a subsidiary company, H & L High-Tech Deco Sdn. Bhd. entered into Renting Agreements with various parties all of which are residing in Bintulu, Sarawak, comprising an area of approximately 62 acres for a renting period of sixty years for venturing into business of oil palm plantation.

(ii) On 27 November 2012, a subsidiary company, H & L High-Tech Properties Sdn. Bhd. entered into Sales and Purchase Agreement to purchase 2 pieces of leasehold agricultural land for a total cash consideration of RM1,885,000. This transaction has been completed as at the reporting date.

(iii) On 14 October 2013, a subsidiary company, H & L High-Tech Deco Sdn. Bhd. has entered into a Sales and Purchase Agreement for the Purchase of a vacant bungalow land for a total cash consideration of RM1,174,888. This transaction has not completed as at the reporting date.

39. DISCLOSURES OF REALISED AND UNREALISED PROFITS

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained earnings or accumulated losses into realised and unrealised on Group and Company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of retained earnings as at the reporting date, which has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants, are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiary companies				
- Realised	35,603,956	32,171,188	2,553,164	2,676,088
- Unrealised	11,696,396	8,706,247	-	-
	47,300,352	40,877,435	2,553,164	2,676,088
Less: Consolidation adjustments	(19,383,990)	(18,726,895)	-	-
Total retained earnings	27,916,362	22,150,540	2,553,164	2,676,088

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

ANALYSIS OF SHAREHOLDINGS
AS AT 10 FEBRUARY 2014

Authorised Share Capital	:	RM 50,000,000
Issued & Fully Paid-Up Capital	:	RM 40,612,085
No. of Shareholders	:	1,352
Class of share	:	Ordinary share of RM1.00
Volting Rights	:	One vote for each ordinary share

DISTRIBUTION SCHEDULE OF SHARE AS AT 10 FEBRUARY 2014

	No. of Holders		No. of Shares		Percentage(%)	
SIZE OF SHAREHOLDINGS	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
less than 100	245	5	8,598	264	0.02	0.01
100 to 1,000	65	0	25,127	0	0.06	-
1,001 to 10,000	893	1	2,595,519	5,125	6.39	0.01
10,001 to 100,000	111	2	2,528,617	46,125	6.23	0.11
100,001to less than 5% of issued shares	26	0	13,052,264	0	32.14	-
5% and above of issued shares	4	0	22,350,446	0	55.03	-
TOTAL	1,344	8	40,560,571	51,514	99.87	0.13

LIST OF THIRTY (30) LARGEST SHAREHOLDINGS AS AT 10 FEBRUARY 2014

	NAMES	**No. of Share Held**	**% of Issued Shared**
1.	AFFLUENT FUTURE SDN BHD	11,480,001	28.27
2.	TAN LYE HUAT HOLDINGS SDN BHD	5,396,245	13.29
3.	TAN AH HENG	2,891,040	7.12
4.	KUMPULAN H & L HIGH-TECH BERHAD < SHARE BUY-BACK ACCOUNT >	2,583,160	6.36
5.	TAN LYE HUAT	1,739,272	4.28
6.	KUMPULAN H & L HIGH-TECH BERHAD < SHARE BUY BACK ACCOUNT >	1,452,400	3.58
7.	NG TIONG KANG	1,417,263	3.49
8.	TAN KIM LAI	1,075,519	2.65
9.	TAN YAW BIN	959,990	2.36
10.	TAN ENG LOON	925,149	2.28
11.	TAN SOOK YEE	688,828	1.70
12.	TAN HWA	576,700	1.42
13.	TAN HO FOOT	569,702	1.40
14.	TAN FUNG YING	450,000	1.11
15.	TAN YAW TUNG	352,088	0.87

LIST OF THIRTY (30) LARGEST SHAREHOLDINGS AS AT 10 FEBRUARY 2014

	NAMES	No. of Share Held	% of Issued Shared
16.	TAN YAW BIN	324,823	0.80
17.	ABB NOMINEE (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR YAYASAN TERENGGANU (1115001178) >	307,500	0.76
18.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR LOW KIM SOI @ LOW TIEN SANG>	295,073	0.73
19.	TAN AI LING	269,620	0.66
20.	YAYASAN KELANTAN DARULNAIM	255,719	0.63
21.	NG CHAI TEE	190,223	0.47
22.	TAN ENG YIK	185,300	0.46
23.	TAN YAW TUNG	184,705	0.45
24.	KOAY LAY PENG	153,750	0.38
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN (E-KLC) >	130,790	0.32
26.	LIEW SWEE MIO @ LIEW HOI FOO	120,950	0.30
27.	TAN SOOK YEE	115,928	0.29
28.	CHEANG KAM HONG	108,457	0.27
29.	JULIET YAP SWEE HWANG	102,500	0.25
30.	MOHD RADZUAN BIN AB HALIM	100,015	0.25

