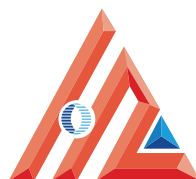


Aligning to meet new challenges.



# ANNUAL REPORT 2009



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

# CONTENTS

2	Corporate Information	20	Nomination Committee and Terms of Reference
3	Board of Directors' Profile	21	Statement on Internal Control
5	5 Years' Financial Highlights	22	Other Information
6	Chairman's Statement	23	Financial Statements
8	Corporate Structure	78	Analysis of Shareholdings
9	Corporate Governance Statement	80	List of Properties
14	Directors' Information	82	Notice of Annual General Meeting
15	Audit Committee Report	85	Statement Accompanying Notice of Annual General Meeting
19	Remuneration Committee and Terms of Reference		Proxy Form



# CORPORATE INFORMATION

## Board of Directors

### Tan Lye Huat

*Group Executive Chairman and  
Managing Director*

### Tan Ho Foot

*Executive Director*

### Tan Kim Lai

*Executive Director*

### Tan Sook Yee

*Executive Director*

### Chu Kan

*Independent Non-Executive Director*

### Hau Hock Khun

*Independent Non-Executive Director  
(Appointed on 5.8.2009)*

### Rita Tai Lai Ling

*Independent Non-Executive Director  
(Appointed on 23.6.2009)*

### Chong Yew Kiang

*Independent Non-Executive Director  
(Resigned on 23.6.2009)*

### Samat bin Junai

*Independent Non-Executive Director  
(Resigned on 5.8.2009)*

## Audit Committee

### Chu Kan

*Chairman/Independent  
Non-Executive Director*

### Hau Hock Khun

*Independent Non-Executive Director  
(Appointed on 5.8.2009)*

### Rita Tai Lai Ling

*Independent Non-Executive Director  
(Appointed on 23.6.2009)*

### Chong Yew Kiang

*Independent Non-Executive Director  
(Resigned on 23.6.2009)*

### Samat bin Junai

*Independent Non-Executive Director  
(Resigned on 5.8.2009)*

## Company Secretaries

### Ng Bee Lian

MAICSA 7041392

### Lim Hooi Mooi (Resigned 25.8.2009)

MAICSA 0799764

### Tan Enk Purn (Appointed 25.8.2009)

MAICSA 7045521

## Registered Office

1st Floor, 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](http://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](mailto:info@hlhightech.com)  
Website : [www.hlhightech.com](http://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

Eon Bank Berhad  
CIMB Bank Berhad  
Malayan Banking 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 56, 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 32 years experience of closely managing the production and marketing operations of HHT and HLEW, he possess in-depth knowledge and experience in the overall operations of HHT as well as the industry in general.

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

---

## **Tan Kim Lai**

*Executive Director*

Tan Kim Lai, Malaysian, aged 58, was appointed as Executive Director of H & L on 2 September 1997.

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

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

---

## **Tan Ho Foot**

*Executive Director*

Tan Ho Foot, Malaysian, aged 59, was appointed as Executive Director of H & L on 2 September 1997. He is one of the founding partners of HLEW and became a shareholder and director of HHT upon its incorporation in 1988.

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

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

---

## **Tan Sook Yee**

*Executive Director*

Tan Sook Yee, Malaysian, aged 29, was appointed as Executive Director of H & L on 30 June 2006.

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

She is the Customer Support Engineer in H & L Group since 2004 and sits on the Board as the Business Development Director. Her primary function is to develop new projects for the group and also to manage the group's international businesses.

She has no conflict of interest with the Company. She is the daughter of Mr. Tan Lye Huat, Group Executive Chairman and Managing Director.

---

## BOARD OF DIRECTORS' PROFILE (CONT'D)

### **Chu Kan**

*Independent Non – Executive Director*

Chu Kan, Malaysian, aged 66, 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.

---

### **Rita Tai Lai Ling**

*Independent Non-Executive Director*

Rita Tai, Malaysian, aged 44, 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 license issued by Securities Commission.

She began her career in 1989 as an Accountant with MST Industrial System Sdn Bhd. In 1990, joined Coopers and 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 SJ Asset Management Sdn. Bhd. (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 license to Kenanga Investment Bank Berhad and has been with the company since then. 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.

4

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 38, 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, Queensland, Australia and International Diploma Computer Science NCC, UK (Systematic College).

He was called to the Malaysian Bar on 31 May 1998, admissible to the Queensland Solicitors' Board (Australia) and currently is the Advocate & Solicitor of the High Court of Malaya holding the Annual Practice Certificate No for the year 2009 under the Legal Professional Act 1976. Currently is a partner in Messrs Ooi Sam Heng & Associates, Advocates and Solicitors. Proficient and well versed with law enforcement with special interest and solid background in property planning, investment, development & real estate related matters, shipping, company restructuring and franchising, trade mark and patents, industry design, corporate and commercial law, civil litigation, will-related matter, banking. He is also a consultant for various housing development projects. Work scope comprised of legal aspect of the development, project planning with architects and town planner. For social contribution, he acts as legal advisor to Klang and Pantai Selangor Chinese Medicine and Herbs Association and Persatuan Penganut Dewan Che Tian Men, Pelabuhan Klang.

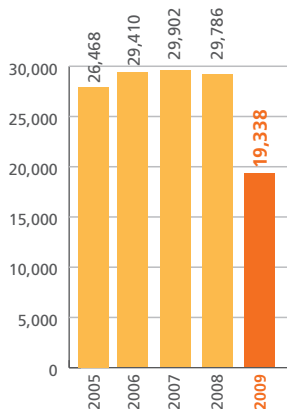
He does not have any family relationship with any director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest.

---

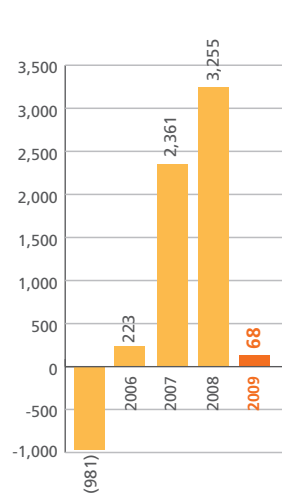
# 5 YEARS' FINANCIAL HIGHLIGHTS

	2005 RM '000	2006 RM '000	2007 RM '000	2008 RM '000	2009 RM '000
GROUP REVENUE	26,468	29,410	29,902	29,786	<b>19,338</b>
PROFIT/(LOSS) BEFORE TAX	(981)	223	2,361	3,255	<b>68</b>
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	(1,092)	341	2,135	2,168	<b>95</b>
PAID UP CAPITAL	40,612	40,612	40,612	40,612	<b>40,612</b>
TOTAL ASSETS	63,222	60,634	61,753	59,718	<b>57,635</b>
SHAREHOLDERS' EQUITY	50,190	49,553	50,487	50,184	<b>49,415</b>
NET/(LOSS) EARNINGS PER SHARE (SEN)	(2.69)	0.84	5.33	5.70	<b>0.26</b>
NET TANGIBLE ASSETS PER SHARE (RM)	1.24	1.22	1.29	1.34	<b>1.31</b>
DIVIDEND RATE %	2.5%	2.5%	2.5%	0.5%	<b>1.0%</b>

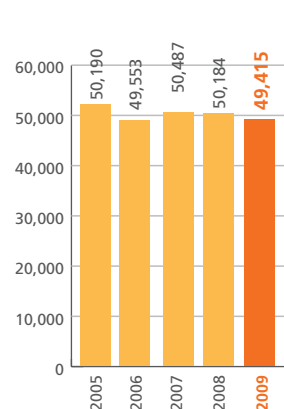
**GROUP REVENUE  
(RM'000)**



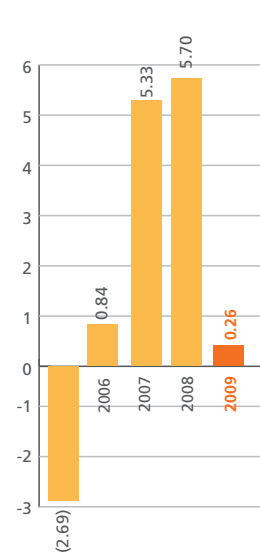
**PROFIT BEFORE TAX  
(RM'000)**



**SHAREHOLDERS' EQUITY  
(RM'000)**



**NET EARNINGS PER SHARE  
(SEN)**



# 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 2009.**

## **FINANCIAL PERFORMANCE OVERVIEW**

The H & L group's pretax profit for year ended 31 October 2009 was lower by 98% to RM0.068 million from RM3.255 million achieved in the previous corresponding year. Net profit attributed to shareholders of the group decreased by 96% to RM0.095 million. Earnings per share for year ended 31 October 2009 decreased by 95% to 0.26 sen from 5.70 sen a year earlier. The decline in profitability was substantially caused by the worldwide economy downturn resulted the Group's dropped by turnover by 35%, despite other incomes increased by 27% and operating expenses were down by 14%.

## **REVIEW OF SUBSIDIARY COMPANY'S PERFORMANCE YEAR ENDED 31 OCTOBER 2009**

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

1. H & L High-Tech incurred a pretax loss of RM0.951 million against a pretax profit of RM1.855 million registered in the previous corresponding year. The loss was caused by fall in demand, which resulted in the decrease of turnover by 40% or RM6.059 million together with an impairment loss of RM0.512 million written down for the investment in H & L High-Tech Mould (Thailand).
2. H & L High-Tech Mould (Thailand) incurred a pretax loss of RM0.145 million against a pretax profit of RM0.067 million recorded in the previous corresponding year. The loss was attributed to a drop in turnover by 14% or RM0.197 million.

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

Plastik STC (PSTC) incurred a pretax loss of RM0.034 million against a pretax profit of RM0.782 million recorded in previous corresponding year. The loss was mainly due to a lower gross profit margin as well as a decrease in turnover by 35% or RM4.165 million.

### **c) Properties Renting**

The pretax profit of H & L High-Tech Properties increased by 23% to RM0.836 million from RM0.678 million recorded in the previous corresponding year due to an increase in the rental income by 6% or RM0.076 million and a decrease in expenses of building maintenance by RM0.084 million.



## CHAIRMAN'S STATEMENT (CONT'D)

### PROSPECTS

The Group is expected to focus on its core business in Malaysia while venturing and capturing new markets in the European region which will be the key growth driver in the coming year.

Barring any unforeseen circumstances, the directors are optimistic of better performance for the Group in the forthcoming financial year. 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 RM10.087 million. Hence, the Board has implemented a Share Buy-Back Scheme. The Share Buy-Back Scheme is subjected to the renewal approval of the shareholders of Kumpulan H & L at the forthcoming AGM.

