



Kumpulan H & L High-Tech Berhad

Incorporated in Malaysia (317805-V)



Kumpulan H & L High-Tech Berhad
Incorporated in Malaysia
(317805-V)
No 6 Jalan TSB 1
Taman Industri Sungai Buloh
47000 Sungai Buloh
Selangor D. E.
Tel: (03) 6157 6339 Fax : (03) 6156 8918

For further information about our company or more details about our products, please visit our website :

www.hlhightech.com

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CORPORATE INFORMATION

Board of Directors

Tan Lye Huat

Group Executive Chairman and Managing Director

Tan Sook Yee

Executive Director

Chu Kan

Independent Non-Executive Director

Hau Hock Khun

Independent Non-Executive Director

Rita Tai Lai Ling

Independent Non-Executive Director

Chew Yock Fat

*Independent Non-Executive Director
(Appointed on 4th February 2015)*

Audit Committee

Chu Kan

Chairman/Independent Non-Executive Director

Hau Hock Khun

Independent Non-Executive Director

Rita Tai Lai Ling

Independent Non-Executive Director

Company Secretaries

Ng Bee Lian

MAICSA 7041392

Registered Office

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

Investor Relations

www.insage.com.my/ir/HIGHTEC

Principal Place of Business

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

Share Registrars

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

Auditors

Messrs. SJ Grant Thornton
Chartered Accountants

Principal Bankers

Hong Leong Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

Stock Exchange Listing

Main Market of the 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 61, 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 37 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 Director of H&L.

TAN SOOK YEE

Executive Director

Tan Sook Yee, Malaysian, aged 34 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.

CHU KAN

Independent Non – Executive Director

Chu Kan, Malaysian, aged 71, 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 (cont'd)

RITA TAI LAI LING

Independent Non-Executive Director

Rita Tai, Malaysian, aged 49, 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 43, 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 H K Hau, 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 specialisation and experience in shipping, company restructuring, franchising, trade mark, patents, industry design, corporate and commercial law, banking and civil litigation. As well as in 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.

CHEW YOCK FAT

Independent Non-Executive Director

Chew Yock Fat, age 56, was appointed as Independent Non-Executive Director of Kumpulan H & L High-Tech Berhad on 4 February 2015. He is a Member of Malaysian Institute of Accountant, Fellow member of Association of Chartered Certified Accountants UK and a Licensed GST Agent.

He worked as Accountant in 1985 with Fung Keong Rubber Manufactory Sdn Bhd and subsequently in 1988 as Finance Manager with Don Eastern Sdn Bhd. Later he joined one of the subsidiaries of Southern Steel Berhad as the Group Financial Controller until 1994. He was the Financial Controller with a Japanese MNC from 1994 until 2008 and later as Financial Controller in a Swedish company until 2013

He has wide ranging experience in finance, accounting, corporate and indirect taxes. He is also well verse with compliance matters such as Sarbanes Oxley, Foreign Corrupt Practice, Anti Money Laundering. In addition, he had experience conducting GST training and providing consultancy services to Small Medium Enterprises.

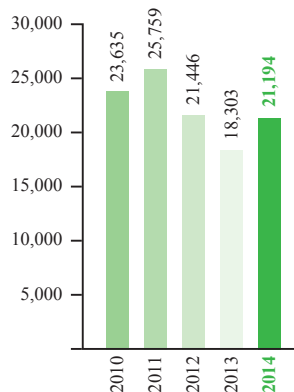
He does not have any family relationship with any director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest.

5 YEARS' FINANCIAL HIGHLIGHTS

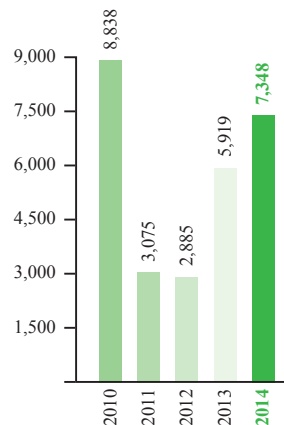
For the financial year ended 31st October

	2010 RM 000	2011 RM 000	2012 RM 000	2013 RM 000	2014 RM 000
GROUP REVENUE	23,635	25,759	21,446	18,303	21,194
PROFIT BEFORE TAX	8,838	3,075	2,885	5,919	7,348
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	10,179	2,619	2,265	7,229	6,198
PAID UP CAPITAL	40,612	40,612	40,612	40,612	40,612
TOTAL ASSETS	73,509	77,851	80,149	83,886	89,442
SHAREHOLDERS' EQUITY	59,258	60,403	63,730	69,496	75,288
NET EARNINGS PER SHARE (SEN) *	27.04	7.16	6.19	19.76	16.95
NET TANGIBLE ASSETS PER SHARE (RM) *	1.57	1.65	1.74	1.90	2.06
DIVIDEND RATE (SEN)	1.00	5.00	4.00	3.50	3.50

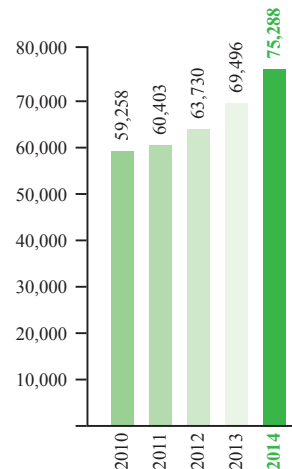
GROUP REVENUE
(RM '000)



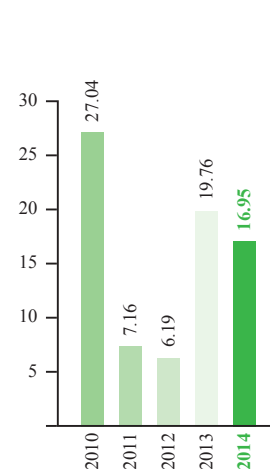
PROFIT BEFORE TAX
(RM '000)



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 2014.

FINANCIAL PERFORMANCE OVERVIEW

For the financial year ended 31 October 2014, the group achieved a higher pretax profit of RM7.348 million from a pretax profit of RM5.919 million recorded a year earlier. The improvement was attributed to sales revenue increased by RM2.891 million or 15.8%, gross profit margin inched up to 33.1% from 26.5% despite fair value adjustment gain dropped to RM4.616 million from RM5.190 million reported a year earlier.

Due to deferred tax adjustments in previous year, the group's net profit after tax attributed to shareholders had reduced to RM6.198 million from RM7.229 million and earnings per share was therefore reduced to 16.95 sen from 19.76 sen.

REVIEW OF SUBSIDIARY COMPANY'S PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014

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

For the financial year ended 31 October 2014, H & L High-Tech performed a turnaround to pretax profit of RM0.811 million from pretax loss of RM0.903 million recorded a year earlier. The turnaround achievement was due to market sentiment picked up resulted sales revenue jumped by 36.1% to RM7.602 million from RM5.583 million and gross profit margin improved to 22.1% from 5.9% and operating expenses cut down by RM0.264 million or 11.7%.

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 2014, Plastik STC achieved a higher pretax profit to RM1.172 million from RM0.492 million recorded a year earlier. The better result was derived from improved market condition resulted in sales volume increased by 4.6% to RM10.241 million from RM9.793 million, gross profit margin increased to 24.7% from 17.8% despite other income decreased by RM0.049 million.

c) Properties Renting

For the financial year ended 31 October 2014, H & L High-Tech Properties recorded a lower pretax profit to RM5.072 million from RM5.688 million despite rental increased by 6%. The shortfall of pretax profit was caused by fair value adjustment gain lowered to RM4.236 million from RM5.0 million reported a year ago.

d) Properties Development

For the financial year ended 31 October 2014, H & L High-Tech Properties Development recorded a lower pretax profit to RM0.690 million from RM0.813 million registered a year earlier due to increased in operating expenses by RM0.069 million as progress payment collection decreased by RM0.085 million from the 66 units of houses sold.

CHAIRMAN'S STATEMENT (cont'd)

PROSPECTS

The Group is expected to focus on its core business in Malaysia while venturing and capturing new overseas 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 the 6% GST imposed by the Government. 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 RM6.97 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 2014 (2013: 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.

ACKNOWLEDGEMENT AND APPRECIATION

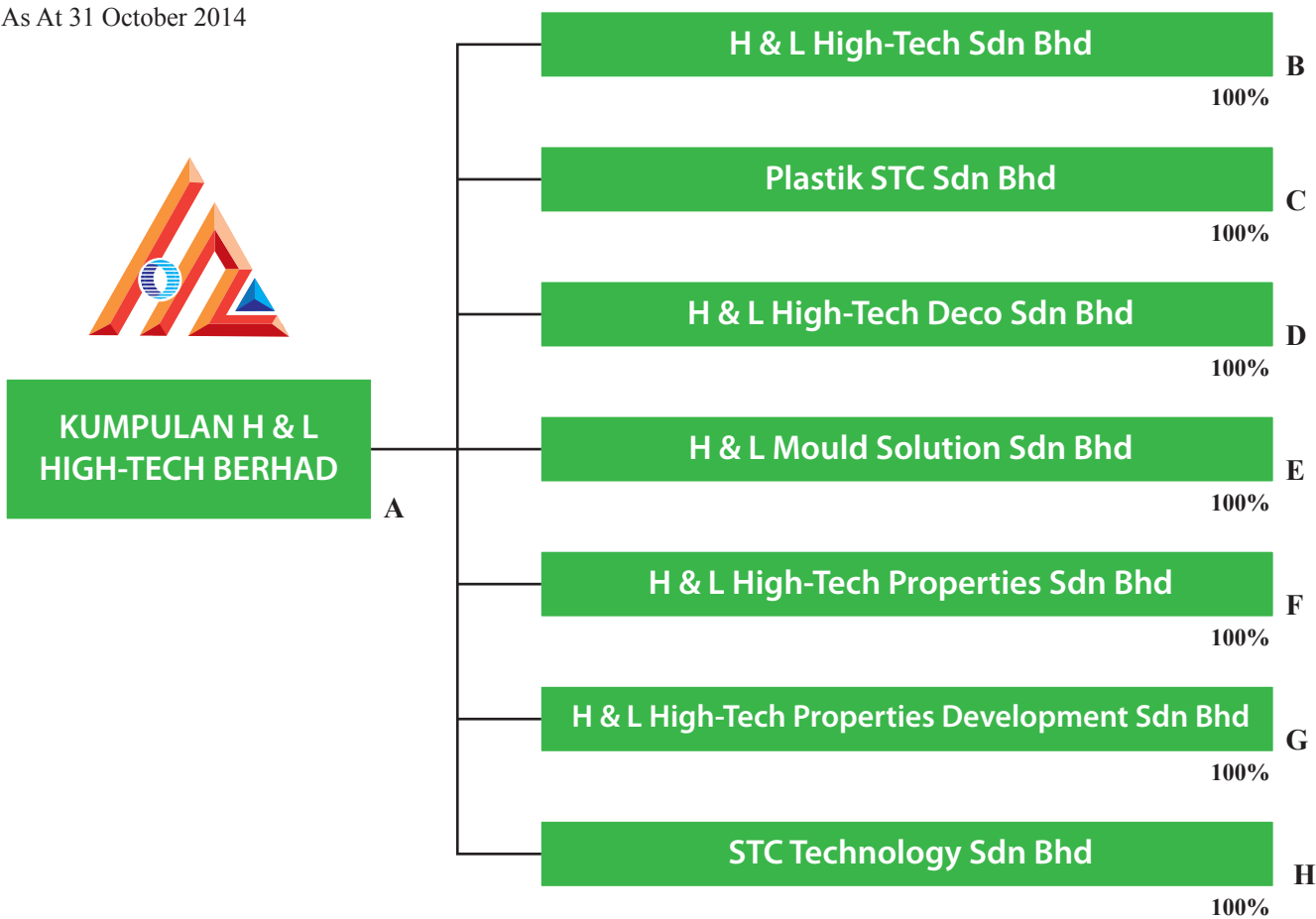
On behalf of the Board, I would like to thank the management and staff for the dedication and commitment shown in the performance of their duties during the financial year. In addition, our sincere gratitude is extended to our customers and suppliers for their continued support and loyalty.

TAN LYE HUAT

Group Executive Chairman and Managing Director

CORPORATE STRUCTURE

As At 31 October 2014



Principle Activities:

- A** Investment 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

CORPORATE GOVERNANCE STATEMENT

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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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, suppliers 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 six (6) directors, comprise two (2) Executive Directors and four (4) 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 pages 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 members of the Board.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 four (4) members, with a majority of 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 Compensation Committee meeting minutes, including meeting papers, carried out by the Compensation 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 2014 are as follow:-

	Executive Directors (RM '000)	Non-Executive Directors (RM '000)
Fees	0	39
Emoluments	872	29
Employer Provident Fund	82	0
Benefit-in-kind	16	0

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

Range of Remuneration inclusive of allowance	Executive Directors	Independent Non-Executive Director
Below RM50,000	-	3
RM150,000 – RM200,000	1	-
RM750,000 – RM800,000	1	-

CORPORATE GOVERNANCE STATEMENT (cont'd)

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.

In 2014, 5 resolutions were approved by Directors via Circular Resolutions. 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 [which includes the Statement on Corporate Governance, Internal Control Statement, an Audit Committee Report and Creating Shared Value Statement.]

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 2014, 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 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
Chew Yock Fat (appointed in Feb 2015)	Independent non-Executive Director	-

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. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within 4 [four] months from the date of appointment.

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 2014 attended various courses, training and programmes as follow:

CORPORATE GOVERNANCE STATEMENT (cont'd)

Director	Date	Courses / Training / Programme
Tan Lye Huat	28.10.2014	Budget 2015 Tax Seminar
Tan Sook Yee	07.11.2013 28.12.2013 18.01.2014 21.01.2014 01.03.2014 09.04.2014	BDO Tax Seminar 2013 - MOVING AHEAD REGIONALLY ISO 13485 Awareness Training Risk Assessment Training Strategic Trade Management Seminar Introduction to First Aid and CPR GST Training Course (10 Days)
Chu Kan	28.10.2014	Budget 2015 Tax Seminar
Rita Tai Lai Ling	26.04.2014 20.09.2014 16.10.2014	Debt Capital Market: Mechanics of Bond Issuance & Trading Product Centric Workshop Nominating Committee Programme
Chew Yock Fat		Attended the MAP in March 2015.

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 pages 27 to 28 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,

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 authorised 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 authorised Senior Management personnel responsible for Investor Relations are as follows:

Name : Tan Sook Yee

Designation : Executive Director, Business Development

Age : 34 years

Address : Kumpulan H & L High-Tech Bhd
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 summarised 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;

CORPORATE GOVERNANCE STATEMENT (cont'd)

- 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 for the financial year ended 31 October 2014.

For the financial year ended 31 October 2014, 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.

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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 authorised senior management personnel. All shareholders' queries are received by the authorised senior management personnel. The authorised senior management personnel provides feedback and responses to the shareholders' queries, save for sensitive information, which may not be privy to the general public.

The 2013 Annual General Meeting was held on 28 March 2014 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.hllhightech.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@hllhightech.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 2014. This Statement was presented and approved at the meeting of the Board on 27 January 2015.

DIRECTORS' INFORMATION

	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	ESOS Committee Investment Committee Risk Management Committee	NIL	5 / 5	N/A
2	Chu Kan	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee ESOS Committee Risk Management Committee	NIL	5 / 5	5 / 5
3	Tan Sook Yee	Kumpulan H & L High-Tech Berhad	Risk Management Committee	NIL	5 / 5	N/A
4	Rita Tai Lai Ling	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee Risk Management Committee	NIL	5 / 5	5 / 5
5	Hau Hock Khun	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee Investment Committee Risk Management Committee	NIL	5 / 5	5 / 5
6	Chew Yock Fat (Appointed on 4 Feb 2015)	Kumpulan H & L High-Tech Berhad	Not applicable	NIL	0 / 0	0 / 0

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2014 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

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2014 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
20 December 2013	2.30 p.m.	
27 January 2014	2.30 p.m.	Boardroom No.6 Jalan TSB 1
28 March 2014	2.30 p.m.	Taman Industri Sg. Buloh 47000 Sg Buloh
20 June 2014	2.30 p.m.	Selangor Darul Ehsan
18 September 2014	10.00 a.m.	

AUDIT COMMITTEE REPORT (cont'd)

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:

AUDIT COMMITTEE REPORT (cont'd)

- 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.

AUDIT COMMITTEE REPORT (cont'd)

The Company Secretary shall be Secretary of the Committee.

3. SUMMARY OF ACTIVITIES

During the financial year, 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.

Five (5) meetings of the Committee were held during the financial year ended 31 October 2014,

- 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 2014. 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.
- e. Reviewed and confirmed with the Management that the Group did not enter into any related-party transaction during the financial year.

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.

During the financial year the audit committee has reviewed internal audit activity that covered inventory management system and the internal audits conducted did not reveal any material weaknesses which would be require disclosure in the annual report. The costs incurred for the Internal Audit function in respect of the financial year ended 31 October 2014 was RM 13,780.

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 Managing Director shall attend and make presentations at meetings, whenever business is not related to Executive Directors' remuneration. The Committee will decide its own procedures and other administrative arrangements.

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

During the financial year ended 31 October 2014, one meeting was held, which was attended by all members of the Remuneration Committee.

NOMINATION COMMITTEE AND TERMS OF REFERENCE

The Nomination Committee comprises the following directors during the financial 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.
- (g) The Chairman of the Nomination Committee reports to the Board after each Committee meeting.

Terms of Reference

- (a) To propose new nominees for the Board 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.
- (f) To make recommendations on the re-appointment of Independent Non-Executive Directors at the conclusion of a cumulative term of office of nine (9) years;
- (g) To make recommendations on re-appointment of directors upon attainment of the age 70 years pursuant to Section 129(6) of the Companies Act 1965.

NOMINATION COMMITTEE AND TERMS OF REFERENCE (cont'd)

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 2014, one meeting was held, which was attended by all members of the Nomination Committee and the activities of the Nomination Committee include the following:-

- assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director. Evaluation and assessment forms were distributed to all Directors for completion and the Chairman of the Nomination Committee had reviewed these evaluation and assessment forms;
- assessed the independence of its Independent Directors;
- reviewed the performance of its Executive Directors;
- reviewed and recommended the re-election of Mr Tan Lye Huat and Ms Tan Sook Yee who shall retire by rotation at the forthcoming Annual General Meeting;
- reviewed and recommended the re-election of Mr Chew Yock Fat who shall retire by casual vacancy at the forthcoming Annual General Meeting and
- reviewed and recommended that Mr Chu Kan who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012.

To carry out the assessment of those directors who are eligible to stand for re-election or re-appointment, the Nomination Committee will base on formal reviews of the performance of the Directors, their contribution to the Board through their skills, experience, strength and qualities, their level of independence and abilities to exercise independent, demonstrate objectivity, clarity of thought during deliberations at meetings and ability to spend sufficient time and commitment to the Company.

That for the annual assessment carried out on the effectiveness of the Board and the Board Committees as a whole, the Nomination Committee was satisfied with the existing Board composition and was of the view that all the Directors and Board Committee of the Company had discharged their responsibility in a commendable manner and had performed competently and effectively. The Board's effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 2014.

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 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;

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (cont'd)

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL (CONT'D)

- Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the Management; and
- There is an ongoing process for identifying, evaluating and managing the significant risk faced by the Company.

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

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 & 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 once 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 2015.

OTHER INFORMATION

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 2014 amounted to RM5,000 (2013: 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 1.11.2013	Purchase	Sold / Cancelled / Distributed	As at 31.10.2014
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.

OTHER INFORMATION (cont'd)

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.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Kumpulan H & L High-Tech Berhad (“Board”) recognizes that the Company as a public listed entity must act responsibly and sustainability is key to value creation for the Group employees, customers, shareholders and the communities as a whole.

Sustainability is an integral part of our business and the Group’s corporate social responsibility practices focus on four areas – Environment, Workplace, Community and Marketplace which aims to deliver sustainable value to society at large.

THE ENVIRONMENT

Environment sustainability is of utmost importance due to the increasing depletion of the earth’s natural resources and global climate change issues. As a dynamic business entity, we rely on the natural resources every day and climate change issue will affect the supply chain and the source of many products. Therefore, it is essential to embed environmental sustainability principles into our business operations and practices.

The waste management will continue to be our on-going efforts to conserve natural resources and protect the environment.

The efficient use of energy, water and raw materials in all our operations are, among the approaches seek to heighten the positive impact and minimize negative impacts of the company’s operations on the environment.

THE WORKPLACE

The Board believes that our employees as stakeholders are an essential asset of the Group. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job-related training. The Company had organized in-house safety programmes to ensure the workers know how to effectively handle the Company’s machineries and equipment, tool and vehicles. The Company update and promote awareness on safety precautions and health issues. Safety gears are provided to relevant employees to reduce the consequences of serious accidents.

Retaining of key employees is crucial to ensure business success. The Group continues to ensure the reward packages remain competitive to attract, retain and motivate the right talents. Succession plans are put in place for critical positions to ensure sustainability in terms of continuous effective and efficient operations within Group and a healthy leadership pipeline.

THE COMMUNITY

The Group recognizes the co-relation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to approve the quality of the society at large.

The Company also encourage its employees to participate in voluntary work for charitable cause.

THE MARKETPLACE

To achieve sustainable development of the marketplace, the Group endeavors to carry out activities to promote responsible practices among our investors, suppliers and customers where high ethical standards in the respective areas are consistently applied.

(i) Investors

The Group strives to enhance corporate value by maintaining a stable and long term growth strategy for the benefit of its shareholders. The Group continues its efforts to engage with its shareholders through the following initiatives:

- To maximize shareholders' wealth through continuous efforts to achieve operational excellence and sustainable growth;
- Disclose and disseminate all materials information in a timely, open, fair and transparent manner;
- engages with its shareholders and investors through various channels of communication such as general meetings of shareholders and regular press releases;
- Accessibility in the public domain and regular investors updates on our website.

(ii) Suppliers

The Group respects its suppliers and works closely with them through long-term relationships to realize mutual growth based on mutual trust. In this respect, the Group engages its suppliers through the following manner:-

- engages in ethical procurement practices by adopting standard and equitable procedures;
- ensures the products supplied are in accordance to the Group's required specification;

(iii) Customers

In line with the Group's mission to be "Customer Focus", the Group provides quality products and services that meet the customers' demands to earn the trust of its customers. The Group strives to create value for its customers through competitive pricing without compromising the interest of other stakeholders. In achieving this, the Group initiates the following:-

- enhances customers' satisfaction and confidence by providing quality products in full on a timely basis;
- adopts the "do it right the first time" motto to achieve operational excellence in order to reduce overall costs for the benefits of both customers and shareholders of the Company;
- implemented a customers' compliant system to address and ensure all customer feedbacks and complaints are acknowledged and resolved promptly.

CONCLUSION

The Group will continue to build sustainable practices in every aspects of the Group's business and remain steadfast in achieving excellence in its corporate responsibility activities. Our actions today will define our success in future. By focusing our efforts on the sustainability issues of the four sustainability dimensions, we shall further enhance our corporate image, reputation and the brand equity value.

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31 October 2014

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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 2014.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 24 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/(Loss) for the financial year	<u>6,198,401</u>	<u>(141,791)</u>

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 2013:-

First interim single tier dividend of 1.5 sen per ordinary share of RM1.00 each for total ordinary shares of 36,576,525 paid on 28 January 2014	<u>548,648</u>
---	----------------

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 April 2014	<u>731,531</u>
---	----------------

Subsequent to the end of the reporting period, an interim single tier dividend, in respect of the financial year ended 31 October 2014, 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 4 February 2015. It will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 October 2015.

In addition, a final single tier dividend in respect of the financial year ended 31 October 2014, of 2 sen per share of RM1.00 each for a total ordinary shares of 36,576,525 amounted to RM731,531 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 2015.

DIRECTORS' REPORT (cont'd)

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

In accordance with Article 63 of the Company's Articles of Association, Mr. Tan Lye Huat and Ms. Tan Sook Yee 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 <u>1.11.2013</u>	<u>Bought</u>	<u>Sold</u>	At <u>31.10.2014</u>
Company				
<u>Direct interest</u>				
Tan Lye Huat	1,739,272	-	-	1,739,272
Tan Sook Yee	804,756	-	-	804,756
<u>Indirect interest</u>				
Tan Lye Huat	24,488,869	-	-	24,488,869
Tan Sook Yee	20,887,124	-	-	20,887,124

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

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 26 and 30 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.

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 new shares or debentures issued during the financial year.

DIRECTORS' REPORT (cont'd)

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 28 March 2014. 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 profit or loss and other 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 there were no bad debts to be 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.

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

- (a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; 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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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.

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 2015

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

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 40 to 114 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 2014 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 115 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 2015

STATUTORY DECLARATION

I, Chong Kong Hui, 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 40 to 114 and the financial information set out on page 115 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 2015)

.....
CHONG KONG HUI

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN H & L HIGH-TECH BERHAD

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 2014, and statements of profit or loss and other 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 37 and set out on pages 40 to 115.

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.

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 2014 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUMPULAN H & L HIGH-TECH BERHAD (cont'd)

Report on Other Legal and Regulatory Requirements (cont'd)

- (c) Our 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 38 to the Financial Statements and set out on page 115 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: 2664/02/17(J))

Kuala Lumpur
27 January 2015

STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2014

Group	Note	2014 RM	2013 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	15,337,402	14,923,495
Investment properties	5	42,060,000	37,082,962
Biological assets	6	4,447,439	3,749,751
Land held for property development	7	1,200,711	1,200,711
Prepaid land lease payments	8	1,887,904	1,912,744
Other investments	9	165,000	165,000
Total non-current assets		65,098,456	59,034,663
CURRENT ASSETS			
Property development costs	10	535,369	1,098,273
Inventories	11	3,224,367	2,948,273
Trade receivables	12	3,666,504	2,950,644
Other receivables	13	1,114,533	1,178,836
Other investments	9	809,650	769,220
Tax recoverable		51,542	130,232
Deposits with licensed financial institutions	14	11,595,842	12,396,737
Cash and bank balances		3,346,074	3,378,992
Total current assets		24,343,881	24,851,207
TOTAL ASSETS		89,442,337	83,885,870
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	5,395,622	4,522,183
Retained earnings	18	32,834,584	27,916,362
Total equity		75,287,798	69,496,137
LIABILITIES			
Non-current liabilities			
Borrowings	19	6,953,544	7,921,213
Deferred tax liabilities	20	3,029,265	2,524,043
Total non-current liabilities		9,982,809	10,445,256
Current liabilities			
Trade payables	21	643,208	553,168
Other payables	22	2,183,169	2,237,599
Borrowings	19	1,020,999	1,018,250
Hire purchase creditors	23	-	79,084
Tax payable		324,354	56,376
Total current liabilities		4,171,730	3,944,477
Total liabilities		14,154,539	14,389,733
TOTAL EQUITY AND LIABILITIES		89,442,337	83,885,870

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 OCTOBER 2014 (cont'd)

Company	Note	2014 RM	2013 RM
ASSETS			
NON-CURRENT ASSET			
Investment in subsidiary companies	24	23,416,971	23,416,971
Total non-current asset		23,416,971	23,416,971
CURRENT ASSETS			
Other receivables	13	3,818	19,469
Amount due from subsidiary companies	24	10,770,494	12,416,818
Tax recoverable		-	79
Deposits with licensed financial institutions	14	3,773,182	3,467,912
Cash and bank balances		294,874	357,749
Total current assets		14,842,368	16,262,027
TOTAL ASSETS		38,259,339	39,678,998
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)
Retained earnings	18	1,131,194	2,553,164
Total equity		38,188,786	39,610,756
LIABILITIES			
Current liabilities			
Other payables	22	70,542	68,242
Tax payable		11	-
Total current liabilities/Total liabilities		70,553	68,242
TOTAL EQUITY AND LIABILITIES		38,259,339	39,678,998

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	25	21,194,379	18,303,167	-	1,392,000
Cost of sales		(14,188,972)	(13,456,005)	-	-
Gross profit		7,005,407	4,847,162	-	1,392,000
Other income		5,855,597	6,593,125	107,033	169,001
Selling and distribution expenses		(671,138)	(808,822)	-	-
Administration expenses		(3,336,200)	(3,216,699)	(116,182)	(103,953)
Other expenses		(1,123,784)	(1,077,053)	(132,325)	(115,797)
Finance costs		(382,347)	(418,249)	-	-
Profit/(Loss) before tax	26	7,347,535	5,919,464	(141,474)	1,341,251
Tax (expense)/income	27	(1,149,134)	1,309,418	(317)	(1,115)
Profit/(Loss) for the financial year		6,198,401	7,228,882	(141,791)	1,340,136
Other comprehensive income, net of tax					
<i>Items that will not be reclassified</i>					
<i>subsequently to profit or loss</i>					
- Revaluation of buildings		873,439	-	-	-
Total comprehensive income/(loss) for the financial year		7,071,840	7,228,882	(141,791)	1,340,136
Profit/(Loss) for the financial year attributable to:-					
Owners of the Company		6,198,401	7,228,882	(141,791)	1,340,136
Total comprehensive income/(loss) attributable to:-		7,071,840	7,228,882	(141,791)	1,340,136
Owners of the Company					
Earnings per share attributable to the owners of the Company (sen)					
- Basic	28	16.95	19.76		
- Diluted		-	-		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014

	Non-distributable			Distributable	
	Share capital RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM
Group					
Balance at 1 November 2012	40,612,085	4,522,183	(3,554,493)	22,150,540	63,730,315
Total comprehensive income:-					
Profit for the financial year	-	-	-	7,228,882	7,228,882
Transaction with owners:-					
Dividend paid (Note 29)	-	-	-	(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
Total comprehensive income:-					
Profit for the financial year	-	-	-	6,198,401	6,198,401
Revaluation during the financial year	-	873,439	-	-	873,439
Transaction with owners:-					
Dividend paid (Note 29)	-	-	-	(1,280,179)	(1,280,179)
Balance at 31 October 2014	<u>40,612,085</u>	<u>5,395,622</u>	<u>(3,554,493)</u>	<u>32,834,584</u>	<u>75,287,798</u>
Company					
Balance at 1 November 2012	40,612,085	-	(3,554,493)	2,676,088	39,733,680
Total comprehensive income	-	-	-	1,340,136	1,340,136
Transaction with owners:-					
Dividend paid (Note 29)	-	-	-	(1,463,060)	(1,463,060)
Balance at 31 October 2013	40,612,085	-	(3,554,493)	2,553,164	39,610,756
Total comprehensive loss	-	-	-	(141,791)	(141,791)
Transaction with owners:-					
Dividend paid (Note 29)	-	-	-	(1,280,179)	(1,280,179)
Balance at 31 October 2014	<u>40,612,085</u>	<u>-</u>	<u>(3,554,493)</u>	<u>1,131,194</u>	<u>38,188,786</u>

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014

	Group		Company	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
OPERATING ACTIVITIES				
Profit/(Loss) before tax	7,347,535	5,919,464	(141,474)	1,341,251
Adjustments for:-				
Inventories written down to net realisable value	5,331	87,297	-	-
Amortisation of prepaid land lease payments	24,840	24,839	-	-
Amortisation of deferred income	-	(20,939)	-	-
Bad debts written off	-	45,359	-	-
Depreciation of property, plant and equipment	1,995,797	2,169,566	-	-
Gross dividend income from other investments	(21,370)	(21,278)	-	-
Fair value gain on investment properties	(4,616,020)	(5,190,000)	-	-
Interest income	(346,425)	(357,942)	(107,033)	(142,632)
Interest expenses	382,363	418,249	-	-
Net unrealised loss on foreign exchange	10,663	15,004	-	-
Gain on disposal of property, plant and equipment	(63,997)	(35,384)	-	-
Gain on disposal of other investments	(3,598)	(54,833)	-	(26,369)
Net fair value gain on other investments	(90,588)	(112,046)	-	-
Reversal of written down of inventories	(87,297)	(35,238)	-	-
Reversal of impairment on doubtful receivables	-	(45,359)	-	-
Property, plant and equipment written off	-	8	-	-
	4,537,234	2,806,767	(248,507)	1,172,250
Changes in working capital:-				
Inventories	(194,128)	824,987	-	-
Receivables	(639,761)	835,946	15,651	(5,476)
Payables	32,224	213,047	2,300	(2,500)
Property development cost	562,904	594,054	-	-
Cash from/(used in) operations	4,298,473	5,274,801	(230,556)	1,164,274
Tax refund	116,290	103,951	115	-
Tax paid	(609,345)	(501,699)	(342)	(414)
Net cash from/(used in) operating activities	3,805,418	4,877,053	(230,783)	1,163,860

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2014 (cont'd)

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
INVESTING ACTIVITIES					
Dividend received from other investments		20,620	20,169	-	-
Repayment from/(Advances to) subsidiary companies		-	-	1,646,324	(2,812,725)
Biological assets expenditure		(697,688)	(1,292,885)	-	-
Interest received		346,425	357,942	107,033	142,632
Proceeds from disposal of property, plant and equipment		64,000	105,149	-	-
Proceeds from disposal of other investment		729,002	1,467,721	-	238,769
Purchase of property, plant and equipments		(1,339,707)	(897,563)	-	-
Purchase of other investments		(675,246)	(43,838)	-	-
Purchase of investment properties		(361,018)	(2,749,831)	-	-
Net cash (used in)/from investing activities		(1,913,612)	(3,033,136)	1,753,357	(2,431,324)
FINANCING ACTIVITIES					
Repayment of hire purchase		(79,084)	(101,213)	-	-
Interest paid		(382,363)	(418,249)	-	-
Dividend paid		(1,280,179)	(1,463,060)	(1,280,179)	(1,463,060)
Repayment of borrowings		(1,003,339)	(941,098)	-	-
Drawdown of borrowings		38,419	500,000	-	-
Net cash used in financing activities		(2,706,546)	(2,423,620)	(1,280,179)	(1,463,060)
CASH AND CASH EQUIVALENTS					
Net changes		(814,740)	(579,703)	242,395	(2,730,524)
Effect of exchange rate changes		(19,073)	41,736	-	-
Brought forward		15,775,729	16,313,696	3,825,661	6,556,185
Carried forward	A	14,941,916	15,775,729	4,068,056	3,825,661

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	3,346,074	3,378,992	294,874	357,749
Deposits with licensed financial institutions (Note 14)	11,595,842	12,396,737	3,773,182	3,467,912
	14,941,916	15,775,729	4,068,056	3,825,661

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

NOTES TO THE FINANCIAL STATEMENTS

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 24 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 2015.

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").

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

2.2 Basis of Measurement (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a certified independent valuer that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The certified independent valuer will review significant unobservable inputs and valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

2.2 Basis of Measurement (cont'd)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

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")

2.4.1 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs and amendments/improvements to FRSs and IC Int which are mandatory for the financial periods beginning on or after 1 January 2013.

Initial application of the new and revised FRSs and amendments/ improvements to FRSs and IC Int did not have material impact on the financial statements of the Group and the Company, except below mentioned.

The nature and the impact of these new standards and amendments are described below:-

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements

As a result of FRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

Upon initial adoption, the Group reassessed the control conclusions for its investees at 1 January 2013. Management has concluded that there is no effect on the classification (as subsidiary companies or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

2.4 Financial Reporting Standards (“FRSs”) (cont'd)

2.4.1 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (“IC Int”) (cont'd)

FRS 12 Disclosure of Interest In Other Entities

FRS 12 is a new disclosure standards and is applicable to entities that have interests in subsidiaries, joint arrangement, associates and/or unconsolidated entities. In general, the application of FRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

FRS 13 Fair Value Measurement

The Group and the Company have applied FRS 13 for the first time in the current period. FRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of FRS 13 is broad. The fair value measurement requirements of FRS 13 apply to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transaction that are within the scope of FRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under FRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, FRS 13 includes extensive disclosure requirements.

FRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the FRS 13 in comparative information provided for periods before the initial application of the FRS 13. In accordance with these transitional provisions, the Group has not made any new disclosures required by FRS 13 for the comparative period. Other than the additional disclosures, the application of FRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to MFRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The Group and the Company adopted amendments to MFRS 101 on 1 November 2013. The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified or recycled to profit or loss at a future point in time have to be presented separately from items that will not be reclassified or recycled to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

2.4 Financial Reporting Standards ("FRSs") (cont'd)

2.4.2 Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by MASB but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's and the Company's financial statements.

FRS 9 Financial Instruments

The MASB recently released FRS 9 'Financial Instruments' (2014), representing the completion of its project to replace FRS 139 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to FRS 139's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. FRS 9 also provides new guidance on the application of hedge accounting.

The Group's management have yet to assess the impact of FRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

FRS 132 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.

The amendments to FRS 132 clarify the requirements relating to offsetting financial assets and financial liabilities. The amendments clarified the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. These are effective for annual periods beginning on or after 1 January 2014.

The Group and the Company do not anticipate that the application of amendments to FRS 132 have any significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities which qualified for offset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

2.4 Financial Reporting Standards ("FRSs") (cont'd)

2.4.3 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. On 2 September 2014, the MASB had announced that the Transitioning Entities shall be required to apply the MFRS Framework for annual financial periods beginning on or after 1 January 2017.

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 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 determination 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 20 to the financial statements.

Fair Value Measurement and Valuation Processes

Some of the Group's assets are measured at fair value for financial reporting. Significant judgment is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. 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 measuring the assets. Where Level 1 inputs are not available, 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 end of the reporting date. For the valuation of land and buildings, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in the Notes 4 and 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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)

Classification between Investment Properties and Owner-Occupied Properties (cont'd)

Judgement is made on an individual property basis to determine whether ancillary 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

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

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.

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

Subsidiary companies are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Subsidiary Companies (cont'd)

The Group adopted FRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:-

- (a) Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- (b) Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- (c) The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

Investment in subsidiary companies are stated at cost less impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary company is assessed and written down immediately to its recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Factory and buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Warehouse	10%
Renovations	10%
Tools and utensils	10% - 14%
Electrical installation	10%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment (cont'd)

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of 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. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.5 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 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.

3.6 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 and are revalued annually, which is determined by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and supported with by market evidence. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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.

3.8 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.

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 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.

3.10 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. Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments

3.11.1 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.

3.11.2 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (cont'd)

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

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:-

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (cont'd)

3.11.2 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.

3.11.3 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 measured 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (cont'd)

3.11.3 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.

3.11.4 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.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 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.

3.13 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 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.

3.14 Foreign Currency Transactions and Balances

Transactions in foreign currencies are recorded in the respective functional currency of the Company and its subsidiary companies at exchange rates approximating those ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date. Non-monetary items that are measured at historical cost are translated at the dates of the initial transactions and those items measured at fair value in foreign currency are translated at the date when the fair value was determined.

Gains and losses resulting from settlement of such transactions and conversion of short term assets and liabilities, whether realised or unrealised, are included in profit or loss as they arise.

3.15 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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for investment properties carried at fair value model. Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.6 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Income Tax (cont'd)

Deferred tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.17 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.

3.18 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 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.

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").

3.20 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. 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 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.

3.21 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 classified 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.

3.22 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 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.

3.24 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.

3.25 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.

3.26 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.27 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	-At valuation-		At cost							Total RM
	Factory and buildings RM	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	
Cost or valuation										
At 1.11.2012	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
Revaluation adjustment	660,000	-	-	-	-	-	-	-	-	660,000
Additions	16,000	695,769	416,000	115,574	10,236	69,400	-	16,728	-	1,339,707
Disposal	-	(811,987)	(462,476)	-	-	-	-	-	-	(1,274,463)
Written off	-	-	-	(2,780)	-	-	-	-	-	(2,780)
At 31.10.2014	10,954,067	33,523,364	4,024,628	5,574,607	695,528	1,254,231	1,090,388	4,796,483	4,633	61,917,929

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

		-At valuation-		At cost							
Group	Factory and buildings RM	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 1.11.2012	-	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	
Charge for the financial year	218,784	1,056,778	272,981	102,334	50,225	103,386	15,401	175,908	-	1,995,797	
Revaluation adjustment	(410,000)	-	-	-	-	-	-	-	-	(410,000)	
Disposal	-	(811,985)	(462,475)	-	-	-	-	-	-	(1,274,460)	
Written off	-	-	-	(2,780)	-	-	-	-	-	(2,780)	
At 31.10.2014	22,172	31,381,648	3,265,698	5,235,930	483,189	889,517	1,083,068	4,219,305	-	46,580,527	
Net carrying amount											
31.10.2014	10,931,895	2,141,716	758,930	338,677	212,339	364,714	7,320	577,178	4,633	15,337,402	
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	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- (a) The buildings were revalued in the financial year 2014, based on valuation carried out by an independent professional valuer, Wan Malik Mohamed MIS (M), FRICS, Chartered Valuation Surveyor and Registered Valuer (V014) of W.M. Malik & Kamaruzaman, on an open market value basis to reflect the market value of existing use. The comparison method was adopted in arriving at the market value of the buildings. There have been no changes to the valuation technique during the financial year.

Buildings at valuation are categorised at Level 2 fair value.

Level 2 Fair Value

Level 2 fair values of factory and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

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 RM3,586,817 (2013: RM3,721,853).

- (b) As at the previous reporting date, the net carrying amount of motor vehicle of the Group which was under hire purchase arrangement amounted to RM287,185.
- (c) The motor vehicles of the Group with cost and net carrying amount amounted to RM510,451 (2013: RM510,451) and RMNil (2013: RMNil) respectively are held in trust in the name of Directors of the Company.

5. INVESTMENT PROPERTIES

Group	Freehold <u>land</u> RM	Leasehold <u>land</u> RM	Factory <u>building</u> RM	Leasehold <u>building</u> RM	Total RM
Fair value					
At 1 November 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
Addition	-	361,018	-	-	361,018
Fair value adjustment	3,240,000	1,231,383	120,000	24,637	4,616,020
At 31 October 2014	20,440,000	7,630,000	13,720,000	270,000	42,060,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

	Group	
	<u>2014</u>	<u>2013</u>
	RM	RM
Rental income from investment properties	1,868,607	1,761,914
Direct operating expenses for investment properties	<u>111,411</u>	<u>106,426</u>

Freehold land and building and leasehold land and building of a subsidiary company with net carrying amount of RM26,500,000 (2013: RM24,000,000) and RM900,000 (2013: RM805,363) respectively have been charged to a bank for credit facility granted to the subsidiary company as disclosed in Note 19 to the financial statements.

Fair value basis of investment properties

Investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting period. As at 31 October 2014, the fair values of the investment properties are based on valuations performed by an accredited independent valuers with recent experience in the location and category of properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Fair value measurement of the investment properties were categorised as follows:-

	<u>2014</u>
	Level 2
	RM
Recurring fair value measurements:-	
Freehold land	20,440,000
Leasehold land	7,630,000
Freehold buildings	13,720,000
Leasehold buildings	<u>270,000</u>

Level 2 Fair Value

Level 2 fair values of freehold land, leasehold land and buildings have generally derived using the sales comparison approach. Sales price comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. BIOLOGICAL ASSETS

Group

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

	<u>2014</u> RM	<u>2013</u> RM
Cost		
At 1 November 2013/2012	3,749,751	2,456,866
Addition	<u>697,688</u>	<u>1,292,885</u>
At 31 October	<u><u>4,447,439</u></u>	<u><u>3,749,751</u></u>

Biological assets incurred during the financial year includes:-

	<u>2014</u> RM	<u>2013</u> RM
Personnel expenses		
- wages and salaries	149,082	217,037
- staff welfare	<u>19,138</u>	<u>16,673</u>
	<u><u>168,220</u></u>	<u><u>233,710</u></u>

7. LAND HELD FOR PROPERTY DEVELOPMENT

Group

	<u>2014</u> RM	<u>2013</u> RM
Freehold land		
Cost		
At 1 November 2013/2012/31 October	<u><u>1,200,711</u></u>	<u><u>1,200,711</u></u>

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. PREPAID LAND LEASE PAYMENTS

Group	Long leasehold land	
	2014	2013
Cost	RM	RM
At 1 November 2013/2012 /31 October	2,136,309	2,136,309
Accumulated amortisation		
At 1 November 2013/2012	223,565	198,726
Amortisation charged to profit or loss	24,840	24,839
At 31 October	248,405	223,565
Net carrying amount		
At 31 October	1,887,904	1,912,744
	2014	2013
	RM	RM
<u>Amount to be amortised</u>		
Not later than one year	24,840	24,839
Later than one year but not later than five years	99,360	99,356
Later than five years	1,763,704	1,788,549
	1,887,904	1,912,744

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

9. OTHER INVESTMENTS

Group	Golf club membership	Unquoted shares in Malaysia	Quoted shares in Malaysia	Total
	RM	RM	RM	RM
2014				
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	-	-	809,650	809,650
	-	-	809,650	809,650

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. OTHER INVESTMENTS (CONT'D)

Group (cont'd)

	Golf club membership RM	Golf club membership RM	Quoted shares in Malaysia RM	Total RM
2014 (cont'd)				
Representing items:-				
At cost	115,000	50,000	-	165,000
At fair value	-	-	809,650	809,650
	<u>115,000</u>	<u>50,000</u>	<u>809,650</u>	<u>974,650</u>
Market value of quoted investments	<u>-</u>	<u>-</u>	<u>809,650</u>	<u>809,650</u>
2013				
Non-current				
Available for-sale financial assets	180,000 (65,000)	50,000 -	- -	230,000 (65,000)
Less: Impairment loss	<u>115,000</u>	<u>50,000</u>	<u>-</u>	<u>165,000</u>
Current				
Financial assets at fair value through profit or loss	-	-	769,220	769,220
	<u>-</u>	<u>-</u>	<u>769,220</u>	<u>769,220</u>
Representing items:-				
At cost	115,000	50,000	-	165,000
At fair value	-	-	769,220	769,220
	<u>115,000</u>	<u>50,000</u>	<u>769,220</u>	<u>934,220</u>
Market value of quoted investments	<u>-</u>	<u>-</u>	<u>769,220</u>	<u>769,220</u>

10. PROPERTY DEVELOPMENT COSTS

GROUP	Freehold land RM
At 1 November 2012	1,692,327
Transferred to profit and loss	<u>(594,054)</u>
At 31 October 2013	1,098,273
Transferred to profit and loss	<u>(562,904)</u>
At 31 October 2014	<u>535,369</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. PROPERTY DEVELOPMENT COSTS (CONT'D)

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

	<u>2014</u> RM	<u>2013</u> RM
Raw materials	1,171,558	883,159
Work-in-progress	275,629	688,136
Finished goods	<u>1,777,180</u>	<u>1,376,978</u>
At carrying amount	<u>3,224,367</u>	<u>2,948,273</u>
Recognised in profit or loss:-		
Inventories written down to net realisable value	5,331	87,297
Reversal of written down of inventories	<u>(87,297)</u>	<u>(35,238)</u>

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

	<u>2014</u> RM	<u>2013</u> RM
Trade receivables	3,666,504	2,950,644
Less: Allowance for impairment on doubtful receivables		
Balance brought forward	-	(45,359)
Written off	-	45,359
Balance carried forward	-	-
	<u>3,666,504</u>	<u>2,950,644</u>

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. TRADE RECEIVABLES (CONT'D)

The ageing analysis of trade receivables are as follows:-

	<u>Gross</u> RM	Individually <u>impaired</u> RM	<u>Net</u> RM
2014			
Within credit terms	1,437,360	-	1,437,360
Past due 1-30 days but not impaired	1,268,737	-	1,268,737
Past due 31-120 days but not impaired	671,324	-	671,324
Past due more than 120 days but not impaired	<u>289,083</u>	<u>-</u>	<u>289,083</u>
	<u><u>3,666,504</u></u>	<u><u>-</u></u>	<u><u>3,666,504</u></u>
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	<u>73,131</u>	<u>-</u>	<u>73,131</u>
	<u><u>2,950,644</u></u>	<u><u>-</u></u>	<u><u>2,950,644</u></u>

The normal credit terms given to the customers range from 30 to 75 days (2013: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

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 2014, trade receivables of RM2,229,144 (2013: RM1,390,833) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. OTHER RECEIVABLES

Group

	<u>2014</u> RM	<u>2013</u> RM
Non-trade receivables	94,893	163,173
Deposits	787,370	791,456
Prepayments	232,270	224,207
	<u>1,114,533</u>	<u>1,178,836</u>

Company

	<u>2014</u> RM	<u>2013</u> RM
Deposits	1,000	1,000
Prepayments	2,818	18,469
	<u>3,818</u>	<u>19,469</u>

Included in the deposits of the Group is an amount of RM709,100 (2013: 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 2.14% to 3.52% (2013: 1.00% to 3.00%) and 2.18% to 3.50% (2013: 1.00% to 3.00%) per annum respectively.

Group

Included in deposits with licensed financial institutions is an amount of RM78,253 (2013: RM75,903) which has been pledged for banking facilities granted to the subsidiary companies.

Included in deposits with licensed financial institutions is an amount of RM78,932 (2013: RM41,371) held in trust by certain Directors and an employee of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. SHARE CAPITAL

Group/Company

	<u>2014</u> RM	<u>2013</u> RM
Authorised:-		
50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid-up:-		
40,612,085 ordinary shares of RM1.00 each	<u>40,612,085</u>	<u>40,612,085</u>

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

	<u>2014</u> Number of treasury shares	RM	<u>2013</u> Number of treasury shares	RM
At beginning of financial year/				
At end of financial year	<u>4,035,560</u>	<u>3,554,493</u>	<u>4,035,560</u>	<u>3,554,493</u>

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 28 March 2014. 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 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 (2013: 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 (2013: 36,576,525).

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

17. REVALUATION RESERVE

Group

	<u>2014</u> RM	<u>2013</u> RM
At 1 November 2013/2012	4,522,183	4,522,183
Revaluation surplus during the financial year	1,070,000	-
Transferred to deferred tax liability	<u>(196,561)</u>	<u>-</u>
At 31 October	<u>5,395,622</u>	<u>4,522,183</u>

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

	<u>2014</u> RM	<u>2013</u> RM
Current		
Secured:-		
Term loan	<u>1,020,999</u>	<u>1,018,250</u>
Non-current		
Secured:-		
Term loan	<u>6,953,544</u>	<u>7,921,213</u>
	<u>7,974,543</u>	<u>8,939,463</u>
Repayment terms		
- not later than 1 year	1,020,999	1,018,250
- between 1 to 5 years	4,615,032	4,538,587
- later than 5 years	<u>2,338,512</u>	<u>3,382,626</u>
	<u>7,974,543</u>	<u>8,939,463</u>

The effective interest rate of term loan is at rates of 4.60% to 4.85% (2013: 4.05% to 4.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. BORROWINGS (CONT'D)

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. DEFERRED TAX LIABILITIES

Group

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

	<u>Assets</u> RM	<u>2014</u> <u>Liabilities</u> RM	<u>Net</u> RM	<u>Assets</u> RM	<u>2013</u> <u>Liabilities</u> RM	<u>Net</u> RM
At						
1 November						
2013/2012	(601,312)	3,125,355	2,524,043	(572,702)	4,908,331	4,335,629
Recognised in profit or loss	169,081	177,143	346,224	(28,610)	(1,699,541)	(1,728,151)
Crystallisation of deferred tax upon depreciation of revalued assets	-	(37,563)	(37,563)	-	(83,435)	(83,435)
Revaluation reserve	-	196,561	196,561	-	-	-
At 31 October	<u>(432,231)</u>	<u>3,461,496</u>	<u>3,029,265</u>	<u>(601,312)</u>	<u>3,125,355</u>	<u>2,524,043</u>

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

	<u>2014</u> RM	<u>2013</u> RM
Carrying amount of qualifying property, plant and equipment and investment properties in excess of their tax base	1,854,792	1,696,649
Inventories written down	(1,279)	(21,824)
Revaluation surplus	1,517,797	1,358,799
Unabsorbed capital allowances	(221,365)	(361,167)
Unutilised business losses	(11,713)	(12,202)
Unutilised industrial building allowance	(197,874)	(206,119)
Fair value gain on investment properties	88,907	69,907
	<u>3,029,265</u>	<u>2,524,043</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

20. DEFERRED TAX LIABILITIES (CONT'D)

Group (cont'd)

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

	<u>2014</u> RM	<u>2013</u> RM
Carrying amount of qualifying property, plant and equipment and biological assets in excess of their tax base	(3,496,356)	(2,570,136)
Unabsorbed agriculture allowance	3,953,600	3,089,800
Unutilised business losses	666,791	351,588
Unabsorbed capital allowances	<u>34,396</u>	<u>34,396</u>
	<u>1,158,431</u>	<u>905,648</u>

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.

21. 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 (2013: 30 to 60 days).

22. OTHER PAYABLES

Group

	<u>2014</u> RM	<u>2013</u> RM
Sundry deposits	1,074,979	1,158,374
Non-trade payables	269,210	350,581
Accrual of expenses	<u>838,980</u>	<u>728,644</u>
	<u>2,183,169</u>	<u>2,237,599</u>

Company

	<u>2014</u> RM	<u>2013</u> RM
Accrual of expenses	<u>70,542</u>	<u>68,242</u>

Deposit of RM600,000 (2013: RM600,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. HIRE PURCHASE CREDITORS

Group

	<u>2014</u> RM	<u>2013</u> RM
Minimum lease payments		
- not later than 1 year	-	80,598
Less: Interest-in-suspense	-	(1,514)
Present value of hire purchase creditors	-	79,084
Present value of hire purchase creditors		
- not later than 1 year	-	79,084
	-	79,084

The effective interest rate of hire purchase is at the rate of 3.69% (2013: 3.69%) per annum.

24. INVESTMENT IN SUBSIDIARY COMPANIES/AMOUNT DUE FROM SUBSIDIARY COMPANIES

Company

	<u>2014</u> RM	<u>2013</u> RM
<u>Investment in subsidiary companies</u>		
Unquoted shares, at cost	23,416,971	23,416,971

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Effective interest</u>		<u>Principal activities</u>
		<u>2014</u> %	<u>2013</u> %	
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 and thermosett parts and components 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Company (cont'd)				
<u>Name of company</u>	<u>Place of incorporation</u>	<u>Effective interest</u>		<u>Principal activities</u>
		<u>2014</u> %	<u>2013</u> %	
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

Amount due from subsidiary companies

The amount due from subsidiary companies is non-trade related, unsecured, bears no interest and is repayable on demand.

25. REVENUE

	Group		Company	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Dividend income	-	-	-	1,392,000
Sales of goods	17,811,425	14,933,348	-	-
Rental income	1,735,865	1,637,462	-	-
Distribution from joint property development project	<u>1,647,089</u>	<u>1,732,357</u>	<u>-</u>	<u>-</u>
	<u>21,194,379</u>	<u>18,303,167</u>	<u>-</u>	<u>1,392,000</u>

26. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Inventories written down to net realisable value	5,331	87,297	-	-
Amortisation of prepaid land lease payments	24,840	24,839	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. PROFIT/(LOSS) BEFORE TAX (CONT'D)

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

	Group		Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit	86,800	84,500	21,500	20,000
- other services	5,000	5,000	5,000	5,000
Bad debts written off	-	45,359	-	-
Depreciation of property, plant and equipment	1,995,797	2,169,566	-	-
Fair value gain on investment properties	(4,616,020)	(5,190,000)	-	-
Interest expenses				
- hire purchase	1,514	6,259	-	-
- term loans	380,849	411,990	-	-
Property, plant and equipment written off	-	8	-	-
Rental expense	18,750	50,700	-	-
Gain on disposal of property, plant and equipment	(63,997)	(35,384)	-	-
Unrealised foreign exchange				
- gain	(43,045)	(34,674)	-	-
- loss	53,708	49,678	-	-
Realised foreign exchange				
- gain	-	(322,446)	-	-
- loss	43,737	-	-	-
Interest income	(346,425)	(357,942)	(107,033)	(142,632)
Amortisation of deferred income	-	(20,939)	-	-
Dividend income from subsidiary companies, unquoted shares in Malaysia	-	-	-	(1,392,000)
Gain on disposal of other investments	(3,598)	(54,833)	-	(26,369)
Gross dividend income from other investments	(21,370)	(21,278)	-	-
Rental income	(139,092)	(150,052)	-	-
Reversal of written down of inventories	(87,297)	(35,238)	-	-
Reversal of impairment on doubtful receivables	-	(45,359)	-	-
Net fair value gain on other investments	(90,588)	(112,046)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. PROFIT/(LOSS) BEFORE TAX (CONT'D)

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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
<u>Executive:-</u>				
Defined contribution plans	81,803	78,600	-	-
Salaries and others emoluments	<u>856,122</u>	<u>801,326</u>	<u>-</u>	<u>-</u>
<u>Non-executive:-</u>				
Fee	39,000	39,000	39,000	39,000
Others	<u>28,970</u>	<u>29,850</u>	<u>28,970</u>	<u>29,850</u>

The estimated monetary value of benefit-in-kind received by the Directors other than cash from the Group amounted to RM16,325 (2013: RM13,325).

27. TAX EXPENSE/(INCOME)

	Group		Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Current year's tax provision	802,138	483,258	360	410
Under/(Over) provision of tax expense in prior financial years	38,335	(7,701)	(43)	705
Transferred from/(to) deferred tax liabilities (Note 20)	<u>308,661</u>	<u>(1,784,975)</u>	<u>-</u>	<u>-</u>
	<u>1,149,134</u>	<u>(1,309,418)</u>	<u>317</u>	<u>1,115</u>

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/(loss) 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Profit/(Loss) before tax	<u>7,347,535</u>	<u>5,919,464</u>	<u>(141,474)</u>	<u>1,341,251</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

A reconciliation of income tax expense applicable to profit/(loss) 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Tax at statutory tax rate of 25%	1,836,884	1,479,866	(35,368)	335,313
Tax effects in respect of:-				
Income not subject to tax	(1,255,779)	(1,450,133)	(26,317)	(389,857)
Expenses not deductible for tax purposes	262,561	213,011	62,045	54,954
Crystallisation of deferred tax upon depreciation charged for revalued asset	(37,563)	(83,435)	-	-
Addition deferred tax liabilities on real property gain	230,801	69,907	-	-
Reversal of deferred tax	58,486	(1,547,140)	-	-
Under/(Over) provision of tax expense in prior financial years	38,335	(7,701)	(43)	705
Deferred tax assets not recognised	63,196	28,635	-	-
Double deduction expenses	(13,475)	(12,428)	-	-
Effect of changes in tax rate	(34,312)	-	-	-
	<u>1,149,134</u>	<u>(1,309,418)</u>	<u>317</u>	<u>1,115</u>

The Group unutilised business losses, unabsorbed capital allowance and unabsorbed agriculture allowance which can be carried forward to offset against future taxable profit amounted to approximately RM666,791 (2013: RM351,588), RM34,396 (2013: RM34,396) and RM3,953,600 (2013: RM3,089,800) respectively.

The availability of the unutilised business losses, unabsorbed capital allowance and unabsorbed agriculture 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.

The corporate rate tax will be reduced to 24% for the year assessment 2016 as announced in Malaysia Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. 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 RM6,198,401 (2013: RM7,228,882) to the weighted average number of shares issued during the financial year of 36,576,525 (2013: 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.

29. DIVIDENDS

Group and Company

<u>2014</u>	<u>2013</u>
RM	RM

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
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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
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In respect of the financial year ended 31 October 2013:-

First interim single tier dividend of 1.5 sen
per ordinary share for total ordinary shares of
36,576,525 paid on 28 January 2014

548,648	-
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Final single tier dividend of 2 sen per
ordinary share for total ordinary shares of
36,576,525 paid on 23 April 2014

731,531	-
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<u>1,280,179</u>	<u>1,463,060</u>
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Subsequent to the end of the reporting period, an interim single tier dividend, in respect of the financial year ended 31 October 2014, 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 4 February 2015. It will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 October 2015.

In addition, a final single tier dividend in respect of the financial year ended 31 October 2014, of 2 sen per share of RM1.00 each for a total ordinary shares of 36,576,525 amounted to RM731,531 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 2015.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. EMPLOYEE BENEFITS EXPENSE

	Group	
	<u>2014</u>	<u>2013</u>
	RM	RM
Staff costs:-		
- Directors	937,925	879,926
- Other staff	<u>5,536,782</u>	<u>5,722,002</u>
	<u>6,474,707</u>	<u>6,601,928</u>

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

	Group	
	<u>2014</u>	<u>2013</u>
	RM	RM
- Directors	81,803	78,600
- Other staff	<u>396,255</u>	<u>406,951</u>
	<u>478,058</u>	<u>485,551</u>

31. GOVERNMENT GRANTS

	Group	
	<u>2014</u>	<u>2013</u>
	RM	RM
At 1 November 2013/2012	-	20,939
Amortised during the financial year	<u>-</u>	<u>(20,939)</u>
At 31 October	<u>-</u>	<u>-</u>

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.

32. CONTINGENT LIABILITY

	Company	
	<u>2014</u>	<u>2013</u>
	RM	RM
Unsecured:-		
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies		
- Limit	<u>11,500,000</u>	<u>11,500,000</u>
- Utilised	<u>7,974,543</u>	<u>8,939,463</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. COMMITMENTS

Capital commitment**Capital expenditure**

Authorised and contracted for:-

- Property, plant and equipment

	Group	
	<u>2014</u> RM	<u>2013</u> RM
	469,955	469,955

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.

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:-

	<u>2014</u> RM	<u>2013</u> RM
Company		
Subsidiary companies:-		
- Dividend income	<u>-</u>	<u>(1,392,000)</u>

- (b) The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Notes 24 to the financial statements.

- (c) The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 26 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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”).

Group	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
<u>2014</u>					
Financial assets					
Other investments	974,650	-	809,650	165,000	-
Trade receivables	3,666,504	3,666,504	-	-	-
Other receivables	882,263	882,263	-	-	-
Deposits with licensed financial institutions	11,595,842	11,595,842	-	-	-
Cash and bank balances	3,346,074	3,346,074	-	-	-
	20,465,333	19,490,683	809,650	165,000	-
Financial liabilities					
Trade payables	643,208	-	-	-	643,208
Other payables	2,183,169	-	-	-	2,183,169
Borrowings	7,974,543	-	-	-	7,974,543
	10,800,920	-	-	-	10,800,920
<u>2013</u>					
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 <u>Amount</u> RM	<u>L & R</u> RM	<u>FVTPL</u> RM	<u>AFS</u> RM	<u>AC</u> RM
Company					
<u>2014</u>					
Financial assets					
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiary companies	10,770,494	10,770,494	-	-	-
Deposits with licensed financial institutions	3,773,182	3,773,182	-	-	-
Cash and bank balances	294,874	294,874	-	-	-
	14,839,550	14,839,550	-	-	-
Financial liability					
Other payables	70,542	-	-	-	70,542
<u>2013</u>					
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 liability					
Other payables	68,242	-	-	-	68,242

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 follow:-

	2014		2013	
	RM	%	RM	%
By country				
Malaysia	975,878	27	799,297	27
European countries	2,009,416	55	1,826,497	62
Taiwan	114,253	3	143,398	5
China	1,472	*	28,009	1
Others **	565,485	15	153,443	5
	3,666,504	100	2,950,644	100

* Less than 1%.

** 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:-

2014

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

2013

(i) 32% 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 statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 statements 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 23 to the financial statements respectively.

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

	Current	Non-current			Total contractual cash flows
	On demand/ less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	RM
Group					
2014					
Non-derivative financial liabilities					
Secured:-					
Borrowings	1,384,188	1,384,188	4,152,564	2,704,731	9,625,671
Unsecured:-					
Trade payables	643,208	-	-	-	643,208
Other payables	2,183,169	-	-	-	2,183,169
Total undiscounted financial liabilities	4,210,565	1,384,188	4,152,564	2,704,731	12,452,048

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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)					
<u>2013</u>					
Non-derivative financial liabilities					
Secured:-	1,353,088	1,384,188	5,536,752	3,458,919	11,732,947
Borrowings					
Hire purchase creditors	80,598	-	-	-	80,598
Unsecured:-					
Trade payables	553,168	-	-	-	553,168
Other payables	<u>2,237,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,237,599</u>
Total undiscounted financial liabilities	<u>4,224,453</u>	<u>1,384,188</u>	<u>5,536,752</u>	<u>3,458,919</u>	<u>14,604,312</u>
Company					
<u>2014</u>					
Non-derivative financial liability					
Unsecured:-					
Other payables	<u>70,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,542</u>
<u>2013</u>					
Non-derivative financial liability					
Unsecured:-					
Other payables	<u>68,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,242</u>

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.

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 currencies giving rise to this risk are primarily EURO, US Dollar (USD), Singapore Dollar (SGD), Thai Baht and British Pound Sterling (GBP).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	USD RM	SGD RM	Thai Baht RM	GBP RM
2014					
Trade receivables	866,802	1,284,726	539,098	-	-
Cash and bank balances	889,568	430,878	231,219	3,450	263
Other receivables	-	26,000	-	-	-
Trade payables	-	(160,164)	(504)	-	-
Other payables	-	-	(1,282)	-	-
	1,756,370	1,581,440	768,531	3,450	263
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	-

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, Thai Baht and GBP exchange rates against the functional currency of the Company, with all other variables held constant.

	Increase/(Decrease) on profit for the financial years	
	2014 RM	2013 RM
EURO/RM		
- Strengthened 1%/1%	17,564	8,703
- Weakened 1%/1%	(17,564)	(8,703)
USD/RM		
- Strengthened 1%/1%	15,814	10,816
- Weakened 1%/1%	(15,814)	(10,816)
SGD/RM		
- Strengthened 1%/1%	7,685	9,995
- Weakened 1%/1%	(7,685)	(9,995)
Thai Baht/RM		
- Strengthened 1%/1%	35	35
- Weakened 1%/1%	(35)	(35)
GBP/RM		
- Strengthened 2%/Nil	5	-
- Weakened 2%/Nil	(5)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
<u>Financial asset</u>				
Deposits with licensed financial institutions	11,595,842	12,396,737	3,773,182	3,467,912
Fixed rate instruments				
<u>Financial liability</u>				
Hire purchase creditors	-	79,084	-	-
Floating rate instruments				
<u>Financial liability</u>				
Term loan	7,974,543	8,939,463	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 (2013: 50) basis points lower/higher, with all the other variable held constant, the Group's profit for the financial year would have been RM39,873 (2013: RM44,697) 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 3% (2013: 6%) increase in share price of each counter at the reporting date would have increase the Group's profit for the financial year by RM24,290 (2013: RM46,153). A 3% (2013: 6%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group does not intend to dispose of these investments in the near future.

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:-

	<u>2014</u> %	<u>2013</u> %
Hire purchase creditors	3.69	3.69
Term loan	<u>4.60 - 4.85</u>	<u>4.05 - 4.60</u>

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).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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				
2014				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	809,650	-	-	809,650
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	165,000	-	165,000
Total	809,650	165,000	-	974,650
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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2014 RM	2013 RM
Total borrowings		
- hire purchase creditors	-	79,084
- term loan	<u>7,974,543</u>	<u>8,939,463</u>
	<u>7,974,543</u>	<u>9,018,547</u>
Owners' equity	75,287,798	69,496,137
Debt-to-equity ratio	0.11	0.13

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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
2014							
Revenue:-							
External revenue		17,833,025	1,714,265	-	1,647,089	-	21,194,379
Inter-segment revenue		9,498	21,600	-	-	(31,098)	-
Total revenue		17,842,523	1,735,865	-	1,647,089	(31,098)	21,194,379
Results:-							
Interest income		236,036	109,383	-	1,006	-	346,425
Finance costs		(1,514)	(380,849)	-	-	-	(382,363)
Depreciation and amortisation		(1,901,809)	-	(105,829)	(12,999)	-	(2,020,637)
Other non-cash income/ (expenses)	(a)	609,486	4,236,020	-	-	-	4,845,506
Tax expense		(529,220)	(433,549)	-	(186,365)	-	(1,149,134)
Segment profit		1,453,199	4,497,433	(255,428)	503,197	-	6,198,401
Assets:-							
Additions to non- current assets	(b)	907,707	361,018	999,688	130,000	-	2,398,413
Segment assets		37,732,446	43,806,642	5,909,899	1,993,350	-	89,442,337
Liabilities:-							
Segment liabilities		3,646,048	9,845,701	8,614	654,176	-	14,154,539

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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
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 costs		(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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (cont'd)

Notes:-

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

	2014 RM	2013 RM
Fair value gain on investment properties	4,616,020	5,190,000
Reversal of written down of inventories	87,297	35,238
Gain on disposal of property, plant and equipment	63,997	35,384
Gain on disposal of other investments	3,598	54,833
Bad debts written off	-	(45,359)
Net fair value gain on other investments	90,588	112,046
Net unrealised loss on foreign exchange	(10,663)	(15,004)
Reversal of impairment on doubtful receivables	-	45,359
Inventories written down to net realisable value	(5,331)	(87,297)
Property, plant and equipment written off	-	(8)
	<u>4,845,506</u>	<u>5,325,192</u>

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

	2014 RM	2013 RM
Property, plant and equipment	1,339,707	897,563
Investment properties	361,018	2,749,831
Biological assets	697,688	1,292,885
	<u>2,398,413</u>	<u>4,940,279</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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:-

	2014		2013	
	Revenue	Non-current Assets	Revenue	Non-current Assets
	RM	RM	RM	RM
Malaysia *	4,288,454	65,098,456	4,871,804	59,034,663
South East Asia	4,676,468	-	3,549,830	-
European countries	8,426,157	-	8,042,697	-
Others	3,803,300	-	1,838,836	-
	<u>21,194,379</u>	<u>65,098,456</u>	<u>18,303,167</u>	<u>59,034,663</u>

* The Company's home country

(iii) Information about major customers

Revenue from 4 (2013: 4) customers amounted to RM6,782,143 (2013: RM6,762,521) arising from sales by the manufacturing and trading segment and no major customers arising from investment segment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

38. 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiary companies				
- Realised	33,788,326	33,174,178	1,131,194	2,553,164
- Unrealised	<u>18,421,769</u>	<u>14,126,174</u>	<u>-</u>	<u>-</u>
	52,210,095	47,300,352	1,131,194	2,553,164
Less: Consolidation adjustments	<u>(19,375,511)</u>	<u>(19,383,990)</u>	<u>-</u>	<u>-</u>
Total retained earnings	<u><u>32,834,584</u></u>	<u><u>27,916,362</u></u>	<u><u>1,131,194</u></u>	<u><u>2,553,164</u></u>

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

ANALYSIS OF SHAREHOLDINGS

AS AT 11 MARCH 2015

Authorised Share Capital	: RM 50,000,000
Issued & Fully Paid-Up Capital	: RM 40,612,085
No. of Shareholders	: 1,318
Class of share	: Ordinary share of RM1.00
Volting Rights	: One vote for each ordinary share

DISTRIBUTION SCHEDULE OF SHARE AS AT 11 MARCH 2015

SIZE OF SHAREHOLDINGS	No. of Holders		No. of Shares		Percentage(%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
less than 100	253	5	8,987	264	0.02	0.01
100 to 1,000	67	0	27,139	0	0.07	-
1,001 to 10,000	854	1	2,471,075	5,125	6.08	0.01
10,001 to 100,000	107	2	2,359,510	46,125	5.81	0.11
100,001 to less than 5% of issued shares	23	0	11,891,014	0	29.28	-
5% and above of issued shares	6	0	23,802,846	0	58.61	-
TOTAL	1,310	8	40,560,571	51,514	99.87	0.13

LIST OF THIRTY (30) LARGEST SHAREHOLDINGS AS AT 11 MARCH 2015

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. NG TIONG KANG	1,692,463	4.17
7. KUMPULAN H & L HIGH-TECH BERHAD < SHARE BUY BACK ACCOUNT >	1,452,400	3.58
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 HWA	756,600	1.86
12. TAN SOOK YEE	688,828	1.70
13. TAN HO FOOT	569,702	1.40
14. TAN FUNG YING	450,000	1.11
15. TAN YAW TUNG	352,088	0.87

ANALYSIS OF SHAREHOLDINGS (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDINGS AS AT 11 MARCH 2015

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. TAN ENG YIK	185,300	0.46
22. TAN YAW TUNG	184,705	0.45
23. KOAY LAY PENG	153,750	0.38
24. NG CHAI TEE	147,223	0.36
25. PUBLIC NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN (E-KLC) >	130,790	0.32
26. TAN SOOK YEE	115,928	0.29
27. CHEANG KAM HONG	108,457	0.27
28. JULIET YAP SWEE HWANG	102,500	0.25
29. MOHD RADZUAN BIN AB HALIM	100,015	0.25
30. PERBADANAN KEMAJUAN NEGERI KEDAH	93,758	0.23

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2015

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 11 MARCH 2015

NAMES	Direct Holdings		Indirect Holdings	
	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	-	-	-	-
6. CHEW YOCK FAT	-	-	-	-

LIST OF PROPERTIES AS AT 31 OCTOBER 2014

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	24/11/2014 (V)	2-storey Terrace Factory (Corner unit) / rented out	481.2 / 987.8	Freehold / 28	2,860,000
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	24/11/2014 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 28	1,200,000
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	24/11/2014 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 28	1,200,000
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	24/11/2014 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 28	1,200,000
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	24/11/2014 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 28	1,200,000
Lot No Pt 20033 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2002 (V) 24/11/2014 (V)	Prepaid lease payment Industrial building/ factory	3715 / 5183	99 year leasehold (24/03/2091) Leasehold / 18	975,985 6,300,000 <hr/> 7,275,985
Lot No Pt 19770 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2002 (V) 24/11/2014 (V)	Prepaid lease payment Factory, Warehouse and office space	3633 / 3189	99 year leasehold (24/03/2091) Leasehold / 18	936,943 3,800,000 <hr/> 4,736,943
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	04/12/2014 (V)	Warehouse cum office/rented out	16,489/13,383	Freehold / 20	26,500,000
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 2581, 2582, 2583, 2584 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	31/12/2014 (V)	Land for investment	47,063	99 year leasehold (22/08/2081)	
AND					7,000,000
Lot 2573, 2574, 2575 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	31/12/2014 (V)	Land for investment	35,354	99 year leasehold (26/10/2081)	

NOTICE OF ANNUAL GENERAL MEETING

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

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Twentieth 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 Tuesday, 28 April 2015 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 2014 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 2014. **(Resolution 2)**
3. To approve the payment of Directors' Fee for the financial year ended 31 October 2014. **(Resolution 3)**
4. To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:
 - (i) Mr Tan Lye Huat **(Resolution 4)**
 - (ii) Ms Tan Sook Yee **(Resolution 5)**
5. To re-elect the following Director who retire pursuant to Article 102 of the Company's Articles of Association:-
 - (i) Mr Chew Yock Fat **(Resolution 6)**
6. To re-appoint Messrs. SJ Grant Thornton as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
7. 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 8)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(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 9)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(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 10)

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
3 April 2015

NOTICE OF DIVIDENDS ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of Twentieth Annual General Meeting on 28 April 2015, 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 2014 will be payable on 28 May 2015 to shareholders whose names appear in the Record of Depositors on 20 May 2015.

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 20 May 2015 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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 April 2015 (at least three market days before the AGM date) will be entitled to attend and vote at the Meeting.

Explanatory Notes

Ordinary Resolution No. 8

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 28 March 2014.

Ordinary Resolution No. 9

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 dispatched together with the Annual Report.

Ordinary Resolution No. 10

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, thus bring an element of objectivity to the Board of Directors.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- 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 judgment 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 his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

ANNEXURE A

CONTENTS OF STATEMENT ACCOMPANYING NOTICE OF TWENTIETH 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. Tan Lye Huat
Ms. Tan Sook Yee

Under Article 102 of the Articles of Association

Mr. Chew Yock Fat

2. Board Meetings held in the financial year ended 31 October 2014

During the financial period, the following five (5) Board meetings were held:-

20 December 2013
27 January 2014
28 March 2014
20 June 2014
18 September 2014

and the details of attendance of the Directors at the Board Meetings held in the financial year ended 31 October 2014 are set out below:-

Name of Directors	Attendance
Tan Lye Huat	5/5
Chu Kan	5/5
Tan Sook Yee	5/5
Rita Tai Lai Ling	5/5
Hau Hock Khun	5/5
Chew Yock Fat	0/0

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 April 2015 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 Twentieth 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 Tuesday, 28 April 2015 at 11.30 a.m. or at any adjournment thereof:

	RESOLUTION	FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the year ended 31 October 2014 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 2014.		
3.	To approve the payment of Directors' Fees for the financial year ended 31 October 2014.		
4.	To re-elect Mr. Tan Lye Huat as Director		
5.	To re-elect Ms. Tan Sook Yee as Director		
6.	To re-elect Mr. Chew Yock Fat as Director		
7.	To re-appoint Messrs. SJ Grant Thornton as Auditors and to authorize the Directors to fix their remuneration.		
8.	To authorize Directors to issue shares not exceeding 10% of the issued capital of the Company.		
9.	Proposed renewal of authority to purchase its own share		
10.	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 2015

Number of Ordinary Share held	
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.....
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 appears in the Record of Depositors as at 21 April 2015 (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