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 10 FEBRUARY 2014

	NAMES	No. of Share Held	% of Issued Shared
1.	AFFLUENT FUTURE SDN BHD	11,480,001	28.27
2.	TAN LYE HUAT HOLDINGS SDN BHD	5,396,245	13.29
3.	KUMPULAN H&L HIGH-TECH BERHAD (Share Buy Back)	4,035,560	9.94
4.	TAN AH HENG	2,891,040	7.12

INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 10 FEBRUARY 2014

		Direct Holdings		Indirect Holdings	
	NAMES	No.	%	No.	%
1.	TAN LYE HUAT	1,739,272	4.28	24,488,869	60.30
2.	TAN SOOK YEE	804,756	1.98	20,887,124	51.43
3.	CHU KAN	-	-	-	-
4.	HAU HOCK KHUN	-	-	-	-
5.	RITA TAI LAI LING	-	-	-	-

Location	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	21/11/2013 (V)	2-storey Terrace Factory (Corner unit) / rented out	481.2 / 987.8	Freehold / 27	2,480,000
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	21/11/2013 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 27	1,080,000
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	21/11/2013 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 27	1,080,000
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	21/11/2013 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 27	1,080,000
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	21/11/2013 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 27	1,080,000
Lot No Pt 20033 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2002 (V) 22/10/2012(V)	Prepaid lease payment Industrial building/ factory	3715 / 5183	99 year leasehold (24/03/2091) Leasehold / 17	963,473 6,174,000 7,137,473
Lot No Pt 19770 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2002 (V) 22/10/2012(V)	Prepaid lease payment Factory, Warehouse and office space	3633 / 3189	99 year leasehold (24/03/2091) Leasehold / 17	949,271 3,234,000 4,183,271
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja, Seksyen 8 Shah Alam Selangor	27/11/2013(V)	Warehouse cum office / rented out	16,489/13,383	Freehold / 19	24,000,000
Lot 45614 & 45615 Mukim of Hulu Kinta Taman Lapangan Ria Off Jln Pasir Puteh, Ipoh Perak	31/07/2005(A)	Land for residential development	76,473	Freehold	1,200,711
Lot PT 39-42 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	11/08/2011(A)	Land for investment	51,599	99 year leasehold (22/08/2081)	3,537,132
Lot PT 77-78 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	26/06/2013(A)	Land for investment	27,571	99 year leasehold (26/10/2081)	1,940,468

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Green II, Clubhouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor D.E. on Friday, 28 March 2014 at 11:30 a.m. for the following purposes:-

A G E N D A

1. To receive and adopt the audited financial statements for the financial year ended 31 October 2013 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of a Final Single Tier Dividend of 2.0 sen per ordinary share of RM1.00 each fully paid up in respect of the financial year ended 31 October 2013. **(Resolution 2)**

3. To approve the payment of Directors' Fee for the financial year ended 31 October 2013. **(Resolution 3)**

4. To re-elect the following Director retiring pursuant to Article 97 of the Company's Articles of Association:
   (i) Mr. Chu Kan **(Resolution 4)**
   (ii) Mr. Hau Hock Khun **(Resolution 5)**

5. To re-appoint Messrs. SJ Grant Thornton as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. As Special Business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

   (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 and 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 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)**

(iii) To consider and if thought fit, to pass the following resolution in accordance with the Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

"THAT Mr. Chu Kan who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 2 September 1997 be and is hereby retained as the Independent Non-Executive Director of the Company **(Resolution 9)**

7. 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
5 March 2014

NOTICE OF DIVIDENDS ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of Nineteenth Annual General Meeting on 28 March 2014, a Final Single Tier Dividend of 2.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 October 2013 will be payable on 23 April 2014 to shareholders whose names appear in the Record of Depositors on 8 April 2014.