The Share Buy-Back Scheme will enable the Company to stabilize the supply and demand of H & L Shares on the 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 First and Final tax exempt Dividend of 0.5 sen for the year ended 31 October 2008 was paid on 21 May 2009. The Board of Directors is pleased to recommend a First and Final tax exempt Dividend of 1.0 sen per ordinary share of RM1.00 each. (2008: tax exempt dividend of 0.5 sen per share and share dividend of one treasury share for every forty ordinary share of RM1.00 each fully paid up held) in respect of the financial year ended 31 October 2009 subject to the approval of the shareholders at the forthcoming Annual General Meeting

7

### ACKNOWLEDGEMENT AND APPRECIATION

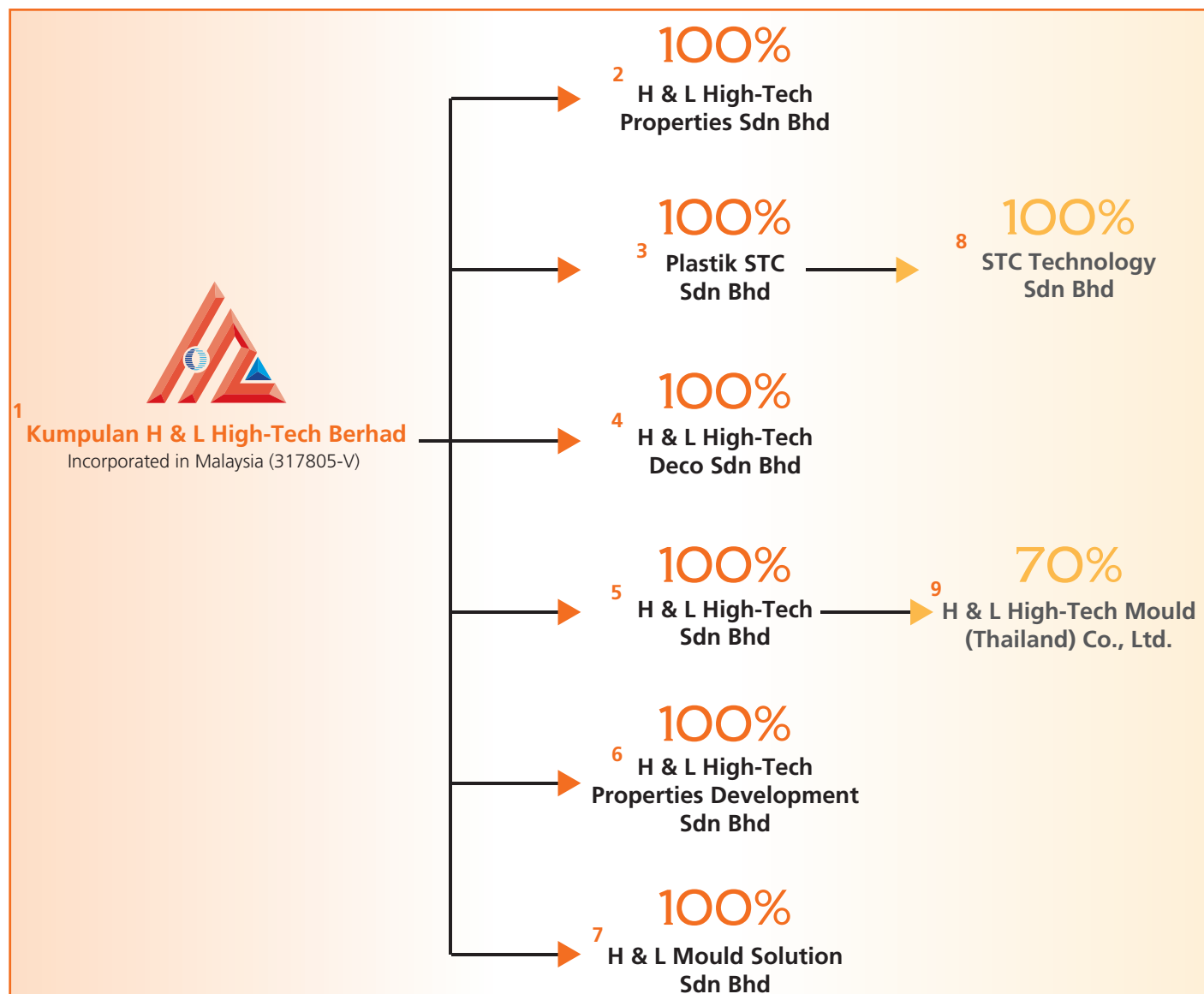
On behalf of the Board, I would like to thank the management and staff for the dedication and commitment shown in the performance of their duties during the financial year. In addition, our sincere gratitude is extended to our customers and suppliers for their continued support and loyalty.

### TAN LYE HUAT

Group Executive Chairman and Managing Director



# CORPORATE STRUCTURE



## Note:

No changes to the Group's structure during the financial year ended 31st October 2009.

## Principle Activities:

- 1** Investment holdings
- 2** Properties development.
- 3** Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry. Letting of equipment and office furniture.
- 4** Letting of properties and property investment
- 5** Manufacture and sale of precision engineering moulds, jigs, fixtures, tools and other machine parts
- 6** Letting of properties and property investment
- 7** Dormant
- 8** Dormant
- 9** Manufacture and sale of plastic and metal moulds.



# 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.**

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

## THE BOARD

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

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

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

During the financial year ended 31 Oct 2009, the Company held seven (7) meetings of the Board of Directors. At its regularly scheduled meeting, there was full financial and business review and discussion including trading performance to date against the annual budget and financial plan previously approved by the Board for that year. All directors fulfilled the requirements of the Articles of Association in respect of board meeting attendance.

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

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

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

## BOARD COMPOSITION

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

The roles of the Chairman and Managing Director are currently not separated. The Managing Director is primarily responsible for the orderly conduct and the working of the Board, day to day running of the business and implementation of Board policies and decisions. There is sufficient balance of executive directors such that decision made are fully discussed and examined taking into account the long

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

term interest of shareholders, employees, customers and other communities in which the Group conducts its business. The presence 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.

## RE-ELECTION

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

## SUPPLY OF INFORMATION TO THE BOARD

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

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

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

## THE AUDIT COMMITTEE

The details are shown in the accompanying report of the Audit Committee on pages 15 to 18.

## THE EMPLOYEE SHARE OPTION SCHEME COMMITTEE ("ESOS")

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

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

## THE INVESTMENT COMMITTEE

The Investment Committee comprises three (3) members namely Mr. Tan Lye Huat (Chairman- Group Executive Chairman and Managing Director), Mr. Tan Ho Foot (Executive Director) and Mr. Hau Hock Khun (Independent Non-Executive Director).

### Investment policy on Quoted Securities

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## THE REMUNERATION COMMITTEE

The details are shown in the accompanying report of the Remuneration on page 19.

## THE NOMINATION COMMITTEE

The details are shown in the accompanying report of Nomination Committee on page 20.

## DIRECTORS' TRAINING

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training or orientation programme for Directors.

All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia. The Directors continue to undergo the Continuous Education Program to enhance their skills and knowledge, where relevant.

The following are the courses and training programmes attended by the Directors during the financial year ended 31st October 2009.

Directors	Training Programmes Attended	Date
Tan Lye Huat	DISC for Team Development	2 & 3 May 2009
Tan Kim Lai	DISC for Team Development	2 & 3 May 2009
Tan Ho Foot	DISC for Team Development	2 & 3 May 2009
Tan Sook Yee	DISC for Team Development Domestic Inquiry Documentation & Procedures ISO 9001:2008 Transition	2 & 3 May 2009 13 & 14 May 2009 29 July 2009
Chu Kan	Management of Change Blue Ocean Strategy Financial Instruments: Recognition, Measurement, Disclosure and Presentation An Insight into Corporate Frauds – Real-life Illustrations	1 November 2008 20 December 2008 18 & 19 June 2009 29 August 2009
Rita Tai Lai Ling	Mandatory Accreditation Programme for Directors of Public Listed Companies	29 & 30 September 2009
Hau Hock Khun	Mandatory Accreditation Programme for Directors of Public Listed Companies	29 & 30 September 2009

## DIRECTORS' REMUNERATION

All the Independent Non-Executive Directors will receive director fees subject to shareholders approval at the forthcoming Annual General Meeting. The Independent Non-Executive Directors were also paid meeting allowance. However none of the Independent Non-Executive Directors had received meeting allowance which exceeded RM10,000 each in the year.

The level of remuneration of each Director reflects the level of responsibility and commitment, which goes with the Board membership. It is the Board's and Remuneration Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors of the caliber needed to run the Group successfully.

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## Disclosure of Remuneration

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

The aggregate remuneration packages of the directors for the financial year ended 31 October 2009 are as follows: -

Category	Fees RM'000	Salaries & Allowances RM'000	Bonuses & Incentives RM'000	Employer Provident Fund RM'000	Benefits-in- Kind RM'000	Total RM'000
Executive Directors	-	585	40	70	42	737
Independent Non-Executive Directors	37	8	-	-	-	45
Total	37	593	40	70	42	782

Range of Remuneration inclusive Attendance Allowance (RM)	Executive Director	Independent Non-Executive Director
Below -25,000	-	3
25,001 – 50,000	-	-
50,001 – 100,000	2	-
100,001 – 150,000	1	-
450,001 – 500,000	1	-

## RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

12

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

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

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

H & L also maintain a website ([www.insage.com.my/ir/HIGHTEC](http://www.insage.com.my/ir/HIGHTEC)) through which shareholders and the general public can obtain up-to-date information on the trading and products information.

## FINANCIAL REPORTING

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



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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

### RELATIONSHIP WITH AUDITORS

The role of the Audit Committee in relation to the external auditors is stated on page 17.

### COMPLIANCE WITH THE CODE

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

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

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

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

### STATE OF INTERNAL CONTROL

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

The Statement of Internal Control is set out on page 21 of the annual report provides an overview of the state of internal controls within the Group.

### CORPORATE SOCIAL RESPONSIBILITY

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

The Company organized a Family Day in conjunction with a Team Building exercise to recognize and highlight the importance of the family unit as building blocks of the society. The 2-day event saw a participation from all of our employees and their immediate family members who joined us in Port Dickson for a weekend of introductory and team games, accompanied by lots of laughter and food. It is a great encouragement to see the employees and their families taking part enthusiastically and bonding in a casual environment.

# 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	Remuneration Committee Nomination Committee ESOS Committee Investment Committee	Nil	7/7	1/1
2 Tan Ho Foot	Kumpulan H & L High-Tech Berhad	Investment Committee	NIL	6/7	n/a
3 Tan Kim Lai	Kumpulan H & L High-Tech Berhad	NIL	NIL	7/7	n/a
4 Chu Kan	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee ESOS Committee	NIL	7/7	5/5
5 Samat Bin Junai (resigned as director w.e.f. 5 August 2009)	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee Investment Committee	NIL	3/6	3/4
6 Chong Yew Kiang (resigned as director w.e.f. 23 June 2009)	Kumpulan H & L High-Tech Berhad Ni Hsin Resources Berhad	Audit Committee Remuneration Committee Nomination Committee	NIL	4/6	4/4
7 Tan Sook Yee	Kumpulan H & L High-Tech Berhad	NIL	NIL	4/7	n/a
8 Rita Tai Lai Ling (appointed as director w.e.f. 23 June 2009)	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee	NIL	1/1	1/1
9 Hau Hock Khun (appointed as director w.e.f. 5 August 2009)	Kumpulan H & L High-Tech Berhad	Audit Committee Remuneration Committee Nomination Committee Investment Committee	NIL	1/1	1/1

# 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 2009 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 1. MEMBER

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2009 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### MEMBERS AND MEETINGS ATTENDANCE

Name	Membership status	Attendance
• Chu Kan	Chairman, Independent Non-Executive Director	5 out of 5
• Rita Tai Lai Ling (appointed on 23.6.2009)	Independent Non-Executive Director	1 out of 1
• Hau Hock Khun (appointed on 5.8.2009)	Independent Non-Executive Director	1 out of 1
• Samat bin Junai (resigned on 5.8.2009)	Independent Non-Executive Director	3 out of 4
• Chong Yew Kiang (resigned on 23.6.2009)	Independent Non-Executive Director	4 out of 4

### Date, Time and Place of the Audit Committee Meetings held

Date	Time	Place
22 December 2008	2.30 p.m.	Boardroom
17 February 2009	2.30 p.m.	No.6 Jalan TSB 1
30 March 2009	2.30 p.m.	Taman Industri Sg. Buloh
23 June 2009	2.30 p.m.	47000 Sg Buloh
28 September 2009	2.30 p.m.	Selangor Darul Ehsan

## 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.



# AUDIT COMMITTEE REPORT (CONT'D)

## Membership

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

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

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

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

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

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

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

## Authority & Rights

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

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

## AUDIT COMMITTEE REPORT (CONT'D)

### 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 kept informed of matters affecting the Company.

The Audit Committee members shall meet with external auditors without Executive Board members at least twice a year.

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

The Company Secretary shall be Secretary of the Committee.

## AUDIT COMMITTEE REPORT (CONT'D)

### 3. SUMMARY OF ACTIVITIES

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

The internal auditors have conducted audit reviews on the work performance to assess the system of internal control of purchasing and payable cycle.

Five (5) meetings of the Committee were held during the financial year ended 31 October 2009, except for Samat Bin Junai, all of the committee members had attended these meetings.

- a. At each of these Audit Committee's meetings, the accountants of the Group's respective wholly owned subsidiaries were invited to brief the Audit Committee on specific issues.
- b. The reviews of the Group's quarterly and year-to-date unaudited financial statements were made before submission to the Board for their consideration and approval. During the respective Board Meetings, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon.
- c. During the review of the Group's twelve-month's financial results, representatives of the External Auditors, Messrs SJ Grant Thornton was invited to discuss the Group Accounts for the year ended 31 Oct 2009. Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the said Group Accounts; together with recommendations in respect of the findings; and
- d. Reviewed the internal audit reports presented and considered the significant findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by Management

### 4. INTERNAL AUDIT FUNCTION

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

- a. Undertakes the internal audit of the Group's operating units; ascertaining the extent of the units compliance with the established internal control procedures, policies and statutory requirements; highlighting the weaknesses and recommending improvements to the existing systems of controls;
- b. Assist in reviewing the adequacy and effectiveness of the Group's processes for controlling its activities;
- c. To review and appraise the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable costs; and
- d. Periodically provide information on the status and results of the internal audit plan.

# REMUNERATION COMMITTEE AND TERMS OF REFERENCE

The Remuneration Committee comprises the following directors during the year:

• Rita Tai Lai Ling ( <i>appointed on 23.6.2009</i> )	Chairperson, Independent Non-Executive Director
• Hau Hock Khun ( <i>appointed on 5.8.2009</i> )	Independent Non-Executive Director
• Chu Kan	Independent Non-Executive Director
• Tan Lye Huat	Group Executive Chairman and Managing Director
• Chong Yew Kiang ( <i>resigned on 23.6.2009</i> )	Independent Non-Executive Director
• Samat Bin Junai ( <i>resigned on 5.8.2009</i> )	Independent Non-Executive Director

## Membership

- (a) The members of the Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly of Non-Executives and shall consist not less than three (3) members.
- (b) The members of the Committee shall elect the Chairman from amongst their number 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 year ended 31st October 2009, three 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 year

- |   |   |  |
|---|---|--|
| • | Hau Hock Khun ( <i>appointed on 5.8.2009</i> )      | Chairman, Independent Non-Executive Director   |
| • | Chu Kan   | Independent Non-Executive Director             |
| • | Tan Lye Huat  | Group Executive Chairman and Managing Director |
| • | Rita Tai Lai Ling ( <i>appointed on 23.6.2009</i> ) | Independent Non-Executive Director             |
| • | Samat Bin Junai ( <i>resigned on 5.8.2009</i> )     | Independent Non-Executive Director             |
| • | Chong Yew Kiang ( <i>resigned on 23.6.2009</i> )    | Independent Non-Executive Director             |
- (a) The members of the Nomination Committee shall be appointed by the Board from amongst their number, consisting of wholly or mainly Non-Executives and shall consist not less than three (3) members.
- (b) The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.
- (c) If the number of members for any reasons fall below three (3), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval appropriate Director to fill the vacancy.
- (d) The term of office for all members of the Committee is subject to renewal on a yearly basis.
- (e) The Company Secretary shall be the Secretary of the Committee.
- (f) Directors do not participate in decisions on their own nomination.

## Terms of Reference

- (a) To propose new nominees for the Boards and its subsidiaries whether to be filled by Board members, shareholders or executives.
- The Committee shall also consider candidates for directorships proposed by the Managing Director and within the bounds of practicality by any other senior executive or any director or shareholder.
- (b) To make recommendations to the Board of Directors to fill seats on Board Committees.
- (c) To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board.
- (d) To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- (e) To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.

## Meetings and Procedures

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements.

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

During the financial year ended 31st October 2009, three meetings were held, which was attended by all members of the Nomination Committee.

# INTERNAL CONTROL STATEMENT

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board has prepared the following statement in accordance with paragraph 15.26 (b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (BMSB).

## Board Responsibility

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

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

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

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

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

This statement is made in accordance with the resolution of Board of Directors dated 23 February 2010.

## 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 2009 amounted to RM 5,000 (2008: 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 share buy-back during the financial year. The details of purchase are as follow:-

Month/Year	Number of shares	Highest Price per share (RM)	Lowest Price per share (RM)	Average Price per share (RM)	Total Purchase Consideration (RM)
Nov/2008	750,900	0.880	0.770	0.868	651,872

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

	As at 1.11.2008	Purchase	Sold / Cancelled / Distributed	As at 31.10.2009
Number of shares	3,130,900	750,900	(918,240)	2,963,560
At Cost (RM)	2,603,392	651,872	(770,403)	2,484,861

A total of 918,240 treasury shares were distributed to eligible shareholders on 20 May 2009 as share dividend in respect of financial year ended 31 October 2008.

### 4. Sanctions and /or Penalties Imposed

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

### 5. Depository Receipt Programme

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

### 6. Material Contracts

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

### 7. Variation in results

There was no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

### 8. Profit Guarantees

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

### 9. Utilisation of Proceeds

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

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

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

### 11. Options , Warrants or Convertible Securities

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

# FINANCIAL STATEMENTS

<b>24</b>	Directors' Report
<b>29</b>	Statement by Directors
<b>30</b>	Statutory Declaration
<b>31</b>	Independent Auditors' Report
<b>33</b>	Balance Sheets
<b>35</b>	Income Statements
<b>36</b>	Statements of Changes in Equity
<b>38</b>	Cash Flow Statements
<b>41</b>	Notes to the Financial Statements





# 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 2009.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 17 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.

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	51,835	306,025
Attributable to:-		
Equity holders of the Company	95,191	
Minority interests	(43,356)	
	51,835	

## 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 2008 and was paid on 21 May 2009:-	
First and final tax exempt dividend of 0.5 sen per ordinary share for total ordinary shares of 36,730,285	183,651
A share dividend of one (1) Treasury Share in the Company for every forty (40) fully and paid-up ordinary shares of RM1.00 each had been declared and the distributed Treasury shares are not entitled to First and Final Tax Exempt Dividend of 0.5 sen per ordinary share of RM1.00 each for the financial year ended 31 October 2008.	

At the forthcoming Annual General Meeting, a first and final tax exempt dividend, in respect of financial year ended 31 October 2009, of 1.00 sen per ordinary share will be proposed for shareholders' approval. The financial statements for current financial year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of unappropriated profit in financial year ending 31 October 2010.

## DIRECTORS' REPORT (CONT'D)

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity.

### ISSUE OF SHARES AND DEBENTURES

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

### TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 28 April 2009. 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.

During the financial year, the Company repurchased 750,900 ordinary shares of RM1.00 each of its issued share capital from the open markets. The average price paid for the shares repurchased was approximately RM0.865 per share. The repurchase transactions were financed by internal generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965.

The Company has the right to cancel or to cancel, 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 balance sheet date.

As at the balance sheet date, the number of ordinary shares in issue after deducting treasury shares against equity is 37,648,525 ordinary shares of RM1.00 each.

25

### INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate allowance had been made for doubtful debts; 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 the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

## DIRECTORS' REPORT (CONT'D)

### INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

- (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.

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 its obligations as and when they fall due.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

### OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:-

- (a) 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
- (b) 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.

### DIRECTORS

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

Tan Lye Huat	<i>(Group Executive Chairman and Managing Director)</i>
Tan Kim Lai	<i>(Executive Director)</i>
Tan Ho Foot	<i>(Executive Director)</i>
Tan Sook Yee	<i>(Executive Director)</i>
Chu Kan	<i>(Independent Non-Executive Director)</i>
Rita Tai Lai Ling	<i>(Independent Non-Executive Director) (appointed on 23.6.2009)</i>
Hau Hock Khun	<i>(Independent Non-Executive Director) (appointed on 5.8.2009)</i>
Chong Yew Kiang	<i>(Independent Non-Executive Director) (resigned on 23.6.2009)</i>
Samat bin Junai	<i>(Independent Non-Executive Director) (resigned on 5.8.2009)</i>

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS (CONT'D)

In accordance with Article 97 of the Company's Articles of Association, Tan Ho Foot, retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself or re-election.

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

Company	Ordinary shares of RM1.00 each			
	At 1.11.2008	Bought/ Share Dividend	Sold	At 31.10.2009
<b>Direct interest</b>				
Tan Lye Huat	1,696,851	42,421	-	1,739,272
Tan Ho Foot	555,807	13,895	-	569,702
Tan Kim Lai	1,661,871	41,547	-	1,703,418
Tan Sook Yee	502,200	12,556	-	514,756
<b>Indirect interest</b>				
Tan Lye Huat	22,213,040	1,005,328	-	23,218,368
Tan Ho Foot	17,379,250	434,481	-	17,813,731
Tan Kim Lai	16,273,186	406,829	-	16,680,015
Tan Sook Yee	18,369,486	909,238	-	19,278,724

By virtue of the interest in shares of the Company, Tan Lye Huat, Tan Ho Foot, Tan Kim Lai 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 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 (except for those disclosed in Note 26 and 30 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 he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' REPORT (CONT'D)

### AUDIT COMMITTEE

The members of the Audit Committee are:-

Chu Kan	<i>(Chairman of audit committee, Independent Non-Executive Director)</i>
Rita Tai Lai Ling	<i>(Independent Non-Executive Director) (appointed on 23.6.2009)</i>
Hau Hock Khun	<i>(Independent Non-Executive Director) (appointed on 5.8.2009)</i>
Chong Yew Kiang	<i>(Independent Non-Executive Director) (resigned on 23.6.2009)</i>
Samat bin Junai	<i>(Independent Non-Executive Director) (resigned on 5.8.2009)</i>

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.

### AUDITORS

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

On behalf of the Board

TAN LYE HUAT  
DIRECTORS

TAN KIM LAI  
DIRECTORS

Kuala Lumpur  
23 February 2010



# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 33 to 77 are drawn up in accordance with Financial Reporting Standards and 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 2009 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board

TAN LYE HUAT  
DIRECTORS

TAN KIM LAI  
DIRECTORS

Kuala Lumpur  
23 February 2010

# 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 33 to 77 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       )  
23 February 2010                               )       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 the balance sheets of the Group and of the Company as at 31 October 2009, the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 77.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2009 and of their financial performance and cash flows for the financial year then ended.

### 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary company of which we have not acted as auditors, as disclosed in Note 17 to the Financial Statements.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

### TO THE MEMBERS OF KUMPULAN H&L HIGH-TECH BERHAD

- c) We are satisfied that the financial statements 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.
- d) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any comment made under Section 174 (3) of the Act.

#### Other Matters

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

DATO' N. K. JASANI  
CHARTERED ACCOUNTANT  
(NO: 708/03/10(J/PH))

# BALANCE SHEETS

AS AT 31 OCTOBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
SHARE CAPITAL	5	40,612,085	40,612,085	40,612,085	40,612,085
TREASURY SHARES	6	(2,484,861)	(2,603,392)	(2,484,861)	(2,603,392)
SHARE PREMIUM		-	252,460	-	252,460
REVALUATION RESERVE	7	1,543,721	1,549,974	-	-
EXCHANGE TRANSLATION RESERVE	8	129,193	151,677	-	-
UNAPPROPRIATED PROFIT		9,614,681	10,221,084	3,078,470	3,474,039
Equity attributable to equity holders of the Company		49,414,819	50,183,888	41,205,694	41,735,192
Minority interests		582,623	635,155	-	-
Total equity		49,997,442	50,819,043	41,205,694	41,735,192
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	9	1,423,922	2,105,449	-	-
Hire purchase creditors	10	78,690	184,205	-	-
Government grants	11	62,818	-	-	-
Deferred taxation	12	2,543,139	2,673,569	-	-
		54,106,011	55,782,266	41,205,694	41,735,192

## BALANCE SHEETS (CONT'D)

### As At 31 October 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Represented by:-					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	13	16,140,073	18,656,414	-	-
Investment properties	14	14,623,960	14,800,076	-	-
Land held for property development	15	2,909,359	2,909,359	-	-
Prepaid land lease payments	16	2,012,106	2,036,947	-	-
Investment in subsidiary companies	17	-	-	23,116,967	23,116,967
Other investments	18	389,450	671,700	-	-
Total non-current assets		36,074,948	39,074,496	23,116,967	23,116,967
<b>CURRENT ASSETS</b>					
Inventories	19	3,903,799	3,992,735	-	-
Trade receivables	20	4,394,844	5,652,007	-	-
Other receivables	21	730,784	514,359	10,780	21,657
Amount due from subsidiary companies	17	-	-	17,229,423	17,112,294
Tax recoverable		390,212	53,141	540	1,300
Fixed deposits with licensed banks	22	10,506,009	8,612,632	895,212	1,529,651
Cash and bank balances		1,699,463	1,819,022	12,124	3,377
Total current assets		21,625,111	20,643,896	18,148,079	18,668,279
<b>LESS: CURRENT LIABILITIES</b>					
Trade payables	23	828,392	746,489	-	-
Other payables	24	1,986,009	2,490,569	59,352	50,054
Government grants	11	20,940	-	-	-
Tax payable		64,931	49,930	-	-
Borrowings	9	693,776	649,138	-	-
Total current liabilities		3,594,048	3,936,126	59,352	50,054
<b>NET CURRENT ASSETS</b>		18,031,063	16,707,770	18,088,727	18,618,225
		54,106,011	55,782,266	41,205,694	41,735,192

# INCOME STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Revenue	25	19,370,713	29,785,799	504,000	1,600,000
Cost of sales	25	(15,175,929)	(21,249,754)	-	-
Gross profit		4,194,784	8,536,045	504,000	1,600,000
Other income		1,243,650	976,935	28,020	31,896
Selling and distribution expenses		(857,421)	(1,198,274)	-	-
Administration expenses		(3,093,527)	(3,266,015)	(106,108)	(92,157)
Other expenses		(1,239,222)	(1,555,809)	(119,887)	(98,325)
Finance costs		(180,232)	(238,074)	-	-
Profit before taxation	26	68,032	3,254,808	306,025	1,441,414
Taxation	27	(16,197)	(1,067,126)	-	(625)
Profit for the financial year		51,835	2,187,682	306,025	1,440,789
Attributable to:-					
Equity holders of the Company		95,191	2,167,532		
Minority interest		(43,356)	20,150		
		51,835	2,187,682		
Earnings per share attributable to the equity holder of the Company (sen)	28	0.26	5.70		
Proposed Dividend per share:-					
First and final dividend tax exempt (sen)	29	1.00	0.50		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2009

Attributable to equity holders of the Company									
◀──									

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

## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2009

	◀ Non-Distributable ▶		◀ Distributable ▶		Total RM
	Share capital RM	Share premium RM	Treasury shares RM	Unappropriated profit RM	
<b>Company</b>					
Balance at 1 November 2007	40,612,085	252,460	(1,135,242)	2,974,369	42,703,672
Profit for the financial year	-	-	-	1,440,789	1,440,789
Purchase of treasury shares	-	-	(1,468,150)	-	(1,468,150)
Dividend paid (Note 29)	-	-	-	(941,119)	(941,119)
Balance at 31 October 2008	40,612,085	252,460	(2,603,392)	3,474,039	41,735,192
Profit for the financial year	-	-	-	306,025	306,025
Purchase of treasury shares	-	-	(651,872)	-	(651,872)
Treasury shares (Note 29)	-	(252,460)	770,403	(517,943)	-
Dividend paid (Note 29)	-	-	-	(183,651)	(183,651)
Balance at 31 October 2009	40,612,085	-	(2,484,861)	3,078,470	41,205,694

# CASH FLOW STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		68,032	3,254,808	306,025	1,441,414
Adjustments for:-					
Allowance for doubtful debts		11,131	1,092	-	-
Allowance for slow moving inventories		35,471	172,063	-	-
Allowance for diminution in value of quoted shares		-	64,841	-	-
Amortisation of prepaid land lease payments		24,841	24,839	-	-
Amortisation of deferred income		(20,940)	(11,197)	-	-
Depreciation of investment properties		176,116	178,440	-	-
Depreciation of property, plant and equipment		2,694,803	2,776,169	-	-
Dividend income		(9,389)	(9,190)	(504,000)	(1,600,000)
Interest income		(200,188)	(278,174)	(28,020)	(31,896)
Inventories written off		236,365	-	-	-
Interest expenses		180,223	238,059	-	-
Unrealised (gain)/loss on foreign exchange		(97,616)	32,312	-	-
Gain on disposal of property, plant and equipment		(27,457)	(152,774)	-	-
Impairment of property, plant and equipment		-	6,384	-	-
Gain on disposal of other investments		(42,349)	(14,422)	-	-
Allowance for doubtful debts no longer required		(9,743)	-	-	-
Allowance for diminution in value of quoted shares no longer required		(65,371)	(2,720)	-	-
Allowance for slow moving inventories no longer required		(172,063)	-	-	-
Allowance for diminution in value of other investments no longer required		-	(39,005)	-	-
Property, plant and equipment written off		-	1	-	-
		2,781,866	6,241,526	(225,995)	(190,482)
Inventories		(10,837)	(1,275,956)	-	-
Receivables		1,136,966	1,474,335	10,769	1,600
Payables		(422,650)	(1,331,055)	9,298	(6,177)
Subsidiary companies		-	-	(117,129)	2,178,176

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

## CASH FLOW STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Cash generated from/(used in) operations		3,485,345	5,108,850	(323,057)	1,983,117
Interest paid		(180,223)	(238,059)	-	-
Interest received		200,188	278,174	28,128	32,004
Tax refund		1,300	77,588	1,300	3,664
Tax paid		(469,997)	(843,724)	(540)	(1,300)
Net cash from/(used in) operating activities		3,036,613	4,382,829	(294,169)	2,017,485
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received from quoted investments		9,389	6,771	-	-
Dividend received from subsidiary companies		-	-	504,000	1,600,000
Proceeds from disposal of property, plant and equipment		27,703	167,907	-	-
Proceeds from disposal of quoted shares		389,970	188,256	-	-
Purchase of property, plant and equipment	A	(212,399)	(2,313,954)	-	-
Purchase of quoted shares		-	(603,075)	-	-
Incorporation of a new subsidiary company		-	-	-	(4)
Net cash from/(used in) investing activities		214,663	(2,554,095)	504,000	1,599,996
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Purchase of treasury shares		(651,872)	(1,468,150)	(651,872)	(1,468,150)
Repayment of hire purchase		(105,515)	(242,850)	-	-
Additional investment by minority interests		-	126,000	-	-
Dividend paid		(183,651)	(941,119)	(183,651)	(941,119)
Repayment of term loan		(636,889)	(582,637)	-	-
Government grant received		104,698	-	-	-
Net cash used in financing activities		(1,473,229)	(3,108,756)	(835,523)	(2,409,269)
<b>CASH AND CASH EQUIVALENTS</b>					
Net increase/(decrease)		1,778,047	(1,280,022)	(625,692)	1,208,212
Effect of exchange rate changes		(4,229)	(4,089)	-	-
Brought forward		10,431,654	11,715,765	1,533,028	324,816
Carried forward	B	12,205,472	10,431,654	907,336	1,533,028

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



## CASH FLOW STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2009

#### A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment with an aggregate cost of RM212,399 (2008: RM2,613,954) of which RMNil (2008: RM300,000) were acquired by means of hire purchase. Cash payments of RM212,399 (2008: RM2,313,954) for the Group were made to purchase the property, plant and equipment.

#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets items:-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	1,699,463	1,819,022	12,124	3,377
Fixed deposits with licensed banks (Note 22)	10,506,009	8,612,632	895,212	1,529,651
	12,205,472	10,431,654	907,336	1,533,028

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2009

## 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Companies Act, 1965 in Malaysia and Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

## 2. FINANCIAL RISK MANAGEMENT POLICIES

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

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

The main risk arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk, market risk, liquidity and cash flow risks. The Board reviews and agrees policies for managing each of these risks and they are summaries below:-

### (a) Foreign currency risk

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

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

### (b) Credit risk

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

### (c) Interest rate risk

The Group's guideline is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

### (d) Market risk

For key product purchases, the Group establishes floating and fixed price levels that the Group consider acceptable and enter into physical supply or derivative agreements, where necessary, to achieve these levels. The Group does not face significant exposure from the risk of changes in prices.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 2. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (e) Liquidity and cash flow risks

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Accounting convention

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

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency.

#### 3.2 Adoption of revised Financial Reporting Standards ("FRS")

The following are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company:-

- |      |                         |   |
|------|-------------------------|---|
| (1)  | Amendments to FRS 1     | - First-time Adoption of Financial Reporting Standards. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate  |
| (2)  | FRS 1 (#)               | - First-time Adoption of Financial Reporting Standards  |
| (3)  | Amendments to FRS 2     | - Share-Based Payment. Amendments relating to vesting conditions and cancellations  |
| (4)  | Amendments to FRS 2 (#) | - Share Based Payment. Amendments Relating to the scope of the standard   |
| (5)  | FRS 3 (#)               | - Business Combinations   |
| (6)  | FRS 4                   | - Insurance Contracts   |
| (7)  | Amendment to FRS 5      | - Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations |
| (8)  | Amendments to FRS 5 (#) | - Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard                        |
| (9)  | FRS 7                   | - Financial Instruments: Disclosures  |
| (10) | Amendment to FRS 7      | - Financial Instruments: Disclosures. Amendment relating to financial assets  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Adoption of revised Financial Reporting Standards ("FRS") (cont'd)

The following are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

- |                            |   |
|----------------------------|---|
| (11) FRS 8                 | - Operating Segments  |
| (12) Amendment to FRS 8    | - Operating Segments. Amendment relating to disclosure information about segment assets   |
| (13) FRS 101               | - Presentation of Financial Statements (Revised)  |
| (14) Amendment to FRS 107  | - Statements of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets   |
| (15) Amendment to FRS 108  | - Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies                         |
| (16) Amendments to FRS 110 | - Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period                   |
| (17) Amendment to FRS 116  | - Property, Plant and Equipment. Amendment relating to derecognition of asset   |
| (18) Amendment to FRS 117  | - Leases. Amendment relating to classification of leases  |
| (19) Amendment to FRS 118  | - Revenue. Amendment relating to Appendix of this standard and recognition and measurement  |
| (20) Amendment to FRS 119  | - Employee Benefits. Amendment relating to definition, curtailment and settlements  |
| (21) Amendment to FRS 120  | - Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan at below-market rate of interest |
| (22) FRS 123               | - Borrowing Costs   |
| (23) Amendments to FRS 123 | - Borrowing costs. Amendment relating to exclusion of incidental cost to borrowing  |
| (24) Amendments to FRS 127 | - Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate            |
| (25) FRS 127 (#)           | - Consolidated and Separate Financial Statements.   |
| (26) Amendment to FRS 128  | - Investments in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard                           |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Adoption of revised Financial Reporting Standards ("FRS") (cont'd)

The following are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

- |  |  |
|--|--|
| (27) Amendment to FRS 129                  | - Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used   |
| (28) Amendment to FRS 131                  | - Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131                                |
| (29) Amendment to FRS 132                  | - Financial Instruments: Presentation. Amendment relating to puttable financial instruments  |
| (30) Amendment to FRS 134                  | - Interim Financial Reporting. Amendment relating to disclosure of earnings per share  |
| (31) Amendment to FRS 136                  | - Impairment of Assets. Amendment relating to the disclosure of recoverable amount   |
| (32) Amendment to FRS 138                  | - Intangible Assets. Amendment relating to recognition of an expense   |
| (33) Amendments to FRS 138 (#)             | - Intangible Assets. Amendments relating to the revision to FRS 3  |
| (34) FRS 139                               | - Financial Instruments: Recognition and Measurement   |
| (35) Amendment to FRS 139                  | - Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives |
| (36) Amendment to FRS 140                  | - Investment Property. Amendment relating to inability to determine fair value reliably  |
| (37) IC Interpretation 9                   | - Reassessment of Embedded Derivatives   |
| (38) Amendments to IC Interpretation 9 (#) | - Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3   |
| (39) IC Interpretation 10                  | - Interim Financial Reporting and Impairment   |
| (40) IC Interpretation 11                  | - FRS 2 - Group and Treasury Share Transactions  |
| (41) IC Interpretation 12 (#)              | - Service Concession Arrangement   |
| (42) IC Interpretation 13                  | - Customer Loyalty Programmes  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Adoption of revised Financial Reporting Standards ("FRS") (cont'd)

The following are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

- |                               |  |
|-------------------------------|--|
| (43) IC Interpretation 14     | - FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| (44) IC Interpretation 15 (#) | - Agreements for the Construction of Real Estate   |
| (45) IC Interpretation 16 (#) | - Hedges of a Net Investment in a Foreign Operation  |
| (46) IC Interpretation 17 (#) | - Distributions of Non-Cash Assets to Owners   |

All of the above Amendments, IC Interpretations and FRSs will be effective for accounting period beginning on or after 1 January 2010, other than FRS 8- and those marked with (#) which will be applicable to accounting period beginning on or after 1 July 2009 and 1 July 2010 respectively. The existing FRS 1, 3, 127 as well as FRS 2012004 will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010.

The following are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

FRS 1, 2, 4, 5, 128, 129, 131 and 138, IC Interpretations 9, 10, 11, 12, 13, 14, 15, 16 and 17 are not expected to be relevant to the operations of the Group and of the Company. The Directors anticipate that the other FRS, amendments to FRS and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company for the financial year commencing 1 November 2010 and that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following:

#### FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

#### FRS 7- Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Adoption of revised Financial Reporting Standards ("FRS") (cont'd)

##### FRS 8 Operating Segments

FRS 8, which replaces FRS 1142004 Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Group identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

The following are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

##### FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

##### FRS 127 – Consolidated and Separate Financial Statements

The revised standard required the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

##### FRS 139- Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as require by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

#### 3.3 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 accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They 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. Actual result may differ from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Significant Accounting Estimates and Judgements (cont'd)

##### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have 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**

The Group is exposed to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide 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.

##### **Impairment of property, plant and equipment and investment properties**

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit to which the property, plant and equipment and investment properties are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generated unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

##### **Depreciation of property, plant and equipment and investment properties**

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their useful life. Management estimated the useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

#### 3.4 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.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Acquisition of subsidiary companies is accounted for using the acquisition method. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Basis of consolidation (cont'd)

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

#### 3.5 Property, plant and equipment

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

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

Depreciation is provided on the straight line method in order to write off the cost of each asset over its estimated useful life.

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

Long leasehold 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)

31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Property, plant and equipment (cont'd)

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

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

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

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

#### 3.6 Subsidiary companies

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

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

#### 3.7 Other investments

Non-current investments other than investment in subsidiary companies are shown at cost and allowance is only made where, in the opinion of the Directors, there is an indication of impairment exist. Impairment in the value of an investment is recognised as an expense in the period in which the impairment is identified.

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived using the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.8 Investment properties

Investment properties consist of freehold 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 treated as long-term investments and are measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of 31 to 50 years for buildings. Freehold land is not depreciated.

Investment properties are derecognised when either they are disposed of 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 income statement in the financial year of retirement or disposal.

#### 3.9 Land held for property development

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

Cost associated with the acquisition of land includes the purchase price of the land and incidental costs directly attributable to its acquisition.

#### 3.10 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value after adequate specific allowance has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

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 cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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

#### 3.11 Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An allowance is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.12 Payables

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

##### 3.13 Assets acquired under lease agreements

###### (a) Finance lease and hire-purchase

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

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

###### (b) Prepaid land lease payments

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

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

##### 3.14 Foreign currency transactions and balances

The financial statements are presented in Ringgit Malaysia, which is also the main functional currency of the Group and of the Company.

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date.

The assets and liabilities of the foreign entities, including goodwill and fair value adjustments arising on the acquisitions, are translated to Ringgit Malaysia at the closing rates. The operating results are translated to Ringgit Malaysia at the exchange rates at the average rates during the financial year.

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised, are included in the income statement as they arise.

Financial statements of foreign subsidiary company are translated at year-end exchange rates with respect to the assets and liabilities. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.14 Foreign currency transactions and balances (cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on and after 1 January 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate at the balance sheet date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity before 1 January 2006 are deemed to be assets and liabilities of the Company and translated at the exchange rate ruling at the date of the acquisition.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in the income statement as a component of the gain or loss on disposal.

All other foreign exchange differences are taken to the income statement in the financial year in which they arise.

#### 3.15 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted by the balance sheet date.

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

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

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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

#### 3.16 Deferred income

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

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

Government grant used for financial support, assistance or to reimburse costs incurred by the Group are recognised in the income statement of the period in which they become receivable.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 3.18 Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. Intangible asset with indefinite useful life such as goodwill is tested for impairment at least once annually 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 a 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 the income statement in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill 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 years.

All reversals of impairment losses are recognised as income immediately in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as revaluation increase. 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Revenue recognition

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

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

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

Interest income is recognised in the income statement on 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 and the Company.

#### 3.20 Employee benefits

##### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense 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.

##### (ii) Defined contribution plan

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 an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). The Company's foreign subsidiary company also make contributions to its country statutory pension schemes.

#### 3.21 Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of unappropriated profits in the period in which they are declared and approved.

#### 3.22 Cash and cash equivalents

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.23 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 non or more uncertain future events not wholly within the control of the Group. It can also be present obligation arising from past events that is not recognised because 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.

#### 3.24 Equity instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and shares premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

##### *Treasury share*

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 income statement 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.

#### 3.25 Segmental results

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangible assets and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. The majority of the segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include tax recoverable and deferred income taxes.

#### 3.26 Inter-segment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length transactions. These transfers are eliminated on consolidation.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 4. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 17 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 Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan. The principal place of business of the Company is located at No. 6, Jalan TSB1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.

The financial statements were authorised for issued by the Board of Directors in accordance with a resolution of the Directors on 23 February 2010.

### 5. SHARE CAPITAL

	Group and Company 2009 RM	2008 RM
Authorised:-		
Ordinary shares of RM1.00 each 50,000,000 shares at beginning/end of financial year	50,000,000	50,000,000
Issued and fully paid up:-		
Ordinary shares of RM1.00 each 40,612,085 shares at beginning/end of financial year	40,612,085	40,612,085

### 6. TREASURY SHARES

	Group and Company			
	2009		2008	
	No. of treasury share	RM	No. of treasury share	RM
At beginning of financial year	3,130,900	2,603,392	1,469,900	1,135,242
Share repurchase as treasury share	750,900	651,872	1,661,000	1,468,150
Distribution of treasury share	(918,240)	(770,403)	-	-
Balance at end of financial year	2,963,560	2,484,861	3,130,900	2,603,392

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 April 2009. 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.

During the financial year, the Company repurchased 750,900 (2008: 1,661,000) of its issued share capital from the open market at the average price paid of approximately RM0.868 (2008: RM0.88) per share. The repurchase transactions were financed by internally generated funds.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 6. TREASURY SHARES (CONT'D)

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

As at the balance sheet date, the Group held 2,963,560 (2008: 3,130,900) of the Company's shares and the number of outstanding shares in issue after setting treasury shares off against equity is 37,648,525 (2008: 37,481,185).

No treasury shares were sold during the financial year.

### 7. REVALUATION RESERVE

	Group 2009 RM	2008 RM
At beginning of financial year	1,549,974	1,530,510
Transferred (to)/from deferred taxation	(6,253)	19,464
At end of financial year	1,543,721	1,549,974

### 8. EXCHANGE TRANSLATION RESERVE

The exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the foreign subsidiary company.

### 9. BORROWINGS

	Group 2009 RM	2008 RM
<b>Current</b>		
<b>Secured:-</b>		
Term loan	693,776	649,138
<b>Non-current</b>		
<b>Secured:-</b>		
Term loan	1,423,922	2,105,449
	2,117,698	2,754,587
Repayment terms		
- not later than 1 year	693,776	649,138
- between 1 to 5 years	1,423,922	2,105,449
	2,117,698	2,754,587

The above term loan is secured by the investment properties of a subsidiary company as set out in Note 14 to the Financial Statements. This repayment terms of term loan vary from monthly to quarterly.

The borrowings bear interest at rate of 7.45% (2008: 7.45%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 10. HIRE PURCHASE CREDITORS

	Group	
	2009 RM	2008 RM
Minimum lease payments		
- not later than 1 year	111,079	152,604
- later than 1 year but not later than 5 years	80,058	191,295
	191,137	343,899
Less: Interest-in-suspense	(7,024)	(18,040)
Present value of hire purchase creditors	184,113	325,859
Present value of hire purchase creditors		
- not later than 1 year	105,423	141,654
- later than 1 year but not later than 5 years	78,690	184,205
	184,113	325,859

The amount payable not later than 1 year has been included in other payables.

#### 11. GOVERNMENT GRANTS

	Group	
	2009 RM	2008 RM
At beginning of financial year	-	11,197
Received during the financial year	104,698	-
Amortised during the financial year	(20,940)	(11,197)
At end of financial year	83,758	-
Current		
- amortised within 12 months	20,940	-
Non-current		
- amortised after 12 months	62,818	-
	83,758	-

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 12. DEFERRED TAXATION

- (a) The deferred taxation are made up of the following:-

	Group	
	2009 RM	2008 RM
At beginning of financial year	2,673,569	2,574,592
Transferred (from)/to income statements	(124,471)	128,173
Crystallisation of deferred taxation upon depreciation charged on revalued assets	(5,959)	(9,732)
Not recognised in the income statements:-		
- reduction in tax rate recognised in the revaluation reserves	-	(19,464)
At end of financial year	2,543,139	2,673,569

- (b) The components of deferred taxation and assets are made up of temporary difference arising from:-

	Group	
	2009 RM	2008 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	2,130,139	2,253,769
Revaluation surplus	421,000	427,100
Others temporary differences	(8,000)	(7,300)
	2,543,139	2,673,569

- (c) The tax effects of timing difference which would give rise to net future tax benefits are generally recognised only when there is a reasonable expectation of realisation. As at 31 October 2009, the estimated amount of deferred taxation benefits, calculated at current tax rate, which have not recognised in the financial statements are as follows:-

	Group	
	2009 RM	2008 RM
Unutilised tax losses	16,500	16,500
Unabsorbed reinvestment allowances	899,000	924,300
Unabsorbed capital allowances	149,000	350,800
	1,064,500	1,291,600

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 13. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold factory buildings and machinery RM	Plant and RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils under construction RM	Tools and utensils under construction RM	Total RM
<b>Cost or valuation</b>										
At 1.1.2007										
- cost	-	33,852,495	3,288,928	5,349,105	376,973	803,127	1,090,388	4,903,549	42,510	49,707,075
- valuation	7,668,842	-	-	-	-	-	-	-	-	7,668,842
	7,668,842	33,852,495	3,288,928	5,349,105	376,973	803,127	1,090,388	4,903,549	42,510	57,375,917
Additions	1,345	1,207,783	523,107	219,054	290,095	32,400	-	14,956	325,214	2,613,954
Disposals	-	(1,368,030)	(78,109)	(15,000)	(85,000)	-	-	-	-	(1,546,139)
Written off	-	-	-	(11,000)	-	-	-	-	-	(11,000)
Transfer in/(out)	-	-	-	-	-	-	-	195,386	(195,386)	-
Currency translation difference	(24,694)	(44,966)	(4,331)	(6,786)	-	-	-	(20,839)	-	(101,616)
At 31.10.2008	7,645,493	33,647,282	3,729,595	5,535,373	582,068	835,527	1,090,388	5,093,052	172,338	58,331,116
Additions	-	8,252	-	26,957	-	10,600	-	3,033	163,557	212,399
Disposals	-	(51,401)	(134,977)	-	-	-	-	-	-	(186,378)
Transfer in/(out)	-	-	-	-	-	-	-	167,375	(167,375)	-
Currency translation difference	(15,508)	(30,399)	(2,714)	(4,588)	-	-	-	(17,394)	(20)	(70,623)
At 31.10.2009	7,629,985	33,573,734	3,591,904	5,557,742	582,068	846,127	1,090,388	5,246,066	168,500	58,286,514

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Long leasehold factory 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 construction RM	Tools and utensils under construction RM	Total RM
<b>Cost or valuation</b>										
Representing:-										
Cost	-	33,647,282	3,729,595	5,535,373	582,068	835,527	1,090,388	5,093,052	172,338	50,685,623
Valuation	7,645,493	-	-	-	-	-	-	-	-	7,645,493
At 31.10.2008	7,645,493	33,647,282	3,729,595	5,535,373	582,068	835,527	1,090,388	5,093,052	172,338	58,331,116
Cost	-	33,573,734	3,591,904	5,557,742	582,068	846,127	1,090,388	5,246,066	168,500	50,656,529
Valuation	7,629,985	-	-	-	-	-	-	-	-	7,629,985
At 31.10.2009	7,629,985	33,573,734	3,591,904	5,557,742	582,068	846,127	1,090,388	5,246,066	168,500	58,286,514
<b>Accumulated depreciation and impairment</b>										
At 1.11.2007										
- depreciation	54,171	27,505,540	2,487,126	4,297,563	278,862	355,525	939,898	2,551,933	-	38,470,618
- impairment	-	14,108	-	-	-	-	-	-	-	14,108
Charge for the financial year	54,171	27,519,648	2,487,126	4,297,563	278,862	355,525	939,898	2,551,933	-	38,484,726
Impairment	181,266	1,305,411	284,591	393,269	31,771	71,251	32,535	476,075	-	2,776,169
Disposals	6,384	-	-	-	-	-	-	-	-	6,384
Written off	-	(1,359,272)	(78,109)	(15,000)	(78,625)	-	-	-	-	(1,531,006)
Currency translation difference	-	-	-	(10,999)	-	-	-	-	-	(10,999)
	(692)	(34,549)	(3,241)	(5,463)	-	-	-	(6,627)	-	(50,572)
At 31.10.2008	241,129	27,431,238	2,690,367	4,659,370	232,008	426,776	972,433	3,021,381	-	39,674,702

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Long leasehold factory buildings and RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils under construction RM	Total RM
Charge for the financial year	186,089	1,399,689	337,032	280,381	44,190	71,569	29,680	-	2,694,803
Disposals	-	(51,155)	(134,977)	-	-	-	-	-	(186,132)
Currency translation difference	(1,397)	(23,187)	(2,218)	(3,797)	-	-	-	-	(36,932)
At 31.10.2009	425,821	28,756,585	2,890,204	4,935,954	276,198	498,345	1,002,113	-	42,146,441
<b>Analysed into:-</b>									
Accumulated depreciation	234,745	27,417,130	2,690,367	4,659,370	232,008	426,776	972,433	-	39,654,210
Accumulated impairment	6,384	14,108	-	-	-	-	-	-	20,492
At 31.10.2008	241,129	27,431,238	2,690,367	4,659,370	232,008	426,776	972,433	-	39,674,702
Accumulated depreciation	419,437	28,742,477	2,890,204	4,935,954	276,198	498,345	1,002,113	-	42,125,949
Accumulated impairment	6,384	14,108	-	-	-	-	-	-	20,492
At 31.10.2009	425,821	28,756,585	2,890,204	4,935,954	276,198	498,345	1,002,113	-	42,146,441
<b>Net carrying amount</b>									
<b>2009</b>	7,204,164	4,817,149	701,700	621,788	305,870	347,782	88,275	168,500	16,140,073
<b>2008</b>	7,404,364	6,216,044	1,039,228	876,003	350,060	408,751	117,955	172,338	18,656,414

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2009 RM	2008 RM
<b>Details of assets under finance lease</b>		
Motor vehicles		
- additions during the financial year	-	320,250
- net carrying amount at financial year end	184,178	744,964

- (a) Long leasehold factory buildings were revalued in 2007, based on valuation carried out by an independent professional valuer, Lim Chan Mee, FISM, FRICS, Chartered Valuation Surveyor and Registered Valuer (V213) of Colliers, Jordan Lee & Jaafar Sdn. Bhd., on an open market value basis to reflect the market value of existing use.

At the balance sheet date, had the revalued long leasehold factory buildings of the Group carried under the cost model, the carrying amount would have been RM3,925,435 (2008: RM4,020,092).

- (b) Long leasehold buildings were revalued in 2007, based on valuation carried out by an independent professional valuer, Judy Ong Mei-Chen, MRICS MISM, Chartered Valuation Surveyor & Registered Valuer (V-448) of Collier, Jordan Lee & Jaafar Sdn. Bhd. on an open market value basis to reflect market value of existing use.

At the balance sheet date, had the revalued long leasehold buildings of the Group been carried under the cost model, the carrying amount would have been RM368,894 (2008: RM376,948).

### 14. INVESTMENT PROPERTIES

	Group 2009 RM	2008 RM
<b>Freehold land and factory buildings</b>		
<b>Cost</b>		
At beginning of/end of financial year	15,592,669	15,592,669
<b>Accumulated amortisation</b>		
At beginning of financial year	792,593	614,153
Amortisation charged to income statement	176,116	178,440
At end of financial year	968,709	792,593
Net carrying amount	14,623,960	14,800,076



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 14. INVESTMENT PROPERTIES (CONT'D)

	2009 RM	2008 RM
Rental income for investment properties	1,522,127	1,463,461
Direct operating expenses for investment properties	184,785	142,874

The Group was retained the unamortised revalued amount as the surrogate carrying amount of freehold land and building in accordance with transitional provisions of FRS 140.

Freehold land and building of a subsidiary company with net carrying amount of RM4,819,356 and RM6,506,130 (2008: RM4,819,356 and RM6,650,710) respectively have been changed to a bank for credit granted to the subsidiary company.

The fair value of the investment properties of the Group was estimated at RM20,570,000 according to a valuation report done based on comparison method carried out by an independent professional valuer, Judy Ong Mei-Chen, MRICS MISM, Chartered Valuation Surveyor & Registered Valuer (V213) of Collier, Jordan Lee & Jaafar Sdn. Bhd. in the financial year 2007.

Fair value is estimated by reference to the published selling price for properties in vicinity locations.

#### 15. LAND HELD FOR PROPERTY DEVELOPMENT

	2009 RM	Group 2008 RM
<b>Freehold land</b>		
<b>Cost</b>		
At beginning of financial year/At end of financial year	2,909,359	2,909,359

#### 16. PREPAID LAND LEASE PAYMENTS

	2009 RM	Group 2008 RM
<b>Cost</b>		
At beginning of financial year/At end of financial year	2,136,309	2,136,309
<b>Accumulated amortisation</b>		
At beginning of financial year	99,362	74,523
Amortisation charged to income statement	24,841	24,839
At end of financial year	124,203	99,362
Analysed as:-		
Long term leasehold land	2,012,106	2,036,947

The long leasehold land of the Group was previously revalued in 2002 based on revaluation carried by an independent professional valuer, P'ng Soo Theng, BSc FRICS MISM, Registered Valuer (V140) of CH Williams Talhar & Wong Sdn. Bhd., on an open market value basis. The Company retained the unamortised revalued amount as the surrogate carrying amount of prepaid land lease payments in accordance with the transitional provisions of FRS 117.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 17. INVESTMENT IN SUBSIDIARY COMPANIES/AMOUNT DUE FROM SUBSIDIARY COMPANIES

Name of company	Place of incorporation	Effective interest		Principal activities
		2009 %	2008 %	
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.
<b>Subsidiary company of H &amp; L High-Tech Sdn. Bhd.:-</b>				
1.1 H & L High Tech Mould (Thailand) Co. Ltd *	Thailand	70	70	Manufacture and sale of plastic and metal moulds.
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. Letting of equipment and office furniture.
<b>Subsidiary company of Plastik STC Sdn. Bhd.:-</b>				
2.1 STC Technology 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	Letting of properties and property investment.
4. H & L High-Tech Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and property investment.
5. H & L High-Tech Properties Development Sdn. Bhd.	Malaysia	100	100	Dormant
6. H & L Mould Solution Sdn. Bhd.	Malaysia	100	100	Dormant

The amount due from subsidiary companies is unsecured, bears no interest and repayment on demand.

\* Subsidiary company not audited by SJ Grant Thornton

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 18. OTHER INVESTMENTS

	Group	
	2009 RM	2008 RM
At cost:-		
Quoted shares in Malaysia	308,467	656,088
Less: Allowance for diminution in value	(106,017)	(171,388)
	202,450	484,700
At cost:-		
Unquoted shares in Malaysia	50,000	50,000
At cost:-		
Golf Club Membership	238,000	238,000
Less: Allowance for diminution in value	(101,000)	(101,000)
	137,000	137,000
Total other investments	389,450	671,700
Market value of quoted shares	202,450	484,700

### 19. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost:-		
Raw materials	755,135	1,170,604
Work-in-progress	2,038,638	1,964,340
Finished goods	1,145,497	1,029,854
	3,939,270	4,164,798
Less: Allowance for slow moving inventories	(35,471)	(172,063)
	3,903,799	3,992,735

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 20. TRADE RECEIVABLES

	Group	
	2009 RM	2008 RM
Trade receivables	4,405,975	5,661,750
Less: Allowance for doubtful debts	(11,131)	(9,743)
	4,394,844	5,652,007

Trade receivables are non-interest bearing and the normal credit term given to the customers ranges from 30 to 90 days.

The currency exposure profile of the trade receivables other than denominated in the Group's functional currency is as follows (foreign currency balances are unhedged):-

	Group	
	2009 RM	2008 RM
Singapore Dollar	862,335	1,226,725
EURO	1,096,362	958,662
US Dollar	389,668	1,856,539
	2,348,365	4,041,926

#### 21. OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-trade receivables	148,569	137,318	-	11,355
Deposits	338,159	93,754	1,000	1,000
Prepayments	244,056	283,287	9,780	9,302
	730,784	514,359	10,780	21,657

#### 22. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits with licensed banks is an amount of RM82,107 (2008: RM79,348) belonging to a subsidiary company which has been pledged for banking facilities.

The currency exposure profile at fixed deposits with a licensed bank other than denominated in the Group's functional currency is as follows (foreign currency balances unhedged):-

	Group	
	2009 RM	2008 RM
Thai Baht	13,916	14,209

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 23. TRADE PAYABLES

The normal credit term granted by trade payables ranges from 30 to 60 days.

The currency exposure profile of the trade payables other than denominated in the Group's functional currency is as follows (foreign currency balances unhedged):-

	Group	
	2009 RM	2008 RM
Singapore Dollar	103,138	121,261
US Dollar	4,466	-
	107,604	121,261

#### 24. OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits	768,186	1,339,416	-	-
Non-trade payables	376,977	262,022	-	-
Accruals of expenses	735,423	747,477	59,352	50,054
Hire purchase creditors	105,423	141,654	-	-
	1,986,009	2,490,569	59,352	50,054

#### 25. REVENUE AND COST OF SALES

##### Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	18,105,998	28,479,598	-	-
Rental income	1,264,715	1,306,201	-	-
Dividend income	-	-	504,000	1,600,000
	19,370,713	29,785,799	504,000	1,600,000

##### Cost of sales

Sales of goods	15,175,929	21,249,754	-	-
----------------	------------	------------	---	---

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 26. PROFIT BEFORE TAXATION

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Allowance for diminution in value of quoted shares	-	64,841	-	-
Allowance for doubtful debts	11,131	1,092	-	-
Allowance for slow moving inventories	35,471	172,063	-	-
Amortisation of prepaid land lease payments	24,841	24,839	-	-
Auditors' remuneration:-				
- SJ Grant Thornton				
- statutory audit	52,000	42,300	15,000	11,500
- other services	5,000	5,000	5,000	5,000
- other auditors	17,750	17,750	-	-
Depreciation of investment properties	176,116	178,440	-	-
Depreciation of property, plant and equipment	2,694,803	2,776,169	-	-
Impairment of property, plant and equipment	-	6,384	-	-
Interest expenses				
- bank overdrafts	22	3,857	-	-
- hire purchase creditors	10,960	10,708	-	-
- term loan	169,241	223,494	-	-
Inventories written off	236,365	-	-	-
Property, plant and equipment written off	-	1	-	-
Rental of office equipment	3,099	-	-	-
Rental of premises	44,214	57,611	-	-
Gain on disposal of property, plant and equipment	(27,457)	(152,774)	-	-
Unrealised foreign exchange				
- gain	(140,902)	-	-	-
- loss	43,286	32,312	-	-
Realised foreign exchange				
- gain	(177,677)	(73,150)	-	-
Interest income	(200,188)	(278,174)	(28,020)	(31,896)
Amortisation of deferred income	(20,940)	(11,197)	-	-
Gain on disposal of other investments	(42,349)	(14,422)	-	-
Gross dividend from quoted shares	(9,389)	(9,190)	-	-
Rental income	(1,522,127)	(1,463,461)	-	-
Allowance for doubtful debts no longer required	(9,743)	-	-	-
Allowance for slow moving inventories no longer required	(172,063)	-	-	-
Allowance for diminution in value of other investments no longer required	-	(39,005)	-	-
Allowance for diminution in value of quoted shares no longer required	(65,371)	(2,720)	-	-
Tax exempt dividend from subsidiary company	-	-	(504,000)	(1,600,000)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 26. PROFIT BEFORE TAXATION (CONT'D)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<u>Executive:-</u>				
Defined contribution plans	70,275	72,641	-	-
Salaries and others emoluments	624,011	633,407	-	-
<u>Non-Executive:-</u>				
Fees	37,167	30,000	37,167	30,000
Others	25,420	18,800	25,420	18,800

The estimated monetary value of benefit-in-kind received by the Directors other than cash from the Group amounted to RM41,725 (2008: RM43,525).

### 27. TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current year's taxation	310,200	702,540	-	-
(Over)/Under provision in prior years	(163,573)	246,145	-	-
Crystallisation of deferred taxation upon depreciation charged for revalued assets	(5,959)	(9,732)	-	625
Transferred (to)/from deferred taxation	(124,471)	128,173	-	-
	16,197	1,067,126	-	625

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 27. TAXATION (CONT'D)

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

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before taxation	68,032	3,254,808	306,025	1,441,414
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	17,008	846,250	76,506	374,768
Tax effects in respects of:-				
Income not subject to tax	(81,813)	(53,982)	(133,005)	(424,293)
Expenses not deductible for tax purposes	311,752	353,991	56,499	49,525
Effect of change in tax rates on opening of deferred tax	-	(57,664)	-	-
Losses of subsidiary companies not allowance for group relief	-	2,995	-	-
(Over)/Under provision in prior years	(163,573)	246,145	-	625
Change in tax rate for the first tranche chargeable income	-	(48,465)	-	-
Deferred tax assets not recognised	(209,000)	(83,086)	-	-
Utilisation of reinvestment allowances	187,722	-	-	-
Double deduction expenses	(39,940)	(48,715)	-	-
Crystallisation of deferred taxation upon depreciation charged of revalued assets	(5,959)	(9,732)	-	-
Deferred taxation over recognised in prior years	-	(80,611)	-	-
Effective tax expenses	16,197	1,067,126	-	625

Malaysian income tax is calculated at the statutory rate of 25% (2008: 26%) of the estimated taxable profits for the financial year.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividends up to the entire of its unappropriated profit as at 31 October 2009.

The Company has elected the irrevocable option to disregard section 108 balance. As a result, the Company accordingly moves to the single tier system and there are no longer any restriction on the company to frank the payment of dividend and of its entire retained profits as at the balance sheet date.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 28. EARNINGS PER SHARE

- (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 RM95,191 (2008: RM2,167,532) by the weighted average number of shares issued during the financial year of 37,153,609 (2008: 38,057,413), excluding treasury shares held by the Company.
- (b) There is no fully-diluted effect to the earnings per share.

#### 29. DIVIDENDS

	Group and Company	
	2009	2008
	RM	RM
<u>Dividend paid</u>		
In respect of the financial year ended 31 October 2007 and was paid on 22 April 2008:-		
First and final tax exempt dividend of 2.5 sen per ordinary share		
for total ordinary shares of 37,644,785	-	941,119
In respective of the financial year ended 31 October 2008 and was paid on 21 May 2009:-		
First and final tax exempt dividend of 0.5 sen per ordinary share		
for total ordinary shares of 36,730,285	183,651	-

#### Share dividend

Share dividend of one (1) Treasury Share in the Company for every forty (40) fully and paid-up ordinary shares of RM1.00 each had been declared and the distributed Treasury shares are not entitled to the abovementioned First and Final Tax Exempt Dividend of 0.5 sen per ordinary share of RM1.00 each for the financial year ended 31 October 2008.

#### 30. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Staff costs	7,241,952	8,624,980	-	-

Included in the above employee benefits expenses of the Group and Directors' remuneration of RM694,286 (2008: RM706,048) and defined contribution plan for the Group of RM533,490 (2008: RM502,574) respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 OCTOBER 2009

#### 31. CONTINGENT LIABILITY

	Company	
	2009 RM	2008 RM
Guarantees given to financial institutions for credit facilities granted to a subsidiary company	2,117,698	2,754,587

#### 32. CAPITAL COMMITMENTS

	Group	
	2009 RM	2008 RM
Authorised and contracted for:- - purchase of Newline - Making CNC Machine	268,000	-

#### 33. RELATED PARTY DISCLOSURES

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

	Company	
	2009 RM	2008 RM
Interim tax exempt dividend received from a subsidiary company	504,000	1,600,000

- (b) The outstanding balances arising from the related party transactions as at the balance sheet date are disclosed in Note 17 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 Directors.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 34. FINANCIAL INSTRUMENTS

#### (a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:-

	Less than 1 year RM	1 to 5 years RM	Total RM	Effective weighted average interest rates during the financial year
<b>Group</b>				
<b>2009</b>				
<u>Financial asset</u>				
Fixed deposits with licensed banks	10,506,009	-	10,506,009	2.75% - 3.70%
<u>Financial liabilities</u>				
Hire purchase creditors	105,423	78,690	184,113	2.25% - 3.40%
Term loan	693,776	1,423,922	2,117,698	7.45%
<b>Company</b>				
<b>2009</b>				
<u>Financial asset</u>				
Fixed deposits with licensed banks	895,212	-	895,212	2.59% - 3.70%
<b>Group</b>				
<b>2008</b>				
<u>Financial asset</u>				
Fixed deposits with licensed banks	8,612,632	-	8,612,632	2.75%-3.70%
<u>Financial liabilities</u>				
Hire purchase creditors	141,654	184,205	325,859	2.25%-3.40%
Term loan	649,138	2,105,449	2,754,587	7.45%
<b>Company</b>				
<b>2008</b>				
<u>Financial asset</u>				
Fixed deposits with licensed banks	1,529,651	-	1,529,651	3.23%-3.70%

#### (b) Credit risk

##### 2009 Group

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk with any single counterparty.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Credit risk (cont'd)

##### 2008 Group

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk with any single counterparty except for 21% of trade receivables at the balance sheet date was due from EU-Legrand Antibes.

##### 2009 and 2008

##### Company

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Company has no significant concentration of credit risk with any single counterparty.

#### (c) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values, except as set out below:-

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
Quoted shares in Malaysia	202,450	202,450	484,700	484,700
Unquoted shares in Malaysia	50,000	#	50,000	#
<b>Company</b>				
Unquoted shares in subsidiary companies	23,116,967	*	23,116,967	*

# It was not practicable within the constraints of timeliness and cost to estimate these fair values reliably. However, at the end of the financial year, the fair value of the unquoted shares in Malaysia is assumed to be the same as carrying amount as it is immaterial in the context of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair values (cont'd)

- \* It was not practicable to estimate fair value reliably as the Directors of the Company are of the opinion that excessive cost would be incurred. However, at the end of the financial year, the net assets reported by the subsidiary companies were as follows:-

	Company	
	2009 RM	2008 RM
Unquoted shares in subsidiary companies	33,337,421	34,142,366

### 35. SEGMENTAL REPORTING-GROUP

#### Primary segmental reporting – Business segments

The Group's operations comprise the following 3 major business segments:-

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

Others consist mainly of investment holding.

2009	Manufacturing and trading RM	Property investment RM	Others RM	Eliminations RM	Total RM
<b>Revenue</b>					
External revenue	17,848,586	1,522,127	-		19,370,713
Intersegment revenue	132,552	-	504,000	(636,552)	-
Total revenue	17,981,138	1,522,127	504,000	(636,552)	19,370,713
<b>Results</b>					
Segment result	(751,949)	1,189,550	(189,337)		248,264
Finance cost	(10,991)	(169,241)	-		(180,232)
Profit before taxation	(762,940)	1,020,309	(189,337)		68,032
Taxation	-	-	-		(16,197)
Profit for the financial year	(762,940)	1,020,309	(189,337)		51,835
<b>Assets</b>					
Segment assets	38,374,227	15,107,711	3,827,909		57,309,847
Tax recoverable	391,676	-	540		390,212
Total assets	38,765,903	15,107,711	3,828,449		57,700,059

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 OCTOBER 2009

### 35. SEGMENTAL REPORTING-GROUP (CONT'D)

#### Primary segmental reporting – Business segments (cont'd)

2009	Manufacturing and trading RM	Property investment RM	Others RM	Eliminations RM	Total RM
<b>Liabilities</b>					
Segment liabilities	4,998,196	2,642,936	61,478		7,702,610
Deferred taxation	2,410,139	133,000	-		2,543,139
Tax payable	-	64,931	-		64,931
Total liabilities	7,408,335	2,840,867	61,478		10,310,680
<b>Other information</b>					
Capital expenditure	212,399	-	-		212,399
Depreciation and amortisation	2,525,939	168,864	-		2,694,803
<b>2008</b>					
<b>Revenue</b>					
External revenue	28,336,338	1,449,461	-		29,785,799
Intersegment revenue	136,456	-	1,600,000	(1,736,456)	-
Total revenue	28,472,794	1,449,461	1,600,000		29,785,799
<b>Results</b>					
Segment result	2,616,287	1,046,704	(170,109)		3,492,882
Finance cost	(14,580)	(223,494)	-		(238,074)
Profit before taxation	2,601,707	823,210	(170,109)		3,254,808
Taxation	-	-	-		(1,067,126)
Profit for the financial year	2,601,707	823,210	(170,109)		2,187,682
<b>Assets</b>					
Segment assets	40,249,657	14,947,034	4,468,560		59,665,251
Tax recoverable	50,784	1,057	1,300		53,141
Total assets	40,300,441	14,948,091	4,469,860		59,718,392
<b>Liabilities</b>					
Segment liabilities	3,070,098	3,053,873	51,880		6,175,851
Deferred taxation	2,575,569	98,000	-		2,673,569
Tax payable	12,430	37,500	-		49,930
Total liabilities	5,658,097	3,189,373	51,880		8,899,350
<b>Other information</b>					
Capital expenditure	2,613,954	-	-		2,613,954
Depreciation and amortisation	2,807,960	171,488	-		2,979,448

# ANALYSIS OF SHAREHOLDINGS

## As At 1 March 2010

Authorised Share Capital	:	RM50,000,000
Issued & Fully Paid-Up Capital	:	RM40,612,085
No. of shareholders	:	1,609
Class of Share	:	Ordinary share of RM1.00 each
Voting Right	:	One vote for each ordinary share

### DISTRIBUTION SCHEDULE OF SHARE AS AT 1 MARCH 2010

Size of Shareholdings	No. of Holders		No. of Shares		Percentage(%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
less than 100	183	3	6,344	139	0.02	0.00
100 to 1,000	66	0	28,177	0	0.07	0.00
1,001 to 10,000	1,155	6	3,376,523	13,325	8.31	0.03
10,001 to 100,000	159	1	3,701,895	35,875	9.11	0.09
100,001 to less than 5% of issued shares	32	0	11,932,761	0	29.38	0.00
5% and above of issued shares	4	0	21,517,046	0	52.99	0.00
TOTAL	1,599	10	40,562,746	49,339	99.88	0.12

Note : Including Share Buy Back

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 MARCH 2010

Names	No. of Share Held	% of Issued Shares
1. AFFLUENT FUTURE SDN BHD	11,480,001	28.27
2. TAN LYE HUAT HOLDINGS SDN BHD	4,182,445	10.30
3. TAN AH HENG	2,891,040	7.12
4. TAN LYE HUAT	1,739,272	4.28
5. KUMPULAN H & L HIGH-TECH BERHAD (SHARE BUY-BACK)	1,511,160	3.72
6. KUMPULAN H & L HIGH-TECH BERHAD (SHARE BUY BACK ACCOUNT)	1,452,400	3.58
7. TAN KIM LAI	1,075,519	2.65
8. NG TIONG KANG	864,763	2.13
9. KENANGA NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR CHIA KEE SIONG)	861,000	2.12
10. YAP SHING @ YAP SUE KIM	675,476	1.66
11. TAN KIM LAI	627,899	1.55
12. TAN YAW BIN	565,390	1.39
13. TAN FUNG YING	450,000	1.11
14. TAN HO FOOT	365,518	0.90
15. TAN YAW TUNG	352,088	0.87
16. TAN SOOK YEE	330,153	0.81
17. TAN YAW BIN	324,823	0.80
18. ABB NOMINEE (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR YAYASAN TERENGGANU (1115001178)]	307,500	0.76

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### AS AT 10 MARCH 2009

#### LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 MARCH 2010

Names	No. of Share Held	% of Issued Shares
19. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD [PLEGDED SECURITIES ACCOUNT FOR LOW KIM SOI @ LOW TIEN SANG (REM 825)]	280,173	0.69
20. WONG KIM YONG	269,620	0.66
21. HO SAM FOONG	262,400	0.65
22. YAYASAN KELANTAN DARULNAIM	255,719	0.63
23. CHIA KUO WUI	246,000	0.61
24. YAP NYET YUNE	226,867	0.56
25. PERBADANAN KEMAJUAN NEGERI KEDAH	216,549	0.53
26. TAN HO FOOT	204,184	0.50
27. NG CHAI TEE	197,223	0.49
28. TAN YAW TUNG	184,705	0.45
29. LEE JOO BEE	167,895	0.41
30. KOAY LAY PENG	153,750	0.38

*Note : Including Share Buy Back*

#### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 MARCH 2010 (5 % AND ABOVE)

NAMES	SHAREHOLDING	%
1. AFFLUENT FUTURE SDN BHD	11,480,001	28.27
2. TAN LYE HUAT HOLDINGS SDN BHD	4,182,445	10.30
3. KUMPULAN H & L HIGH-TECH BERHAD (Share Buy Back)	2,963,560	7.30
4. TAN AH HENG	2,891,040	7.12

*Note : Including Share Buy Back*

#### INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 1 MARCH 2010

NAMES OF DIRECTORS	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. TAN LYE HUAT	1,739,272	4.28	23,218,368	57.17
2. TAN KIM LAI	1,703,418	4.19	16,680,015	41.07
3. TAN HO FOOT	569,702	1.40	17,813,731	43.86
4. CHU KAN	-	0.00	-	0.00
5. HAU HOCK KHUN	-	0.00	-	0.00
6. TAN SOOK YEE	514,756	1.27	19,278,724	47.47
7. RITA TAI LAI LING	-	0.00	-	0.00

*Note : Including Share Buy Back*



# LIST OF PROPERTIES

## AS AT 31 OCTOBER 2009

Location	Ownership	Date of Acquisition (A)/ Valuation (V)	Description/ Existing use	Land area/ built-up area (sq metres)	Tenure/ age of buildings ( years)	Net Book Value RM
Lot No Pt 1539 52, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H & L High-Tech Sdn Bhd	08/08/2007 (V)	2-storey Terrace Factory (Corner unit)/ rented out	481.2 / 987.8	Freehold / 23	1,211,534
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H & L High-Tech Properties Sdn Bhd	08/08/2007 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 23	517,998
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H & L High-Tech Properties Sdn Bhd	08/08/2007 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 23	518,887
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H & L High-Tech Deco Sdn Bhd	08/08/2007 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 23	513,869
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	H & L High-Tech Properties Sdn Bhd	08/08/2007 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 23	519,728
Lot No Pt 20033 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	H & L High-Tech Sdn Bhd	31/10/2002 (V)  08/08/2007(V)	Prepaid lease payment  Industrial building/ factory	3715 / 5183	99 year leasehold (24/03/2091) Leasehold / 13	1,013,523 3,723,958 <u>4,737,481</u>
Lot No Pt 19770 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	Plastik STC Sdn Bhd	31/10/2002 (V)  08/08/2007(V)	Prepaid lease payment  Factory, Warehouse and office space	3633 / 3189	99 year leasehold (24/03/2091) Leasehold / 13	998,583 2,387,500 <u>3,386,082</u>

## LIST OF PROPERTIES (CONT'D)

### AS AT 31 OCTOBER 2009

Location	Ownership	Date of Acquisition (A)/ Valuation (V)	Description/ Existing use	Land area/ built-up area (sq metres)	Tenure/ age of buildings ( years)	Net Book Value RM
341/1 Moo 2 Bangpa-In Industrial Estate Tambol Klongjig, Amphur Bangpa-In Ayutthaya 13160 Thailand.	H & L High-Tech Mould (Thailand) Co Ltd.	08/08/2007(V)	Factory & Office Building	965	Freehold / 7	623,404
D510 & 512 Tingkat 5, Block D Latan Biru, Seksyen 8 Kota Damansara Selangor.	H & L High-Tech Sdn Bhd	08/08/2007(V)	Apartment/Hostel	152.50	Leasehold / 6	243,525
D509 & 511 Tingkat 5, Block D Latan Biru, Seksyen 8 Kota Damansara Selangor.	Plastik STC Sdn Bhd	08/08/2007(V)	Apartment/Hostel	152.50	Leasehold / 6	243,525
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	H & L High-Tech Properties Sdn Bhd	08/08/2007(V)	Warehouse cum office	16,489/13,383	Freehold / 15	11,341,945
Lot 45614 & 45615 Mukim of Hulu Kinta Taman Lapangan Ria Off Jln Pasir Puteh, Ipoh Perak	H & L High-Tech Properties Development Sdn Bhd	31/07/2005(A)	Agricultural lands	76,473	Freehold	2,909,359

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Green III, Clubhouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor D.E. on Wednesday, 28 April 2010 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements for the financial year ended 31 October 2009 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of a First and Final tax exempt Dividend of 1.0 sen per ordinary share of RM1.00 each fully paid up in respect of the financial year ended 31 October 2009. **(Resolution 2)**
3. To approve the payment of Directors' Fee for the financial year ended 31 October 2009. **(Resolution 3)**
4. To re-elect the following Director retiring pursuant to Article 97 of the Company's Articles of Association:  
(i) Mr. Tan Ho Foot **(Resolution 4)**
5. To re-elect the following Directors retiring pursuant to Article 102 of the Company's Articles of Association:-  
(i) Ms Rita Tai Lai Ling **(Resolution 5)**  
(ii) Mr. Hau Hock Khun **(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 an Ordinary Resolution:
  - (i) Authority to issue shares pursuant to Section 132(D) of the Companies Act, 1965  

"THAT pursuant to Section 132D of the Companies Act 1965, and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions 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 for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company."

**(Resolution 8)**
  - (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

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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,

**(Resolution 9)**

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;

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

26 March 2010

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTICE OF DIVIDENDS ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of Fifteenth Annual General Meeting on 28 April 2010, a First and Final Tax Exempt Dividend of 1.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 October 2009 will be payable on 20 May 2010 to shareholders whose names appear in the Record of Depositors on 6 May 2010.

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 6 May 2010 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 1st Floor, 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.*

### 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 April 2009.*

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 26 March 2010 which is dispatched together with the Annual Report.*

# STATEMENT ACCOMPANYING

## NOTICE OF ANNUAL GENERAL MEETING

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

1. The names of individuals who are standing for election or re-election:-

Under Article 97 of the Articles of Association

Mr. Tan Ho Foot

Under Article 102 of the Articles of Association

Ms Rita Tai lai Ling

Mr. Hau Hock Kung

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

During the financial period, seven (7) Board meetings were held.

Name of Directors	Attendance
Tan Lye Huat	7 / 7
Chu Kan	7 / 7
Tan Sook Yee	4 / 7
Tan Kim Lai	7 / 7
Tan Ho Foot	6 / 7
Rita Tai Lai Ling ( <i>appointed on 23.6.09</i> )	1 / 1
Hau Hock Khun ( <i>appointed on 5.8.09</i> )	1 / 1
Chong Yew Kiang ( <i>resigned on 23.6.09</i> )	4 / 6
Samat bin Junai ( <i>resigned on 5.8.09</i> )	3 / 6

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

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

Date & Time : 28 April 2010 at 10.00 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 in this annual report.

This page has been intentionally left blank.



## 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 Fifteenth Annual General Meeting of the Company to be held at Green III, Clubhouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor D.E. on Wednesday, 28 April 2010 at 10.00 a.m. or at any adjournment thereof:

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the audited Financial Statements for the financial year ended 31 October 2009 and the Reports of the Directors and Auditors thereon.		
2. To approve the payment of a First and Final tax exempt Dividend of 1.0 sen per ordinary share of RM1.00 each fully paid up in respect of the financial year ended 31 October 2009.		
3. To approve the payment of Directors' Fees for the financial year ended 31 October 2009.		
4. To re-elect Mr. Tan Ho Foot as Director.		
5. To re-elect Ms. Rita Tai Lai Ling as Director.		
6. To re-elect Mr. Hau Hock Khun 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.		

(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 ..... 2010.

Number of Ordinary Shares held	
--------------------------------	--

Signature.....

### Notes:

1. A member shall be entitled to be present and to vote on any question either personally or by proxy or as proxy for another member at any general meeting.
2. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
3. A member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation under its common seal, or the hand of its attorney duly authorized. The instrument appointing a proxy together with the power of the attorney (if any) shall be left at the Registered office of the Company at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, N.S.D.K. not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.



Stamp

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

Registered Office

1st Floor, 275 Jalan Haruan 1  
Oakland Industrial Park  
70200 Seremban  
Negeri Sembilan

[www.hlhightech.com](http://www.hlhightech.com)