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 8 April 2014 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 Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, N.S.D.K. 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.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

5. Only members whose name appear in the Record of Depositors as at 21 March 2014 (at least three market days before the AGM date) will be entitled to attend and vote at the Meeting.

Explanatory Notes

Ordinary Resolution No. 7
Authority to issue shares not exceeding ten (10) per centum of the issued capital of the Company.

The Company continues to consider opportunities to broaden its earnings potential. The renewal of this authority, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.

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. No shares had been issued by the Company since obtaining the said renewed authority from its shareholders at the last Annual General Meeting held on 29 April 2013.

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. The details of the proposed renewal of authority for the proposed share buy-back are set out in the Statement to Shareholders dated 5 March 2014 which is despatched together with the Annual Report.

Ordinary Resolution No. 9
To retain the designation of Mr. Chu Kan as the Independent Non-Executive Director of the Company in accordance with the Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

Mr. Chu Kan has served the Board as the Independent Non-Executive Director of the Company for cumulative term of more than nine years since 2 September 1997. The Board recommends retaining his designation as Independent Non-Executive Director of the Company based on the following reasons:-

- Mr. Chu Kan is a member of the Institute of Internal Auditors and became a professional member of the National Institute of Accountants, Australia in 2003. He has vast experience in internal audit and accounting practices. He fulfills the criteria under the definition of Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and he would be able to provide proper checks and balances, thrus bring an element of objectivity to the Board of Directors.
- He has been with the Company for more than nine (9) years and was familiar with the Company's business operations and the plastic mould injection industry market.
- With his vast experience in internal audit and finance, he would be able to provide constructive opinions and exercise independent judgement and has ability to act in the best interest of the Company.
- He has actively participated in Board's discussion and provided an independent view to the Board.
- He has the caliber, qualifications, experiences and personal qualities to consistently challenged management in an effective and construction manner and
- He has exercised his due care during hjs tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

ANNEXURE A

CONTENTS OF STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING OF KUMPULAN H & L HIGH-TECH BERHAD

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

1. The names of individuals who are standing for election or re-election:-
   Under Article 97 of the Articles of Association

   Mr. Chu Kan
   Mr. Hau Hock Khun

2. Board Meetings held in the financial year ended 31 October 2013
   During the financial period, the following five (5) Board meetings were held:-

   21 December 2012
   27 February 2013
   28 March 2013
   27 June 2013
   26 September 2013

   and the details of attendance of the Directors at the Board Meetings held in the financial year ended 31 October 2013 are set out below:-

Name of Directors	Attendance
Tan Lye Huat	5/5
Chu Kan	5/5
Tan Sook Yee	5/5
Tan Kim Lai (resigned on 22.5.2013)	2/3
Tan Ho Foot (resigned on 15.5.2013)	3/3
Rita Tai Lai Ling	5/5
Hau Hock Khun	5/5

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

   Place : Green II, Clubhouse,
   Tropicana Golf & Country Resort, Jalan Kelab Tropicana,
   47410 Petaling Jaya,Selangor D.E.

   Date & Time : 28 March 2014 at 11:30 a.m.

4. Details of Directors who are standing for re-election

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

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

PROXY FORM

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 Nineteenth Annual General Meeting of the Company to be held at Green II, Clubhouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor D. E . on Friday, 28 March 2014 at 11:30 a.m. or at any adjournment thereof:

	RESOLUTION	FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the financial year ended 31 October 2013 and the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of a final single tier Dividend of 2.0 sen per ordinary share of RM1.00 each fully paid up in respect of the financial year ended 31 October 2013.		
3.	To approve the payment of Directors' Fees for the financial year ended 31 October 2013.		
4.	To re-elect Mr. Chu Kan as Director		
5.	To re-elect Mr. Hau Hock Khun as Director		
6.	To re-appoint Messrs. SJ Grant Thornton as Auditors and to authorize the Directors to fix their remuneration.		
7.	To authorize 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.	To retain Mr. Chu Kan as the Independent Non-Executive Director		

(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 2014

Number of Ordinary Share held	

....
Signature

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 Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, N.S.D.K. 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.

4. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

5. Only members whose name appear in the Record of Depositors as at 21 March 2014 (at least three market days before the AGM date) will be entitled to attend and vote at the Meeting.

Stamp

The Secretary

KUMPULAN H & L HIGH-TECH BERHAD

(Company No. 317805-V)

Registered Office

Chamber E, Lian Seng Court, 275 Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan