

TECHFAST HOLDINGS BERHAD  
(Company No. 647820-D)



Driving Excellence for  
Mutual Success

# 2014 ANNUAL REPORT

TECHFAST HOLDINGS BERHAD

(Company No. 647820-D)

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## Chairman's Statement

**On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and the Audited Financial Statements of Techfast Holdings Berhad and the Group for the financial year ended 31 December 2014.**

### PERFORMANCE REVIEW

For the financial year ended 31 December 2014, the Group achieved a turnover of RM20.28 million compared to RM20.49 million in the preceding financial year. The Group made a net profit after taxation of RM1.84 million compared to RM1.79 million for the year ended 31 December 2013. Net profit after tax for the financial year under review was improved due to better performance by the subsidiaries companies that were in the semi-conductor industry and also assisted by the stronger US Dollar which improved profit margins for the Group's operating companies.

During the year, the non-fastener segment of the Group were able to reformulate its products and improve its gross profit margins. At the same time, continued cost cutting measures helped with the profitability of the non-fastener segment. The fastener business encountered poor financial performance as its main customer faced slow business performance.

### INDUSTRY TRENDS AND DEVELOPMENT

The Malaysian economy recorded a stronger growth of 6.0% in 2014 compared to 4.7% in 2013, driven by private domestic demand and positive growth in net exports. Despite a challenging external environment, the Malaysian economy is expected to register a steady growth of 4.5%-5.5% in 2015, supported mainly by sustained expansion in domestic demand according to the Bank Negara 2014 Annual Report. The manufacturing sector is expected to continue to expand with the export-oriented cluster being supported by sustained demand for Malaysia's electrical and electronic goods. The Group can testify that its export sales in the semi-conductor industry had been performing well amidst these favourable conditions.

### PROSPECTS

The Company had in November 2014 acquired an additional 40% equity interest in each of its 50%-owned subsidiary companies, Cape Technology Sdn Bhd ("Cape") and Oriem Technology Sdn Bhd ("Oriem"). The acquisition is timely as Cape and Oriem will lead the Group's organic growth in the continued uptrend of the semi-conductor industry. However, Management is anticipating increased Chinese competition and will endeavour to continue investing in its research and development efforts to remain ahead of its competitors. Evidently, Cape and Oriem had been successful in reformulating some of its products which resulted in improved gross profit margins. This bodes well for better financial performance of the Group that would include the consolidation of 90% of the results of subsidiary companies in this segment for the financial year ending 31 December 2015.

The fastener business, which had been experiencing slow business conditions will remain a flat segment for the Group. The weakening Ringgit currency had presented Management with an opportunity to revisit old customers to re-assess cost feasibility for our products to be included in their supply chain again. If this effort proves fruitful, the fastener segment would enhance the Group's financial performance.

### CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group operates as a responsible and ethical corporate entity, ensuring its business practices comply with general respect for its environment, community, employees, customers and suppliers. The management of the Group's two operating subsidiary companies believes in encouraging good education. As such, it had established an education foundation that identifies suitable candidates to sponsor. There are also rewards given to the children of employees who achieve good results in national government examinations. Additionally, during the year, the Group had also made donation of wheelchairs to the Society of People Support People Selangor to assist in providing mobility to the disabled.

### DIVIDEND

The Board of Directors has not recommended any dividend for the financial year ended 31 December 2014 as it needs to reserve its resources to pay off the balance of the consideration for the acquisition of the additional 40% equity stake in each of Cape and Oriem.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to the management and staff for their continued dedication, commitment and loyalty to the Company. I would also like to thank all our shareholders, customers, suppliers, dealers, bankers, business associates and all regulatory authorities, for their understanding, co-operation and assistance to us. Last, but not least, I express my gratitude to my fellow Board members for their invaluable contribution, advice and guidance.

**Lim Tock Ooi**  
Executive Chairman

## Corporate Information

### BOARD OF DIRECTORS

#### **Executive Chairman**

Lim Tock Ooi

#### **Group Managing Director**

Yap Yoon Sing

#### **Independent Non-Executive Directors**

Yap Kok Ching  
Aun Ah Thim  
Datuk Chan Chong Choon

### AUDIT COMMITTEE

#### **Chairman**

Yap Kok Ching

#### **Members**

Aun Ah Thim  
Datuk Chan Chong Choon

### REMUNERATION COMMITTEE

#### **Chairman**

Yap Kok Ching

#### **Members**

Lim Tock Ooi  
Aun Ah Thim

### NOMINATION COMMITTEE

#### **Chairman**

Aun Ah Thim

#### **Members**

Yap Kok Ching  
Yap Yoon Sing

### COMPANY SECRETARIES

Chin Ooi Wee  
LS 0006616

Lim Li Shiang  
MIA 19661

### HEAD OFFICE

No. 11, Jalan Pasaran 23/5  
Seksyen 23, 40300 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5548 5112  
Fax : 03-5548 5113  
E-mail : techfast@pd.jaring.my  
Website : www.techfast.com.my

### REGISTERED OFFICE

Suites 7.21 & 7.22, 7th Floor  
Imbi Plaza, Jalan Imbi  
55100 Kuala Lumpur  
Tel : 03-2142 3584  
Fax : 03-2142 0327

### AUDITORS

Tai, Yapp & Co. (AF 0205)  
Chartered Accountants  
No. 3-2 Jalan Indrahana 2  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur  
P.O. Box 89, Jalan Kelang Lama Post Office  
58000 Kuala Lumpur  
Tel : 03-7983 0277 / 7983 6128  
Fax : 03-7981 9912

### SHARE REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03-2264 3883  
Fax : 03-2282 1886

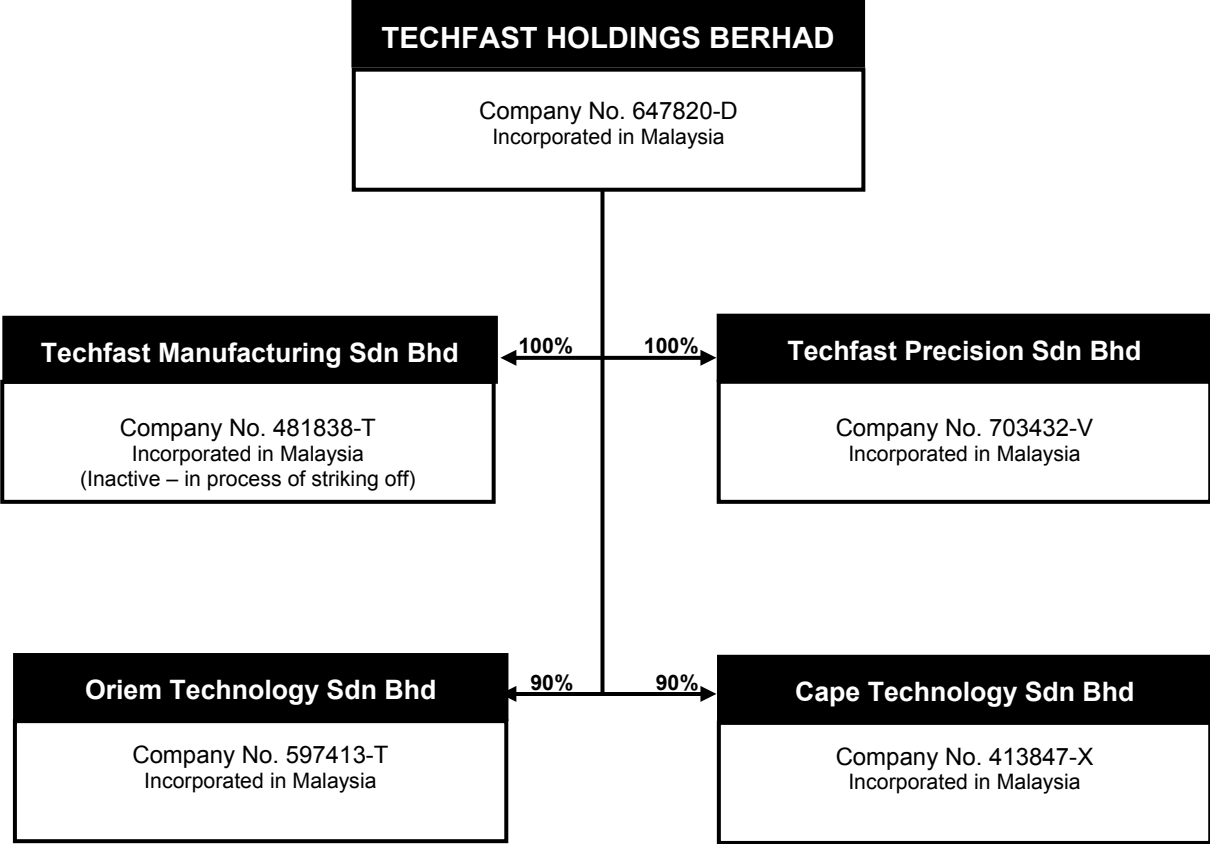
### LISTING

ACE Market of Bursa Malaysia Securities Berhad  
Stock Name : TECFAST  
Stock Code : 0084

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
AmBank Berhad

# Corporate Structure



## Profile of Directors

### Lim Tock Ooi

Age	: 68
Nationality	: Malaysian
Position	: Executive Chairman
Date of appointment to the Board	: First appointed to the Board on 31 March 2005. Redesignated as Executive Chairman on 1 March 2011.
Qualification	: Holds a Bachelor of Economics degree from the University of New England, Australia. Member of the Institute of Chartered Accountants in Australia, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Fellow of the Malaysian Institute of Taxation.
Working experience	: Mr. Lim qualified as a Chartered Accountant in 1974 while working for an international firm of chartered accountants in Sydney, Australia. He continued his career in chartered accountancy upon returning to Malaysia in 1976. In the year 1980, he started his accounting practice under the name of Messrs. Michael Lim & Co.
Board committees	: Member of the Remuneration Committee.
Other directorships	: He holds directorships in each of the subsidiary companies. He also holds directorships in other private limited companies in non-executive capacities.

### Yap Yoon Sing

Age	: 49
Nationality	: Malaysian
Position	: Group Managing Director
Date of appointment to the Board	: First appointed to the Board on 31 March 2005 as Chairman-cum-Group Managing Director. Redesignated as Group Managing Director on 15 October 2009.
Qualification	: Holds a Bachelor of Commerce degree majoring in Business Administration from National Chengchi University in Taiwan.
Working experience	: Mr. Yap started working as a Management Consultant with the Chinese Management Association ("CMA") in Taiwan upon graduation. After gaining experience in the manufacturing industry, he returned to Malaysia in 1991 and was instrumental in setting up a precision turned parts manufacturing company. He then worked with that company as the Assistant General Manager. Later, he left and co-founded the Techfast Group of Companies. He has a hands-on approach in managing the Group's operations and is recognised by his peers in the self-clinching fastener industry worldwide. As such, Mr. Yap is focused on the development of formulation of long term business development strategies for the Techfast Group.
Board committees	: Member of the Nomination Committee.
Other directorships	: He holds directorships in each of the subsidiary companies.

## Profile of Directors (cont'd)

### Yap Kok Ching

Age	: 58
Nationality	: Malaysian
Position	: Independent Non-Executive Director
Date of appointment to the Board	: 31 March 2005
Qualification	: Holds a Bachelor of Commerce degree majoring in Accounting and Economics from the University of Melbourne in Australia. He is a member of the Malaysian Institute of Accountants and a Fellow of CPA Australia.
Working experience	: He started his career as an Accountant in 1982 with Clipper Express Co., Australia. In 1985, he took up the position of Regional Accountant with ANL Shipping Agencies ("ANL"), Australia. He left ANL in 1988 to join Steeves Lumley Limited, Australia as a Group Accountant until December 1995 when he returned to Malaysia. In July 1996, he was appointed as the Financial Controller of Tamadam Bonded Warehouse Berhad where he served until November 2001 before joining Otto Industrial Pte. Ltd. in Singapore as a Financial Controller. In June 2002, he was transferred back to Malaysia to serve in a related company, Perdana Park City Sdn Bhd, where he remained until March 2003. Mr. Yap then served as the Chief Financial Officer of the Tan Cheong Leong Group of Companies until December 2005. Mr. Yap is presently the Managing Director of a licensed F&B chain with outlets in the Klang Valley and other states in Malaysia. In Techfast, he is the Senior Independent Director to whom all concerns regarding the Group may be conveyed.
Board committees	: Chairman of both Audit and Remuneration Committees. Member of the Nomination Committee.
Other directorships	: He sits on the board of several private limited companies in Malaysia.

### Aun Ah Thim

Age	: 63
Nationality	: Malaysian
Position	: Independent Non-Executive Director
Date of appointment to the Board	: 17 February 2009
Qualification	: First Class Honours Degree in Science from the University of Malaya. Holds an Honours Degree in Law from the University of London and a Certificate in Legal Practice from the Malaysian Qualifying Board. Member of the Malaysian Bar.
Working experience	: Following his graduation from University Malaya, he started working in the education industry and his service included training school teachers. He also co-authored a book in mathematical recreation that was published by Dewan Bahasa & Pustaka in the 1980s. After his chambering, he commenced his legal practice with Messrs Suhaimi Khor Zulkifli & Chang. He later continued his practice with Messrs Nga Hock Cheh & Co. and eventually became a partner in the firm. In 1998, he ventured out on his own under the style and name of Messrs A T Aun & Associates in Petaling Jaya. Since then, he has been practising as a sole proprietor. In his years of practice, he has had exposure to varieties of legal works, including conveyancing, corporate matters and litigations.
Board committees	: Chairman of the Nomination Committee. Member of the Audit and Remuneration Committees.
Other directorships	: He sits on the board of a private limited company in Malaysia.

## Profile of Directors (cont'd)

### Datuk Chan Chong Choon

Age	: 59
Nationality	: Malaysian
Position	: Independent Non-Executive Director
Date of appointment to the Board	: 2 December 2010
Qualification	: Holds a LL.B (Hons) degree from University of London and a Master of Laws (LL.M (Hons)) degree from the University of Malaya.  Also holds a Certificate in Legal Practice from the Malaysian Qualifying Board and a member of the Malaysian Bar.
Working experience	: His early career included him holding positions of Personal Manager / Company Secretary in a finance society and Legal Advisor / Company Secretary in an international oil and gas company. Thereafter, he commenced legal practice first with Skrine & Co., and thereafter with Lee Hishammuddin Allen & Gledhill. He is presently a litigation partner with the legal firm, Mah-Kamariyah & Philip Koh.  He has been empanelled as an Arbitrator and a Mediator with the Kuala Lumpur Regional Centre for Arbitration. He has co-authored a book titled, Chan & Koh, Malaysian Company Law, Principles and Practice, (Sweet & Maxwell).
Board committees	: Member of the Audit Committee
Other directorships	: None

#### ADDITIONAL INFORMATION ON DIRECTORS

##### Conflict of Interest and Family Relationships with any Director and/or Major Shareholder

None of the Directors have any conflict of interest with the Group. None of the directors has family relationships with any other directors.

##### Convictions for offences (within past 10 years, other than traffic offences)

None of the Directors have any convictions for offences other than traffic offences.

##### Securities held in the Company and its subsidiary

The details are disclosed in the Directors' Report on page 21 of this Annual Report.



## Statement on Corporate Governance

The Board of Directors (“the Board”) of Techfast Holdings Berhad (“the Company”) undertakes measures to enhance corporate governance framework which are practiced throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities to protect, realise and enhance shareholders’ value and the financial performance of the Group. To this end, the Board fully supports the recommendations of the Malaysian Code on Corporate Governance 2012. (“MCCG 2012” or “the Code”).

The Board is pleased to outline the key principles applied and best practices adopted by the Group to comply with MCCG 2012.

### 1. BOARD OF DIRECTORS

The Board is entrusted with the proper stewardship of the Company’s resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value.

#### Composition and Balance of the Board

The Board consists of five (5) members, comprising one (1) Executive Chairman, one (1) Group Managing Director and three (3) Independent Non-Executive Directors.

Collectively, the composition equips the Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. The Board complies with paragraph 15.02 of Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market which states that at least two (2) directors or one-third (1/3) of the board of directors of a listed company must be independent directors. A brief profile of each Director is set out on pages 5 to 7 of this Annual Report.

The roles of the Chairman and Managing Director in the Board of Directors are divided. Mr. Lim Tock Ooi, who is the Executive Chairman, is responsible for the Board’s effectiveness and conduct as well as spearheading the strategic direction of the Group while Mr. Yap Yoon Sing, who is the Group Managing Director, is primarily responsible for the overall management and implementation of business decisions at the Group.

The presence of Independent Non-Executive Directors, Mr. Yap Kok Ching, Mr. Aun Ah Thim and Datuk Chan Chong Choon, all of whom are of sufficient caliber and experience, bring objectivity, balance and independent judgment to decision making process of the Board.

Mr. Yap Kok Ching is also the Senior Independent Non-Executive Director to whom all concerns regarding the Group may be conveyed.

#### Board Responsibilities

The Board has reserved appropriate strategic, financial and organizational matters for its collective decision. Key matters, such as approval of annual and interim results, material investment, material agreements, major capital expenditures, budgets, long term plans and succession planning for top management are reserved for the Board.

#### Board Meetings

The Board meets every quarter and additional meetings are held as and when necessary. The Board met for a total of seven (7) times during the financial year ended 31 December 2014. The number of meetings attended by the Board members is as follows:

Directors	Board Meetings		
	Held	Attended	% of Attendance
Lim Tock Ooi	7	7	100%
Yap Yoon Sing	7	7	100%
Yap Kok Ching	7	7	100%
Aun Ah Thim	7	7	100%
Datuk Chan Chong Choon	7	7	100%

#### Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the Nomination Committee details of which are set out on page 12 of the Annual Report.

## Statement on Corporate Governance (cont'd)

### 1. BOARD OF DIRECTORS (cont'd)

#### Re-election of Director

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the nearest one-third (1/3) shall retire from office at each Annual General Meeting. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments.

#### Supply of Information

Members of the Board have access to information on a timely basis to enable them to discharge their duties and responsibilities.

Directors are each provided with Notices of Board Meeting and Board papers for each agenda item in advance of each meeting to ensure that Directors have ample time to study them and be properly prepared for discussion and decision making. The Board papers provide updates on business, operational and corporate developments and other useful information to enable Directors to discharge their responsibilities effectively.

Any new requirements and/or amendments to regulations as issued by regulatory bodies, such as Bursa Malaysia Securities Berhad and Securities Commission, are circulated for the attention of Directors.

#### Access to Information and Advice

Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Any additional information requested by Directors is readily available, wherever possible. Minutes of all meetings are maintained as a record of proceedings carried out.

Directors may also consult with the Executive Chairman, the Group Managing Director and other Board members prior to seeking any independent professional advice.

#### Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad.

The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogue available that would best enable them to enhance their knowledge and contributions to the Board. Areas of concern include those related to corporate governance, as well as changes in laws and regulations affecting the business community

Descriptions of the type of training attended by the Directors for financial year ended 31 December 2014 are as follows:

Director	Training	Mode of Training	No. of hours/day(s) spent
Lim Tock Ooi	Impact of GST on Manufacturing and Trading	Seminar	½ day
	ACCA Annual Conference 2014 Ready, Set, Change	Conference	1 day
	Implementation Insights of Successful Mergers & Acquisitions	Training	½ day
Yap Yoon Sing	Implementation Insights of Successful Mergers & Acquisitions	Training	½ day
Aun Ah Thim	Nominating and Remuneration Committees - What Every Director Should Know	Training	½ day
	Real Property Gains Tax – The Basics and the Advanced	Seminar	½ day
	GST and Business Contracts	Seminar	½ day
Yap Kok Ching	Sharpening The Audit Committee Governance Challenges & The Internal Audit Function Value Creation Culture	Presentation	½ day
	Understanding and Awareness of Goods and Services Tax (GST)	Seminar	½ day
	Ethics and the Board of Directors	Training	½ day
	GMP & HACCP Principles	Training	2 days
Datuk Chan Chong Choon	Implementation Insights of Successful Mergers & Acquisitions	Training	½ day

## Statement on Corporate Governance (cont'd)

### 1. BOARD OF DIRECTORS (cont'd)

#### Directors' Training (cont'd)

Throughout the year, directors also received updates and briefings, particularly on regulatory, industry and legal developments, including information on significant changes in business risks and procedures instituted to mitigate such risks.

### 2. DIRECTORS' REMUNERATION

#### Level, make-up and procedure for determination

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration package for Executive Directors and senior management. The Company's remuneration scheme for Directors is linked to their performance, service seniority, experience and scope of responsibilities. This aims to attract, motivate and retain Directors with the relevant experience and expertise required to manage the business of the Group effectively and successfully. Executive Directors are abstained from deliberations and voting on the decision in respect of their own remuneration package.

The Board as a whole determines the remuneration of Non-Executive Directors. The individual Directors concerned are abstained from decision in respect of their own remuneration package.

Details of the Remuneration Committee are set out on page 12 of this Annual Report.

#### Details of Directors' remuneration

The aggregate remuneration of directors for the financial year ended 31 December 2014 was as follows:

Components	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Fees	-	120	120
Allowances	-	16	16
Salaries and other emoluments	896	-	896
Benefits-in-kind	170	-	170
<b>Total</b>	<b>1,066</b>	<b>136</b>	<b>1,202</b>

Range of Remuneration (RM)	No. of Executive Directors	No. of Non-Executive Directors
Below 50,000	-	3
50,001-100,000	-	-
100,001-150,000	-	-
150,001-200,000	-	-
200,001-250,000	-	-
250,001-300,000	-	-
300,001-350,000	-	-
350,001-400,000	-	-
400,001-450,000	1	-
450,001-500,000	-	-
500,001-550,000	-	-
550,001-600,000	-	-
600,001-650,000	1	-

## Statement on Corporate Governance (cont'd)

### 3. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

#### Shareholders and Investors Relations

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. Such information is communicated through the Annual Report and the various disclosures and announcements to Bursa Malaysia Securities Berhad including quarterly and annual results.

Care is taken to ensure that no market sensitive information such as corporate proposals, financial results and other material information is disseminated to any party without first making an official announcement through Bursa Malaysia Securities Berhad.

#### Annual General Meeting ("AGM")

The AGM provides a vital forum for dialogue with shareholders. At the AGM, shareholders are encouraged to participate in the question-and-answer session on the resolutions being proposed or to share viewpoints and acquire information on issues relevant to the business operation of the Group in general.

Copies of the Annual Report and Notice of the AGM are sent to all shareholders at least twenty-one (21) days before the meeting. The Notice of the AGM is also published in widely circulated newspapers.

Each item of special business included in the Notice of the meeting will be accompanied by an explanatory statement for the effects of a proposed resolution to facilitate full understanding and evaluation of issues involved.

### 4. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Directors are aware of their responsibilities to present a balance and understandable assessment of the Group's financial performance and prospects. In this respect, the Audit Committee assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.

#### Internal Control

The Board of Directors is responsible for maintaining a sound system of internal control to provide reasonable assurance regarding the achievement of the Group's objectives in ensuring effectiveness and efficiency of operation, reliability and transparency of financial information and compliance with laws and regulations.

The Board recognises that reviewing the Group's system of internal control is a continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the systems, processes and procedures being put in place are aimed at minimizing those risks and to provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Statement of Risk Management and Internal Control as set out on page 14 of this Annual Report provides an overview of the state of internal controls within the Group.

#### Relationship with the External Auditors

The external audit functions acts as an independent reviewer for the Financial Statements to form an opinion as to the true and fair view of the Financial Statements prepared by the Company. The external auditors report to the Audit Committee their findings following their audit of the statutory Financial Statements. The external auditors are invited to attend the Audit Committee meetings during the year with the aim of ensuring proper presentation of interim Financial Statements, to provide professional opinion on the proper accounting treatments of the underlying transactions, to provide advice on the adoption of Financial Reporting Standards in the Group's context, and to highlight to the Audit Committee and the Board any matters that required their attention.

The role of the Audit Committee in relation to the external auditors is set out on pages 15 to 17 of this Annual Report.

## Statement on Corporate Governance (cont'd)

### 5. THE BOARD COMMITTEES

As appropriate or whenever required as provided by the Articles of Association, the Board has delegated certain responsibilities to certain Committees, namely Nomination Committee, Remuneration Committee and Audit Committee to assist the Board in the discharge of its duties effectively, which operates within clearly defined terms of reference.

#### Nomination Committee

The Nomination Committee was established on 21 July 2005. The members of the Committee are as follows:-

Aun Ah Thim	(Chairman, Independent Non-Executive Director)
Yap Kok Ching	(Independent Non-Executive Director)
Yap Yoon Sing	(Group Managing Director)

The objectives of the Nomination Committee are to:

- assist the Board of Directors of Techfast Holdings Berhad ("the Board") in assessing existing directors and identifying, nominating and orienting new directors to enhance corporate governance.
- assist the Board in ensuring that appointments of Directors are made on merit basis.
- assist the Board in identifying and reviewing on an annual basis the desired mix of skills, experience, qualifications and other core competencies required of Directors to enable the Board to function effectively and efficiently.
- examine and review the overall composition of the Board in terms of size and balance between Executive Directors, Non-Executive Directors and Independent Directors.

One (1) meeting was held during the financial year ended 31 December 2014 with full attendance from all the Committee members.

#### Boardroom Gender Diversity

The Board does not have any gender diversity policies and measures to meet the targets. The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise and experience required for discharging its duties and responsibilities effectively. There is no female director in the Company currently.

The Board recognizes the importance and benefit of diversity and is committed to achieving a greater level of diversity, including gender diversity in the coming years.

#### Remuneration Committee

The Remuneration Committee was established on 21 July 2005. The members of the Committee are as follows:-

Yap Kok Ching	(Chairman, Independent Non-Executive Director)
Lim Tock Ooi	(Executive Director)
Aun Ah Thim	(Independent Non-Executive Director)

The objectives of the Remuneration Committee is to assist the Board of Directors in ensuring that the Executive Directors and key senior managerial staff of the Techfast Group ("the Group") are fairly rewarded for their individual contributions to the Group's overall performance and that the levels of remuneration package are sufficient to attract, retain and motivate the Executive Directors and key senior management staff needed to manage the business of the Group successfully.

The determination of remuneration package of Non-Executive Directors is a matter of the Board as a whole.

One (1) meeting was held during the financial year ended 31 December 2014 with full attendance from all the Committee members.

#### Audit Committee

The report of the Audit Committee is set out on pages 15 to 17 of this Annual Report.

## Statement on Corporate Governance (cont'd)

### STATEMENT OF COMPLIANCE WITH BEST PRACTICES

The Board considers that it has complies with Best Practices set in accordance with the Malaysian Code of Corporate Governance.

### STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required to prepare audited Financial Statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these Financial Statements, the Directors have considered the following:

- the Group and the Company have used appropriate accounting policies, and that these were consistently applied;
- that reasonable and prudent judgments and estimates were made;
- that the approved accounting standards in Malaysia have been applied; and
- that the Financial Statements were prepared on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the Financial Statements comply with the Companies Act, 1965.

The Directors have the general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

## Statement of Risk Management and Internal Control

The Board of Directors is pleased to present the Statement of Risk Management and Internal Control of the Techfast Group of companies which outlines the key elements of its risk management framework for the year ended 31 December 2014.

### RESPONSIBILITY OF THE BOARD

The Board of Directors acknowledges its responsibility for the Group's system of internal control to cover the financial, compliance and operational controls of the Group. The Board also recognises its responsibility for reviewing the adequacy and integrity of the system of internal control to safeguard shareholders' investments and the Group's assets.

However, it should be noted that the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss regarding:

- (a) the safeguarding of assets against unauthorised use or disposition; and
- (b) the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

### RISK MANAGEMENT FRAMEWORK

The Executive Directors with the assistance of the senior management are continuously identifying, evaluating and managing significant business risks that affect the day-to-day operations of the Group.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of the internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by the outsourced internal auditors, external auditors and management. The Audit Committee then evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

### KEY ELEMENTS

The Board is fully committed to ensuring that a proper and conducive control environment is maintained within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of the Group's internal control system include the following:

- There is a clear organisational structure with well-defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties which are communicated to all levels of the organization.
- Policy guidelines, procedures and authority limits that have been established are continuously refined to cater for operational changes in order for Executive Directors and management within the Group to run the day to day operations.
- There are standard operating policies and procedures which are set out and communicated to all levels of the organisation.
- The Group Managing Director regularly updates the Board on industry trend, key customers and performance of the Group.
- The Executive Directors maintain a "close-to-operations" attitude with managerial staff, which provides an ideal platform for assessment and management of those identified risks in the business operations.
- For monitoring of financial performance, monthly management reporting and variance analysis identifies any anomalies that required further investigation. Management meetings that are focused on financial performance, goals and strategies enforce accountability amongst staff.
- Through delegation of job responsibilities to and constant communication with key management personnel who are responsible for the daily operations, the Executive Directors are able to make reasonable assessment about the operations of the Group.
- The Company has a framework for recruitment activities to maintain a capable workforce. Ongoing training is conducted to enhance the skill and knowledge of the workforce, which aids in maintaining a risk conscious culture within the organisation.
- The internal audit function of the Group is outsourced to an external party which conducts its work independently of Management to assess the risk management quality of the Group's operations.

### CONCLUSION

The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control that would require disclosure in the Annual Report of the Group. The Board and Management have sought regular assurance on the effectiveness and soundness of the internal control system through reviews conducted by the internal auditors.

## Audit Committee Report

The Audit Committee was established on 31 March 2005. The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2014.

### 1. MEMBERS

The Audit Committee comprises the following members:-

Yap Kok Ching	(Chairman, Independent Non-Executive Director)
Aun Ah Thim	(Independent Non-Executive Director)
Datuk Chan Chong Choon	(Independent Non-Executive Director)

### 2. TERMS OF REFERENCE

#### Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all the members must be non-executive directors with a majority of them being independent directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The member of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

No alternate director shall be appointed as a member of the Audit Committee.

#### Authority

As empowered by the Board, the Audit Committee shall:

- have explicit authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information, records, properties and personnel including the chief executive officer and/or the chief financial officer of the Company and of the Group which it requires in the course of performing its duties;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- be able to invite outsiders with relevant experience to attend its meeting if necessary; and
- be able to convene meetings with external auditors, the internal auditor(s) or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

#### Duties and Responsibilities

The duties of the Committee shall be:

- (a) to review the quarterly and annual Financial Statements with both the external auditors and management before approval by the Board, focusing particularly on:
  - changes in accounting policies and practices;
  - implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- (b) to review with external auditors:
  - their audit plan, encompassing the nature and scope of the audit before the commencement of the audit;
  - their evaluation of the system of internal controls;
  - their audit report;
  - their audit findings; and
  - the assistance given by the employees of the Company to the external auditors.



## Audit Committee Report (cont'd)

### 2. TERMS OF REFERENCE (cont'd)

#### Duties and Responsibilities (cont'd)

- (c) to review the adequacy of the scope, quality, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (d) to review internal audit programme and to consider major findings of internal audit investigations and management's response thereto and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (e) to review the effectiveness of the internal control and management information systems;
- (f) to review any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions on the integrity of management;
- (g) to review any letter of resignation from the external auditors of the Company;
- (h) to review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (i) to review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- (j) to make recommendations to the Board on the nomination and remuneration of the external auditors;
- (k) to review the assistance given by the Company's officers to the external auditors;
- (l) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (m) to carry out any additional duties which may arise from time to time as prescribed by the Board.

#### Meetings

Meetings shall be held not less than four (4) times a year and such additional meetings as the Chairman may decide to fulfill its duties. The external auditors may request a meeting if they consider this necessary.

The Committee may require any employee and/or the external auditors and/or the internal auditor(s) to attend meetings. If necessary, the Committee shall meet with the external auditors without any Executive Director present.

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent director. A quorum at each meeting shall be two (2) members.

If the Chairman is not present, the members present shall elect one (1) of their members to be the Chairman of the Meeting.

#### Retirement and Resignation

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above recruitment, the Board must fill the vacancy within (3) months.

#### Secretary of the Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee.

#### Rights of External / Internal Auditors

The external auditors and internal auditors (if any) have the right to appear and be heard at any meeting for the Audit Committee and shall so appear when required by the Audit Committee.

Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders. The Committee may invite any persons to be in attendance to assist in its deliberations.

#### Functional Independence

The Audit Committee shall function independently of the other directors and officers of the Group. Such other directors and officers may attend any particular Audit Committee meeting only upon invitation by the Audit Committee, specific to the relevant meeting.

Other than as provided herein, the Audit Committee may regulate its own procedures including the calling of meeting, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

## Audit Committee Report (cont'd)

### 3. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 December 2014, five (5) Audit Committee meetings were held. The number of meetings attended by the Committee members is as follows:

Members	Audit Committee Meetings		
	Held	Attended	% of Attendance
Yap Kok Ching	5	5	100%
Aun Ah Thim	5	5	100%
Datuk Chan Chong Choon	5	5	100%

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notice period.

The Company Secretary was in attendance as secretary of the Committee in all meetings. The Operation Manager and Senior Accounts Executive also attended meetings upon invitation, where appropriate.

### 4. SUMMARY OF ACTIVITIES

The Committee had carried out the following activities during the five (5) meetings held during the financial year ended 31 December 2014 in discharging their duties and responsibilities:

- reviewed the quarterly reports of the Group and accompanying notes to make recommendation to the Board for approval and release of the Group's result to Bursa Malaysia Securities Berhad;
- reviewed the audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2014 with external auditors;
- reviewed the results and issues arising from the audit of the Financial Statements and resolutions of such issues highlighted in the auditors report to the Committee with the external auditors;
- considered and recommended to the Board of Directors the re-appointment of external auditors, Messrs. Tai, Yapp & Co.;
- reviewed internal audit reports for its subsidiaries which highlights the audit issues, recommendations and management responses thereto prepared by professional firm engaged to perform the internal audit function for the Group;
- discussed action taken with management to improve the system of internal control based on improvement opportunities identified in the internal audit reports; and
- monitored the accounts receivable and obtained satisfactory explanations from Management on long overdue accounts.

### 5. STATEMENT BY AUDIT COMMITTEE IN RELATION TO EMPLOYEES' SHARE OPTION SCHEME ("ESOS") ALLOCATION

There had not been any options granted since the expiry of the Company's ESOS on 29 May 2010.

### 6. INTERNAL AUDIT FUNCTION

The internal audit function within the Group has been outsourced to an independent professional firm for the financial year ended 31 December 2014. In order maintain their independence from Management, the independent professional firm reports directly to the Audit Committee. A representative from the professional firm attends the Audit Committee meetings on a quarterly basis to report their work performed and internal audit findings. In doing so, the professional firm assists the Board in monitoring the risks through their review of the internal controls within the operations of the Group to ensure that a sound system of internal control is established and continues to function effectively and satisfactorily, while taking into consideration the practicality of such control mechanisms being in place.

In the course of conducting the internal audit work during the financial year, the independent professional firm carried out their internal audit review of the inventory receiving and storage procedures, payment and accounts payable, credit monitoring and accounts receivable, sales order and billing procedures and the shipping and billing process.

The total cost incurred for the internal audit function of the Group for 2014 is RM36,000 (2013: RM36,000).

Further details of the activities of the internal audit function are set out in the Statement of Risk Management and Internal Control detailed on page 14 of this Annual Report.

## Additional Compliance Information

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional compliance information is provided:

### 1. SHARE BUY-BACKS

During the financial year ended 31 December 2014, the Company bought back 2,411,200 of its ordinary shares of RM0.10 each at a total consideration of RM343,254.51. Details of the shares bought back during the financial year are as follows:

Month	No. of shares purchased	Purchase price per share (RM)		Average price per share (RM)	Consideration paid (RM)
		Lowest	Highest		
January 2014	1,266,500	0.140	0.145	0.142	180,112.50
February 2014	1,144,700	0.135	0.150	0.143	163,142.01
	<u>2,411,200</u>				<u>343,254.51</u>

All of the shares bought back during the financial year were held as treasury shares in accordance with Section 67A of the Companies Act, 1965, none of which have been resold nor cancelled during the financial year. Further relevant details are disclosed in Note 16 to the Financial Statements.

### 2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no warrants or convertible securities issued by the Company during the financial year.

### 3. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programmes during the financial year.

### 4. SANCTIONS / PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### 5. NON-AUDIT FEES

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 December 2014 was RM Nil (2013: RM Nil).

### 6. VARIATION IN RESULTS

There were no variance of 10% or more between the audited results and the unaudited results announced previously. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

### 7. PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year.

### 8. MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Company and its subsidiary companies have not entered into any other material contracts outside the ordinary course of business:

#### Sale and Purchase Agreement for 40% equity interest in 50%-owned entities, Cape Technology Sdn Bhd ("Cape") and Oriem Technology Sdn Bhd ("Oriem")

On 18 August 2014, the Company entered into a sale and purchase agreement with Lu Eng Shean to acquire a 40% equity interest, which the Company does not already own, in each of its existing 50%-owned entities namely, Cape and Oriem for a total cash consideration of up to RM12.16 million.

On 30 August 2014, subsequent to further negotiations, the Company entered into a supplemental sale and purchase agreement with the vendor. The supplemental sale and purchase agreement was entered into to facilitate the ease of completion of the proposed transaction and also to safeguard the interests of the Company and the vendor.

### 9. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE

There were no RRPT of a revenue nature pursuant to a shareholder mandate during the financial year ended 31 December 2014 where the aggregate value is equal to or more than the threshold prescribed in the ACE Market Listing Requirements.

# FINANCIAL STATEMENTS

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## Directors' Report

### for the financial year ended 31 December 2014

The directors present their report and the audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2014.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

#### FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	1,843,762	653,670
Profit for the year attributable to:		
Owners of the Company	151,126	653,670
Non-controlling interest	1,692,636	-
	1,843,762	653,670

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

#### DIVIDEND

Since the end of the previous financial year, the Company paid a final single tier dividend of 5% per ordinary share of RM0.10 each amounting to RM764,587 in respect of the financial year ended 31 December 2013, duly approved at the Annual General Meeting held on 16 May 2014.

#### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

#### ISSUE OF SHARES

During the financial year, no issue of shares was made by the Company.

#### TREASURY SHARES

During the financial year, the Company repurchased 2,411,200 of its issued ordinary shares from the open market at an average price of RM0.14 per share. The total consideration paid for the repurchase including transaction costs was RM343,254. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2014, the Company held as treasury shares a total of 2,994,400 of its 155,911,800 issued ordinary shares. Further relevant details are disclosed in Note 16 to the Financial Statements.

#### DIRECTORS

The Directors who have served since the date of the last report are:

Yap Yoon Sing  
Lim Tock Ooi  
Yap Kok Ching  
Aun Ah Thim  
Datuk Chan Chong Choon

In accordance with Article 74 of the Company's Articles of Association, Mr. Yap Kok Ching and Mr. Aun Ah Thim retire by rotation, and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

## Directors' Report

### for the financial year ended 31 December 2014 (cont'd)

#### DIRECTORS' INTEREST

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

Direct interest	Ordinary Shares of RM0.10 each			As at 31.12.14
	As at 1.1.14	Bought	(Sold)	
Yap Kok Ching	114,800	-	-	114,800
Aun Ah Thim	100,000	-	-	100,000
Datuk Chan Chong Choon	56,600	-	-	56,600

Indirect interest in shares of the holding company	Ordinary Shares of RM0.10 each			As at 31.12.14
	As at 1.1.14	Bought	(Sold)	
Yap Yoon Sing	28,173,982	-	-	28,173,982
Lim Tock Ooi	21,942,861	-	-	21,942,861

By virtue of his indirect interests in shares in the Company, Mr. Yap Yoon Sing is deemed to have interests in the shares of the subsidiary companies to the extent that the Company has an interest, in accordance with Section 6A of the Companies Act, 1965.

#### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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 the Director has a substantial financial interest other than any benefits which may be deemed to have arisen from the transactions entered into by the Company as mentioned in Note 23 and Note 29 to the Financial Statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts;
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for impairment of receivables in the Group and the Company inadequate to any substantial extent;
  - (ii) the values attributed to current assets in the Financial Statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances 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.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or Financial Statements of the Group and of the Company which would render any amount stated in the Financial Statements misleading.

## **Directors' Report**

### **for the financial year ended 31 December 2014 (cont'd)**

#### **OTHER STATUTORY INFORMATION (cont'd)**

- (e) As at the date of this report there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent liability or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due;
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

#### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 31 to the Financial Statements.

#### **AUDITORS**

The auditors, Tai, Yapp & Co., have expressed their willingness to continue in office.

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

**YAP YOON SING**

**LIM TOCK OOI**

Kuala Lumpur  
Dated: 9 April 2015

## Consolidated Statement of Financial Position as at 31 December 2014

	Note	2014 RM	2013 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,231,089	9,413,592
Goodwill on consolidation	6	1,109,776	1,109,776
		9,340,865	10,523,368
<b>Current assets</b>			
Inventories	8	2,672,297	3,140,751
Trade receivables	9	6,047,128	6,107,633
Other receivables, deposits and prepayments	10	194,212	202,071
Tax recoverable		60,046	25,326
Deposits with licensed banks	12	66,182	2,052,527
Short term investment	13	1,892,332	7,974,565
Cash and bank balances	14	4,738,899	3,014,360
		15,671,096	22,517,233
		25,011,961	33,040,601
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	15,591,180	15,591,180
Treasury shares	16	(415,727)	(72,473)
Reserves	17	384,002	9,456,014
Equity attributable to owners of the Company		15,559,455	24,974,721
<b>Non-controlling interest</b>		804,201	3,354,764
<b>Total equity</b>		16,363,656	28,329,485
<b>Non-current liabilities</b>			
Hire purchase payables	18	329,182	512,127
Deferred taxation	19	743,690	847,480
		1,072,872	1,359,607
<b>Current liabilities</b>			
Trade payables	20	1,048,437	1,376,093
Other payables and accruals	21	6,346,461	1,787,701
Hire purchase payables	18	180,535	170,401
Current tax payable		-	17,314
		7,575,433	3,351,509
<b>Total liabilities</b>		8,648,305	4,711,116
<b>TOTAL EQUITY AND LIABILITIES</b>		25,011,961	33,040,601

The accompanying Notes form an integral part of the Financial Statements.



## Statement of Financial Position

### as at 31 December 2014

	Note	2014 RM	2013 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,159	1,519
Investment in subsidiary companies	7	29,251,980	21,791,978
		29,253,139	21,793,497
<b>Current assets</b>			
Other receivables	10	1,000	401,000
Amount owing by subsidiary companies	11	-	1,100,000
Deposits with licensed banks	12	-	2,000,000
Short term investment	13	1,892,332	6,803,187
Cash and bank balances	14	1,520,699	125,605
		3,414,031	10,429,792
<b>TOTAL ASSETS</b>		<b>32,667,170</b>	<b>32,223,289</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	15,591,180	15,591,180
Treasury shares	16	(415,727)	(72,473)
Reserves	17	12,627,910	12,738,827
<b>Total equity</b>		<b>27,803,363</b>	<b>28,257,534</b>
<b>Non-current liability</b>			
Deferred taxation	19	290	380
<b>Current liabilities</b>			
Other payables and accruals	21	4,863,517	265,375
Amount owing to subsidiary companies	11	-	3,700,000
		4,863,517	3,965,375
<b>Total liabilities</b>		<b>4,863,807</b>	<b>3,965,755</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,667,170</b>	<b>32,223,289</b>

The accompanying Notes form an integral part of the Financial Statements.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
Revenue	22	20,277,388	20,486,631
Cost of sales		(10,922,426)	(12,190,641)
Gross profit		9,354,962	8,295,990
Other income		1,173,145	1,050,535
Selling and distribution expenses		(1,246,430)	(1,130,702)
Administrative expenses		(4,127,317)	(3,564,291)
Other expenses		(2,350,823)	(1,883,842)
Profit from operations		2,803,537	2,767,690
Finance costs		(25,274)	(35,338)
Profit before taxation	23	2,778,263	2,732,352
Taxation	24	(934,501)	(938,994)
Profit for the year		<b>1,843,762</b>	<b>1,793,358</b>
Other comprehensive income		-	-
Total comprehensive income for the year		<b>1,843,762</b>	<b>1,793,358</b>
Profit for the year attributable to:			
Owners of the Company		151,126	735,179
Non-controlling interest		1,692,636	1,058,179
Profit for the year		<b>1,843,762</b>	<b>1,793,358</b>
Total comprehensive income for the year attributable to:			
Owners of the Company		151,126	735,179
Non-controlling interest		1,692,636	1,058,179
Total comprehensive income for the year		<b>1,843,762</b>	<b>1,793,358</b>
Earnings per ordinary share (sen) - Basic	25	0.01	0.47
Dividend per ordinary share (sen)	26	0.50	0.50

The accompanying Notes form an integral part of the Financial Statements.

## Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2014

	Note	2014 RM	2013 RM
Revenue	22	2,780,286	3,319,116
Other income		4,753,117	-
Administrative expenses		(1,326,699)	(1,299,984)
Other expenses		(5,553,124)	(2,674,669)
Profit/(Loss) before taxation	23	653,580	(655,537)
Taxation	24	90	210
Profit/(Loss) for the year		<b>653,670</b>	<b>(655,327)</b>
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		<b>653,670</b>	<b>(655,327)</b>
Dividend per ordinary share (sen)	26	<b>0.50</b>	<b>0.50</b>

The accompanying Notes form an integral part of the Financial Statements.

## Consolidated Statement of Changes in Equity

### for the financial year ended 31 December 2014

	Note	Attributable to owners of the Company						Total Equity RM
		Share Capital RM	Treasury Shares RM	Non- Distributable		Total RM	Non- Controlling Interest RM	
				Share Premium RM	Accumulated Losses RM			
Balance at 1 January 2013		15,591,180	-	9,977,920	(477,526)	25,091,574	4,546,585	29,638,159
Purchase of treasury shares		-	(72,473)	-	-	(72,473)	-	(72,473)
Dividend paid to non-controlling interest		-	-	-	-	-	(2,250,000)	(2,250,000)
Dividend paid to owners of the Company	26	-	-	-	(779,559)	(779,559)	-	(779,559)
<b>Profit for the year</b>		-	-	-	735,179	735,179	1,058,179	1,793,358
Total comprehensive income for the year		-	-	-	735,179	735,179	1,058,179	1,793,358
Balance at 31 December 2013		15,591,180	(72,473)	9,977,920	(521,906)	24,974,721	3,354,764	28,329,485
Dilution from transaction with non- controlling interest		-	-	-	(8,458,551)	(8,458,551)	(3,701,449)	(12,160,000)
Purchase of treasury shares		-	(343,254)	-	-	(343,254)	-	(343,254)
Dividend paid to non-controlling interest		-	-	-	-	-	(541,750)	(541,750)
Dividend paid to owners of the Company	26	-	-	-	(764,587)	(764,587)	-	(764,587)
<b>Profit for the year</b>		-	-	-	151,126	151,126	1,692,636	1,843,762
Total comprehensive income for the year		-	-	-	151,126	151,126	1,692,636	1,843,762
Balance at 31 December 2014		15,591,180	(415,727)	9,977,920	(9,593,918)	15,559,455	804,201	16,363,656

The accompanying Notes form an integral part of the Financial Statements.

## Statement of Changes in Equity

### for the financial year ended 31 December 2014

	Note	Attributable to owners of the Company				Total Equity RM
		Share Capital RM	Treasury Shares RM	Non-Distributable	Distributable	
				Share Premium RM	Un-appropriated Profit RM	
Balance at 1 January 2013		15,591,180	-	9,977,920	4,195,793	29,764,893
Total comprehensive expense for the year		-	-	-	(655,327)	(655,327)
Purchase of treasury shares		-	(72,473)	-	-	(72,473)
Dividend paid to owners of the Company	26	-	-	-	(779,559)	(779,559)
Balance at 31 December 2013		15,591,180	(72,473)	9,977,920	2,760,907	28,257,534
Total comprehensive income for the year		-	-	-	653,670	653,670
Purchase of treasury shares		-	(343,254)	-	-	(343,254)
Dividend paid to owners of the Company	26	-	-	-	(764,587)	(764,587)
Balance at 31 December 2014		15,591,180	(415,727)	9,977,920	2,649,990	27,803,363

The accompanying Notes form an integral part of the Financial Statements.

## Consolidated Statement of Cash Flow

### for the financial year ended 31 December 2014

	2014 RM	2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,778,263	2,732,352
Adjustments for:		
Bad debt written off	5,611	2,034
Depreciation of property, plant and equipment	1,237,107	1,293,006
Interest expense	25,274	35,338
Unrealised gain on foreign exchange	(411,832)	(273,285)
Property, plant and equipment written off	4,272	1,394
Loss/(Gain) on disposal of property, plant and equipment	1,905	(44,471)
Income from short term investment	(11,842)	(94,789)
Interest income	(40,098)	(41,070)
Operating profit before working capital changes	3,588,660	3,610,509
Decrease in inventories	468,454	267,954
Decrease/(Increase) in trade and other receivables	1,637,330	(2,193,961)
(Decrease)/Increase in trade and other payables	(1,504,107)	2,138,282
Cash generated from operations	4,190,337	3,822,784
Tax refund	30,435	88,561
Tax paid	(1,120,758)	(739,973)
Net cash provided by operating activities	3,100,014	3,171,372
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of additional shares in subsidiary companies	(7,600,000)	-
Interest received	40,098	41,070
Short term investment income received	11,842	94,789
Proceeds from disposal of property, plant and equipment	300	48,180
Purchase of property, plant and equipment	(61,081)	(83,669)
Placement of fixed deposits	(13,655)	(1,604)
Net cash (used in)/provided by investing activities	(7,622,496)	98,766

## Consolidated Statement of Cash Flow

### for the financial year ended 31 December 2014 (cont'd)

	2014 RM	2013 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of hire purchase interests	(25,274)	(33,000)
Purchase of treasury shares	(343,254)	(72,473)
Repayment of hire purchase payables	(172,811)	(165,153)
Payment of term loan interests	-	(2,338)
Repayment of term loans	-	(186,612)
Dividend paid	(764,587)	(779,559)
Dividend paid to non-controlling interest	(541,750)	(1,850,000)
Net cash used in financing activities	(1,847,676)	(3,089,135)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,370,158)	181,003
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	12,464	1,804
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	12,988,925	12,806,118
CASH AND CASH EQUIVALENTS CARRIED FORWARD	6,631,231	12,988,925
<b>Note:</b>		
<b>Cash and cash equivalents:</b>		
Deposits with licensed banks (Note 12)	66,182	2,052,527
Short term investment (Note 13)	1,892,332	7,974,565
Cash and bank balances (Note 14)	4,738,899	3,014,360
	6,697,413	13,041,452
Deposits placed with licensed bank (Note 12)	(66,182)	(52,527)
	6,631,231	12,988,925

The accompanying Notes form an integral part of the Financial Statements.

## Statement of Cash Flow for the financial year ended 31 December 2014

	2014 RM	2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	653,580	(655,537)
Adjustments for:		
Waiver of amount owing to subsidiary company	(4,753,117)	-
Impairment loss on investment in subsidiary companies	4,699,998	2,504,002
Depreciation of property, plant and equipment	360	840
Operating profit before working capital changes	600,821	1,849,305
Decrease/(Increase) in receivables	400,000	(400,000)
Increase in payables	38,142	68,608
Net cash provided by operating activities	1,038,963	1,517,913
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment from/(to) subsidiary companies	1,053,117	(1,100,000)
Advance from subsidiary company	1,100,000	3,700,000
Purchase of additional shares in subsidiary companies	(7,600,000)	-
Net cash (used in)/provided by investing activities	(5,446,883)	2,600,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(343,254)	(72,473)
Dividend paid	(764,587)	(779,559)
Net cash used in financing activities	(1,107,841)	(852,032)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,515,761)	3,265,881
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	8,928,792	5,662,911
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,413,031	8,928,792
<b>Note:</b>		
<b>Cash and cash equivalents:</b>		
Deposits with licensed banks (Note 12)	-	2,000,000
Short term investment (Note 13)	1,892,332	6,803,187
Cash and bank balances (Note 14)	1,520,699	125,605
	3,413,031	8,928,792

The accompanying Notes form an integral part of the Financial Statements.



# Notes to the Financial Statements

31 December 2014

## 1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. It is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company's registered office is at Suites 7.21 & 7.22, 7th Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur.

The Company's principal place of business is at No. 11, Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam, Selangor Darul Ehsan.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Statement of Compliance

The Financial Statements of the Group and of the Company have been approved by the Board of Directors for issuance on 9 April 2015.

The Financial Statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia.

On 1 January 2014, the Group and the Company had adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

The adoption of the above standards and interpretations did not have any impact on the Financial Statements of the Group and of the Company.

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's Financial Statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11: Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 127 – Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 116 and MFRS 141 – Agriculture: Bearer Plants	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7	1 January 2018

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the Financial Statements of the Group and of the Company upon their initial application except as described below:

# Notes to the Financial Statements

## 31 December 2014 (cont'd)

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

#### 2.1 Statement of Compliance (cont'd)

##### (a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1st January 2017 with early adoption permitted. The Group and the Company are currently assessing the impact of this Standard and plan to adopt this Standard on the required effective date.

##### (b) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management establish a more principle based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment but the requirements for hedge accounting is not relevant to the Group and the Company.

#### 2.2 Basis of Measurement

The Financial Statements of the Group have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

#### 2.3 Functional and Presentation Currency

The Financial Statements of the Group are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

#### 2.4 Use of Estimates and Judgments

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

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

# Notes to the Financial Statements

31 December 2014 (cont'd)

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

### 2.4 Use of Estimates and Judgments (cont'd)

#### (a) Useful lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

#### (b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers the factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

#### (c) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (d) Income Taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

#### (e) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Equity Instruments

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

#### 3.1.1 Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.1.2 Treasury shares

When the Company reacquires its own equity instruments, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

# Notes to the Financial Statements

## 31 December 2014 (cont'd)

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

#### 3.2 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at the reporting date. The Financial Statements of the subsidiaries used in the preparation of the consolidated Financial Statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### *Transactions with non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

#### 3.3 Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

# Notes to the Financial Statements

31 December 2014 (cont'd)

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

### 3.4 Subsidiary Companies

Subsidiaries are entities including structured entities, controlled by the Company. The Financial Statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has de facto power over an investee when despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

### 3.5 Property, Plant and Equipment

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:

	%
Long term leasehold land	over the lease period of 93 years
Buildings	2
Plant and machinery	10 – 20
Electrical installation	10
Renovation and signboard	10 – 20
Motor vehicles	20
Office equipment	10 – 20
Furniture and fittings	10 – 15
Production equipment	10
Tools and equipment	15 - 20

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.

### 3.6 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for slow moving and obsolete inventories. Cost is principally determined on first-in, first-out basis. The cost of raw materials comprises cost of purchase. The costs of finished goods and work-in-progress comprise direct materials, direct labour and an appropriate proportion of factory overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

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

#### 3.7 Revenue Recognition

Revenue of the Group are recognised as follows:

- (i) Revenue from sale of goods is recognised when the goods are delivered and upon customer's acceptance.
- (ii) Revenue from rendering of services is recognised when the services are performed.
- (iii) Revenue from management services is recognised when the services are rendered.
- (iv) Interest income is recognised on an accrual basis using the effective interest method.
- (v) Dividend income is recognised when the shareholder's right to receive payment is established.

#### 3.8 Income Taxes

Income taxes comprise current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences.

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

#### 3.9 Impairment

##### (i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

##### (ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

# Notes to the Financial Statements

31 December 2014 (cont'd)

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

### 3.9 Impairment (cont'd)

#### (ii) Non-financial assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation losses are credited to profit or loss in the year in which the reversals are recognised.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

### 3.10 Foreign Currencies Conversion

#### 3.10.1 Function and presentation currency

The individual Financial Statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency.

#### 3.10.2 Foreign currency translations

In preparing the Financial Statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

### 3.11 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank, fixed deposits and short term investment with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the statement of cash flows, cash and cash equivalents are shown net of bank overdraft



## Notes to the Financial Statements

31 December 2014 (cont'd)

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

#### 3.12 Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of leases classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases:

##### (ii) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3.5.

##### (ii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land elements in proportion to the relative fair values for leasehold interests in the land element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### 3.13 Segment Information

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

#### 3.14 Provision for Liabilities

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



# Notes to the Financial Statements

31 December 2014 (cont'd)

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

### 3.15 Employee Benefit Costs

#### Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave 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 leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

#### Defined contribution plan

Contributions to the Employees' Provident Fund are charged to profit or loss in the financial year to which they relate.

### 3.16 Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

### 3.17 Financial Assets

The Group and the Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss at inception is not revocable.

Financial assets are recognised on the statement of financial position when the Group and the Company becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at their fair values.

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group and the Company commits to purchase or sell the asset. A financial asset is derecognised where the contractual rights to receive cash flows from the asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

#### 3.17.1 Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (except for derivative that is a financial guarantee or a designated and effective hedge instrument) or financial assets acquired principally for the purpose of selling in the near term.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

#### 3.17.2 Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group and the Company have the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

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

#### 3.17 Financial Assets (cont'd)

##### 3.17.3 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### 3.17.4 Available-for-sale financial assets

Available-for-sale category comprises investments in equity and debt securities instruments are designated as available for sale.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged risks of fair value hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest calculated for a debt instruments using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

#### 3.18 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### 3.18.1 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities that are derivatives (except for a derivative that is a financial contract or a designated and effective hedge instruments) and financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

The Group and the Company has not designated any financial liabilities at fair value through profit or loss.

##### 3.18.2 Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For the financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Loan and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 month after the reporting date.

## Notes to the Financial Statements

31 December 2014 (cont'd)

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

#### 3.18 Financial Liabilities (cont'd)

##### 3.18.2 Other financial liabilities (cont'd)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### 3.18.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with original or modified terms of debt instrument. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

#### 3.19 Borrowing Costs

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest that the Group incurred in connection with the borrowing of funds.

#### 3.20 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with entity.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

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

#### 3.21 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### 4. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

### 5. PROPERTY, PLANT AND EQUIPMENT

#### GROUP

COST	Balance as at 1.1.14	Additions	(Written off)	(Disposals)	Balance as at 31.12.14
	RM	RM	RM	RM	RM
Long term leasehold land	2,782,508	-	-	-	2,782,508
Buildings	5,613,823	-	-	-	5,613,823
Plant and machinery	10,638,734	7,000	(52,024)	-	10,593,710
Electrical installation	62,579	-	-	-	62,579
Renovation and signboard	440,576	-	(266)	-	440,310
Motor vehicles	1,994,276	-	-	-	1,994,276
Office equipment	917,467	32,641	(449,435)	-	500,673
Furniture and fittings	214,904	8,000	(85,537)	-	137,367
Production equipment	136,321	-	-	-	136,321
Tools and equipment	661,372	13,440	-	(2,700)	672,112
	23,462,560	61,081	(587,262)	(2,700)	22,933,679

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

ACCUMULATED DEPRECIATION	Balance as	Charge for	(Written	(Disposals)	Balance as
	at 1.1.14	the year	off)		at 31.12.14
	RM	RM	RM	RM	RM
Long term leasehold land	379,640	42,303	-	-	421,943
Buildings	1,018,411	106,127	-	-	1,124,538
Plant and machinery	8,919,820	734,492	(52,007)	-	9,602,305
Electrical installation	62,004	372	-	-	62,376
Renovation and signboard	413,670	13,531	(264)	-	426,937
Motor vehicles	1,185,789	275,055	-	-	1,460,844
Office equipment	811,939	32,378	(445,197)	-	399,120
Furniture and fittings	212,269	1,945	(85,522)	-	128,692
Production equipment	97,036	6,216	-	-	103,252
Tools and equipment	553,473	24,688	-	(495)	577,666
	13,654,051	1,237,107	(582,990)	(495)	14,307,673

ACCUMULATED IMPAIRMENT LOSSES	Balance as	Additions	Balance as
	at 1.1.14		at 31.12.14
	RM	RM	RM
Long term leasehold land	-	-	-
Buildings	394,917	-	394,917
Plant and machinery	-	-	-
Electrical installation	-	-	-
Renovation and signboard	-	-	-
Motor vehicles	-	-	-
Office equipment	-	-	-
Furniture and fittings	-	-	-
Production equipment	-	-	-
Tools and equipment	-	-	-
	394,917	-	394,917

	Net Book Value		Depreciation Charge	
	2014	2013	2014	2013
	RM	RM	RM	RM
Long term leasehold land	2,360,565	2,402,868	42,303	34,056
Buildings	4,094,368	4,200,495	106,127	86,016
Plant and machinery	991,405	1,718,914	734,492	789,320
Electrical installation	203	575	372	450
Renovation and signboard	13,373	26,906	13,531	13,533
Motor vehicles	533,432	808,487	275,055	276,405
Office equipment	101,553	105,528	32,378	41,344
Furniture and fittings	8,675	2,635	1,945	8,380
Production equipment	33,069	39,285	6,216	7,709
Tools and equipment	94,446	107,899	24,688	35,793
	8,231,089	9,413,592	1,237,107	1,293,006

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

##### COMPANY

COST	Balance as	Additions	Balance as
	at 1.1.14		at 31.12.14
	RM	RM	RM
Office equipment	5,598	-	5,598

##### ACCUMULATED DEPRECIATION

	Balance as	Charge for	Balance as
	at 1.1.14	the year	at 31.12.14
	RM	RM	RM
Office equipment	4,079	360	4,439

	Net Book Value		Depreciation Charge	
	2014	2013	2014	2013
	RM	RM	RM	RM
Office equipment	1,159	1,519	360	840

Included in property, plant and equipment of the Group are the following that were acquired under hire purchase arrangements:

	2014		2013	
	Cost	Net Book Value	Cost	Net Book Value
	RM	RM	RM	RM
Motor vehicles	1,183,147	502,868	1,183,147	739,497

Included in the motor vehicles of the Group, is a motor vehicle with net book value of RM180,094 (2013: RM260,136) that is held in trust for the Group by a director.

#### 6. GOODWILL ON CONSOLIDATION

	Group	
	2014	2013
	RM	RM
Arising from acquisition of subsidiaries	1,109,776	1,109,776

##### Impairment tests for cash-generating unit ("CGU") containing goodwill

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The recoverable amount of a CGU is determined based on value-in-use calculation. The value-in-use calculation is determined using cash flows projections, based on financial budgets approved by management, discounted at rates which reflect risks relating to the relevant CGU.

The discount rate applied to the cash flow projections is based on the cost of borrowings of the Group, throughout the calculation period. The growth rate used is consistent with the projected growth rate of the CGU's industry and economy.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2014	2013
	RM	RM
<u>Unquoted shares, at cost</u>		
At 1 January	28,691,980	28,691,980
Addition	12,160,000	-
Written off	(100,002)	-
At 31 December	40,751,978	28,691,980
Less: Impairment losses	(11,499,998)	(6,900,002)
Carrying amount	29,251,980	21,791,978

The carrying amount of the investment in subsidiaries is assessed for impairment during the financial year and the recoverable amount of the investment in subsidiaries is determined based on value in use of the subsidiaries. An impairment loss is recognised immediately in profit or loss if the recoverable amount is less than the carrying amount. As a result, the Company recognised an impairment loss of RM4,699,998 (2013: RM2,504,002) during the year.

The subsidiary companies are:

Name of Company	Place of Incorporation	Equity Interest		Principal Activities
		2014	2013	
Techfast Precision Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and distribution of specialised fasteners and related precision turning and machining parts for the electronics, telecommunication, computer peripherals and automotive industries
Oriem Technology Sdn. Bhd.	Malaysia	90%	50%	Manufacturing of epoxy encapsulant materials for optoelectronics industries and provision of training analytical and consultancy services
Cape Technology Sdn. Bhd.	Malaysia	90%	50%	Manufacturer of mould cleaning rubber sheets and trading of epoxy encapsulant materials for optoelectronics industries
Techfast Manufacturing Sdn. Bhd. <sup>#</sup>	Malaysia	100%	100%	Inactive
Techfast Technologies Sdn. Bhd.	Malaysia	-	100%	Inactive
Techfast International Sdn. Bhd.	Malaysia	-	100%	Inactive

During the financial year, the Company acquired an additional 40% equity interest in the capital of Cape Technology Sdn Bhd ("Cape") and Oriem Technology Sdn Bhd ("Oriem") for a total cash consideration of up to RM12,160,000. As a result, the equity interest in Cape and Oriem has been increased from 50% to 90%.

The cost of investment of Techfast Technologies Sdn Bhd and Techfast International Sdn Bhd amounting to RM100,002 were written off as these two subsidiaries have been struck off the register by the Registrar of Companies ("Registrar").

<sup>#</sup> No audited financial statements are available for this subsidiary company as it has applied to the Registrar to be struck off the register.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 8. INVENTORIES

	Group	
	2014	2013
	RM	RM
Raw materials	1,292,515	1,332,437
Work-in-progress	227,857	310,845
Finished goods	771,799	998,832
Tooling and chemicals	380,126	498,637
	<b>2,672,297</b>	<b>3,140,751</b>

#### 9. TRADE RECEIVABLES

The credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The currency exposure profile of trade receivables of the Group are as follows:

	Group	
	2014	2013
	RM	RM
Ringgit Malaysia	1,993,360	2,180,065
United States Dollar	3,941,413	3,799,613
Euro	99,111	118,148
Singapore Dollar	13,244	9,807
	<b>6,047,128</b>	<b>6,107,633</b>

#### 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other receivables	62,662	228,683	-	550,000
Less:				
Allowance for impairment of receivables	-	(150,000)	-	(150,000)
	62,662	78,683	-	400,000
Deposits	82,121	78,272	1,000	1,000
Prepayments	49,429	45,116	-	-
	<b>194,212</b>	<b>202,071</b>	<b>1,000</b>	<b>401,000</b>

#### 11. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

The amount owing by/(to) subsidiary companies is unsecured, non-interest bearing and is repayable upon demand.



## Notes to the Financial Statements

31 December 2014 (cont'd)

### 12. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Term deposit	66,182	2,052,527	-	2,000,000

Included in deposits of the Group is an amount of RM66,182 (2013: RM52,527) which has been pledged to a licensed bank for bank guarantee facility granted to the Group.

The deposits of the Group and of the Company have maturity periods ranging from 14 days to 3 months (2013: 14 days to 3 months). The effective interest rate of the deposits range from 0.75% to 3.30% (2013: 0.75% to 3.15%) per annum.

### 13. SHORT TERM INVESTMENT

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
At cost	1,892,332	7,974,565	1,892,332	6,803,187

Short term investment represents deposits placement with an investment fund management company for investment in fixed income instruments.

The short term investment of the Group and the Company bears dividend yield at 3.15% (2013: 2.78%) and 3.15% (2013: 2.91%) per annum respectively and is readily convertible to cash with insignificant risk of changes in value.

### 14. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Ringgit Malaysia	4,267,996	2,959,922	1,520,699	125,605
United States Dollar	408,152	28,749	-	-
Euro	57,300	4,200	-	-
Singapore Dollar	4,454	20,492	-	-
Thai Baht	997	997	-	-
	4,738,899	3,014,360	1,520,699	125,605

### 15. SHARE CAPITAL

	Group and Company	
	2014	2013
	RM	RM
<b>Authorised:</b>		
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000
<b>Issued and fully paid:</b>		
155,911,800 ordinary shares of RM0.10 each	15,591,180	15,591,180

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 16. TREASURY SHARES

##### Group and Company

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 16 May 2014, approved the Company's plan to repurchase its own ordinary shares subject to the following:

- (i) The aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the issued and paid up capital of the Company at any point in time; and
- (ii) The maximum amount of funds available for the Shares Buy-Back shall not exceed the total unappropriated profit and share premium account of the Company.

During the financial year, the Company repurchased 2,411,200 of its issued ordinary shares from the open market at an average price of RM0.14 per share. The total consideration paid for the repurchase was RM343,254, comprising consideration paid amounting to RM339,294 and transaction cost of RM3,960. The repurchase transactions were financed by internally generated funds.

All shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. There had been no resale or cancellation of treasury shares during the financial year.

Of the total 155,911,800 issued and fully paid ordinary shares as at 31 December 2014, 2,994,400 are held as treasury shares by the Company. As at 31 December 2014, the number of outstanding ordinary shares in issue after the set-off is therefore 152,917,400 ordinary shares of RM0.10.

#### 17. RESERVES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Non-distributable</b>				
Share premium	9,977,920	9,977,920	9,977,920	9,977,920
<b>Distributable</b>				
(Accumulated losses)/Unappropriated profit	(9,593,918)	(521,906)	2,649,990	2,760,907
Total reserves	384,002	9,456,014	12,627,910	12,738,827

#### 18. HIRE PURCHASE PAYABLES

	Group	
	2014	2013
	RM	RM
Total principal outstanding	509,717	682,528
Less:		
Repayable within the next twelve months shown under current liabilities	(180,535)	(170,401)
Repayable after the next twelve months	329,182	512,127
Represented by:		
Minimum hire purchase payments:		
Within one year	198,084	198,084
Between two to five years	345,801	543,885
	543,885	741,969
Less: Future interest charges	(34,168)	(59,441)
Present value of hire purchase liabilities	509,717	682,528

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 19. DEFERRED TAXATION

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
At 1 January 2014	847,480	620,990	380	590
Recognised in profit or loss (Note 24)	(103,790)	226,490	(90)	(210)
At 31 December 2014	743,690	847,480	290	380

The components and movements of deferred tax liabilities/(assets) of the Group and of the Company are as follows:

GROUP	Accelerated capital allowances	Other temporary differences	Total
	RM	RM	RM
At 1 January 2014	815,520	31,960	847,480
Recognised in profit or loss	(175,140)	71,350	(103,790)
At 31 December 2014	640,380	103,310	743,690

COMPANY	Accelerated capital allowances	Other temporary differences	Total
	RM	RM	RM
At 1 January 2014	380	-	380
Recognised in profit or loss	(90)	-	(90)
At 31 December 2014	290	-	290

GROUP	Accelerated capital allowances	Other temporary differences	Unabsorbed tax losses	Total
	RM	RM	RM	RM
At 1 January 2013	730,690	46,400	(156,100)	620,990
Recognised in profit or loss	84,830	(14,440)	156,100	226,490
At 31 December 2013	815,520	31,960	-	847,480

COMPANY	Accelerated capital allowances	Other temporary differences	Unabsorbed tax losses	Total
	RM	RM	RM	RM
At 1 January 2013	590	-	-	590
Recognised in profit or loss	(210)	-	-	(210)
At 31 December 2013	380	-	-	380

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 20. TRADE PAYABLES

The credit terms of trade payables range from 30 to 60 days.

The currency exposure profile of trade payables of the Group are as follows:

	Group	
	2014	2013
	RM	RM
Ringgit Malaysia	1,008,083	1,255,959
United States Dollar	-	33,730
Singapore Dollar	40,354	86,404
	<b>1,048,437</b>	<b>1,376,093</b>

#### 21. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables	4,861,633	801,939	4,563,129	3,755
Accrual	1,484,828	985,762	300,388	261,620
	<b>6,346,461</b>	<b>1,787,701</b>	<b>4,863,517</b>	<b>265,375</b>

#### 22. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
These represent:				
Sales of goods	20,062,852	20,317,515	-	-
Management fees	-	-	900,000	900,000
Dividend income	-	-	1,665,750	2,250,000
Interest income	214,536	169,116	214,536	169,116
	<b>20,277,388</b>	<b>20,486,631</b>	<b>2,780,286</b>	<b>3,319,116</b>

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 23. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
This is stated after charging:				
Auditors' remuneration :				
- current year	55,000	59,500	12,000	12,000
- overprovision in prior year	-	(7,000)	-	(5,000)
Bad debt written off	5,611	2,034	-	-
Impairment loss on investment in subsidiary companies	-	-	4,699,998	2,504,002
Depreciation of property, plant and equipment	1,237,107	1,293,006	360	840
Directors' remuneration	1,923,634	1,588,180	1,081,794	1,079,440
Directors' fees	240,000	180,000	120,000	90,000
Interest expenses on:				
- Hire purchase	25,274	33,000	-	-
- Term loan interest	-	2,338	-	-
Property, plant and equipment written off	4,272	1,394	-	-
Professional fee paid to firms connected to directors of the Company	101,417	53,534	83,348	40,000
Professional fee paid to company connected to directors of the Company	17,516	20,700	4,016	3,100
Loss on disposal of property, plant and equipment	1,905	-	-	-
Loss on foreign exchange:				
- realised	6,635	4,271	-	-
Research and development expenses	14,961	17,166	-	-
Staff costs	4,716,840	4,649,519	124,905	130,544
And crediting:				
Interest income	40,098	41,070	-	-
Income from short term investment	11,842	94,789	-	-
Gain on disposal of property, plant and equipment	-	44,471	-	-
Gain on foreign exchange:				
- realised	548,383	390,018	-	-
- unrealised	411,832	273,285	-	-
Waiver of amount owing to subsidiary companies	-	-	4,753,117	-
<b>Staff costs</b>				
Salaries, bonuses and wages	3,837,232	3,761,980	110,400	115,200
EPF and SOCSO contribution	406,878	427,030	14,505	15,344
Other benefits	472,730	460,509	-	-
	4,716,840	4,649,519	124,905	130,544

The number of employees (excluding directors) of the Group and of the Company as at the end of the financial year were 134 (2013: 139) and 2 (2013: 2) respectively.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 23. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

##### DIRECTORS' REMUNERATION

##### Company's Directors

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Executive Directors</b>				
Salaries and other emoluments	895,734	920,108	895,734	920,108
Benefits-in-kind	170,460	146,132	170,460	146,132
	<b>1,066,194</b>	<b>1,066,240</b>	<b>1,066,194</b>	<b>1,066,240</b>
<b>Non-Executive Directors</b>				
Fees	120,000	90,000	120,000	90,000
Allowances	15,600	13,200	15,600	13,200
	<b>135,600</b>	<b>103,200</b>	<b>135,600</b>	<b>103,200</b>
<b>Other Directors – Directors of the Subsidiaries</b>				
Salaries and other emoluments	750,000	450,000	-	-
Benefits-in-kind	91,840	58,740	-	-
Fees	120,000	90,000	-	-
	<b>961,840</b>	<b>598,740</b>	<b>-</b>	<b>-</b>

The Directors' remuneration (including benefits-in-kind) of the Directors of the Company during the financial year ended 31 December 2014 fall within the following bands:

##### Range of Remuneration RM

	No. of Executive Directors	No. of Non- Executive Directors
50,000 and below	-	3
400,001 – 450,000	1	-
600,001 – 650,000	1	-
Total	<b>2</b>	<b>3</b>

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 24. TAXATION

Based on the results for the financial year:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Current tax</b>				
Malaysian Income Tax	1,084,884	716,179	-	-
Deferred taxation (Note 19)	(103,790)	226,490	(90)	(210)
	981,094	942,669	(90)	(210)
Overprovision in prior years	(46,593)	(3,675)	-	-
Tax expense/(income) for the financial year	934,501	938,994	(90)	(210)

Reconciliation between tax expense/(income) and the product of accounting profit/(loss) multiplied by the applicable tax rate:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit/(Loss) before taxation	2,778,263	2,732,352	653,580	(655,537)
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	694,566	683,088	163,395	(163,884)
Non-allowable expenses	415,955	678,942	1,494,289	767,457
Non-taxable income	(79,427)	(70,592)	(1,657,774)	(603,783)
Utilisation of deferred tax assets previously not recognised	-	(22,034)	-	-
Utilisation of unabsorbed capital allowances and tax losses	-	(204,981)	-	-
Tax effect for tax incentive:				
- Reduction in statutory tax rate on chargeable income of up to RM500,000 (2013: RM500,000)	(50,000)	(46,754)	-	-
Overprovision of deferred tax in prior year	-	(75,000)	-	-
	981,094	942,669	(90)	(210)
Overprovision in prior years	(46,593)	(3,675)	-	-
Tax expense/(income) for the financial year	934,501	938,994	(90)	(210)

The Group has potential deferred tax assets not recognised in the Financial Statements under the liability method in respect of the following deductible temporary differences:

	Group	
	2014	2013
	RM	RM
Unutilised capital allowance	-	60,800
Unabsorbed tax losses	-	396,700
	-	457,500

The above deferred tax assets are available indefinitely to offset against future taxable profit of the Group in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset future taxable profit of the Group.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 25. EARNINGS PER ORDINARY SHARE

##### Basic earnings per ordinary share:

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
	RM	RM
Profit for the year attributable to owners of the Company	151,126	735,179
Weighted average number of ordinary shares in issue	154,490,676	155,769,508
Basic earnings per ordinary share (sen)	0.10	0.47

#### 26. DIVIDEND

##### Paid:

Final single tier dividend of 5% per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2013 (2013: Final single tier dividend of 5% per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2012)

	Group and Company	
	2014	2013
	RM	RM
	764,587	779,559



## Notes to the Financial Statements

31 December 2014 (cont'd)

### 27. SEGMENTAL REPORTING

The Group has two reportable segments that are based on information reported internally to the Group Managing Director. The reportable segments are summarised as follows:

- (i) Manufacturing of self-clinching fasteners; and
- (ii) Manufacturing of mould cleaning rubber sheets and LED epoxy encapsulant materials.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and income taxes.

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

2014	Self-clinching fasteners RM	Mould cleaning rubber sheets and LED epoxy encapsulant materials RM	Elimination RM	Consolidation RM
<b>Revenue</b>				
External sales	6,976,370	13,301,018	-	20,277,388
Inter-segment sales	2,565,750	4,008,597	(6,574,347)	-
<b>Total</b>	<b>9,542,120</b>	<b>17,309,615</b>	<b>(6,574,347)</b>	<b>20,277,388</b>
<b>Results</b>				
Segment results (external)	(1,858,404)	4,661,941	-	2,803,537
Finance costs				(25,274)
Profit before taxation				2,778,263
Taxation				(934,501)
<b>Profit for the year</b>				<b>1,843,762</b>
<b>Other information</b>				
Segment assets	13,232,684	10,669,501	-	23,902,185
Unallocated corporate asset				1,109,776
				<b>25,011,961</b>
Segment liabilities	6,003,554	2,644,751	-	8,648,305
Capital expenditure	29,882	31,199	-	61,081
Depreciation and amortisation	998,611	238,496	-	1,237,107
Interest expense	13,731	11,543	-	25,274
Interest income	(11,842)	(40,098)	-	(51,940)
Non-cash items other than depreciation and amortisation:				
- Unrealised (gain)/loss on foreign exchange	17,755	(429,587)	-	(411,832)
- Bad debt written off	-	5,611	-	5,611
- Loss on disposal of property, plant and equipment	-	1,905	-	1,905

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 27. SEGMENTAL REPORTING (cont'd)

2013	Self-clinching fasteners RM	Mould cleaning rubber sheets and LED epoxy encapsulant materials RM	Elimination RM	Consolidation RM
<b>Revenue</b>				
External sales	8,642,820	11,843,811	-	20,486,631
Inter-segment sales	3,150,000	2,913,870	(6,063,870)	-
<b>Total</b>	<b>11,792,820</b>	<b>14,757,681</b>	<b>(6,063,870)</b>	<b>20,486,631</b>
<b>Results</b>				
Segment results (external)	(107,750)	2,875,440	-	2,767,690
Finance costs				(35,338)
Profit before taxation				2,732,352
Taxation				(938,994)
<b>Profit for the year</b>				<b>1,793,358</b>
<b>Other information</b>				
Segment assets	22,357,426	9,573,399	-	31,930,825
Unallocated corporate asset				1,109,776
				<b>33,040,601</b>
Segment liabilities	(2,251,778)	(2,459,338)	-	(4,711,116)
Capital expenditure	53,393	30,276	-	83,669
Depreciation and amortisation	1,050,515	242,491	-	1,293,006
Interest expense	21,386	13,952	-	35,338
Interest income	(95,089)	(40,770)	-	(135,859)
Non-cash items other than depreciation and amortisation:				
- Bad debt written off	2,034	-	-	2,034
- Unrealised gain on foreign exchange	(113,791)	(159,494)	-	(273,285)

#### 28. FINANCIAL INSTRUMENTS

##### (a) Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

##### (i) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. It will affect the Group's and the Company's income or the value of its holdings of financial instruments.

The Group's and the Company's exposures to interest rate risk for changes in interest rates mainly arise from its deposits placed with financial institutions to earn interest income. Interest rate risk is managed by the Group and the Company on an on-going basis with the primary objective to obtain the most favourable interest rates available for its deposits.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 28. FINANCIAL INSTRUMENTS (cont'd)

##### (a) Financial risk management policies (cont'd)

##### (i) Interest Rate Risk (cont'd)

###### Sensitivity analysis for interest rate

At the reporting date, if interest rates had been 50 basis point lower/higher, with all other variables held constant the impact is immaterial to the Group's and the Company's profit after tax.

##### (ii) Foreign Currency Risk

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

The Group is exposed to foreign currency risk mostly on its sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily US Dollar, Singapore Dollar and Euro Dollar.

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

GROUP	USD RM	SGD RM	EUR RM	Total RM
<u>31 December 2014</u>				
Financial Assets	4,349,565	17,698	156,411	4,523,674
Financial Liabilities	-	(40,354)	-	(40,354)
Net exposure	4,349,565	(22,656)	156,411	4,483,320
<u>31 December 2013</u>				
Financial Assets	3,828,362	30,299	122,348	3,981,009
Financial Liabilities	(37,137)	(94,763)	-	(131,900)
Net exposure	3,791,225	(64,464)	122,348	3,849,109

###### Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, SGD and EUR exchange rate against the functional currency of the Group, with all other variables held constant.

		Group	
		2014	2013
		RM	RM
USD	- strengthened by 5% against RM	218,149	192,288
	- weakened by 5% against RM	(218,149)	(192,288)
SGD	- strengthened by 5% against RM	(1,113)	(3,223)
	- weakened by 5% against RM	1,113	3,223
EUR	- strengthened by 5% against RM	7,821	6,117
	- weakened by 5% against RM	(7,821)	(6,117)

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 28. FINANCIAL INSTRUMENTS (cont'd)

##### (a) Financial risk management policies (cont'd)

##### (iii) Liquidity Risk

The Group and the Company manages liquidity risk by maintaining sufficient working funds to enable them to meet their normal operating commitments.

##### Maturity analysis

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Group and the Company based on contractual undiscounted cash flows.

Group	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1-5 Years
	RM	RM	RM	RM
<u>At 31 December 2014</u>				
Trade and other payables	7,394,898	7,394,898	7,394,898	-
Hire purchase payables	509,717	543,885	198,084	345,801
	7,904,615	7,938,783	7,592,982	345,801
<u>At 31 December 2013</u>				
Trade and other payables	3,163,794	3,163,794	3,163,794	-
Hire purchase payables	682,528	741,969	198,084	543,885
	3,846,322	3,905,763	3,361,878	543,885
Company	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1-5 Years
	RM	RM	RM	RM
<u>At 31 December 2014</u>				
Other payables	4,863,517	4,863,517	4,863,517	-
<u>At 31 December 2013</u>				
Other payables	265,375	265,375	265,375	-
Amount owing to subsidiary companies	3,700,000	3,700,000	3,700,000	-
	3,965,375	3,965,375	3,965,375	-

## Notes to the Financial Statements

31 December 2014 (cont'd)

### 28. FINANCIAL INSTRUMENTS (cont'd)

#### (a) Financial risk management policies (cont'd)

##### (iv) Credit Risk

###### Financial assets that are neither past due nor impaired

Bank balances are neither past due nor impaired. Bank balances are placed with reputable banks and financial institutions. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group.

###### Financial assets that are past due and/or impaired

The ageing analysis of trade receivables of the Group are as follows:

2014	Gross RM	Individual Impairment RM	Net RM
Not past due	4,560,698	-	4,560,698
Past due 1-30 days	584,789	-	584,789
Past due 31-120 days	272,264	-	272,264
More than 120 days	629,377	-	629,377
	1,486,430	-	1,486,430
	<u>6,047,128</u>	-	<u>6,047,128</u>
2013	Gross RM	Individual Impairment RM	Net RM
Not past due	2,629,104	-	2,629,104
Past due 1-30 days	1,631,654	-	1,631,654
Past due 31-120 days	1,016,649	-	1,016,649
More than 120 days	830,226	-	830,226
	3,478,529	-	3,478,529
	<u>6,107,633</u>	-	<u>6,107,633</u>

###### Receivables that are neither past due nor impaired

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

###### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,486,430 (2013: RM3,478,529) that are past due at the reporting date but not impaired. These receivables are creditworthy debtors with good payment records in the past. Directors are of the view that the balance due can be fully recovered in near future.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 28. FINANCIAL INSTRUMENT (cont'd)

##### (a) Financial risk management policies (cont'd)

##### (v) Capital Risk

The Group's objective in managing capital is to safeguard the Group's ability to continue as a going concern.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and total debt to be the key components in the Group's capital structure. The Group monitors capital on the basis of the net gearing ratio. The ratio is calculated as the total debt net of cash and cash equivalents to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The net gearing ratio as at 31 December 2014 and 31 December 2013, which are within the Group's objectives for capital management, are as follows:

	Group	
	2014	2013
	RM	RM
Cash and cash equivalents	(6,697,413)	(13,041,452)
Total borrowings	509,717	682,528
Net cash	(6,187,696)	(12,358,924)
Total equity	16,363,656	28,329,485
Debt to equity ratios	Nil	Nil

##### (b) Fair values of financial instruments

The carrying amount of the financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximate fair value due to the relative short term maturity.

The fair value of hire purchase payable is estimated by discounting the expected future cashflows using the current interest rates for liabilities similar risk profile.

##### (c) Fair value hierarchy

As the financial assets and liabilities of the Group and of the Company are not carried at fair values by any valuation method, the fair value hierarchy analysis is not presented.

##### (d) Classification of financial instruments

Financial Assets	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<u>Loans and receivables financial assets</u>				
Receivables	6,241,340	6,309,704	1,000	401,000
Amount owing by subsidiary companies	-	-	-	1,100,000
Deposits with licensed banks	66,182	2,052,527	-	2,000,000
Short term investment	1,892,332	7,974,565	1,892,332	6,803,187
Cash and bank balances	4,738,899	3,014,360	1,520,699	125,605
	12,938,753	19,351,156	3,414,031	10,429,792

## Notes to the Financial Statements

31 December 2014 (cont'd)

### 28. FINANCIAL RISK MANAGEMENT (cont'd)

#### (d) Classification of financial instruments (cont'd)

Financial Liabilities	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<u>Financial liabilities measured at amortised cost</u>				
Payables	4,863,517	265,375	7,394,898	3,163,794
Amount owing to subsidiary companies	-	3,700,000	-	-
Hire purchase payables	-	-	509,717	682,528
	<u>4,863,517</u>	<u>3,965,375</u>	<u>7,904,615</u>	<u>3,846,322</u>

### 29. RELATED PARTY DISCLOSURES

#### (i) Identities of related parties

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

#### (ii) Significant related party transactions

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Subsidiary companies</b>				
Management fees	-	-	900,000	900,000
<b>Company connected to a director</b>				
Professional fee payable to:				
- ML Taxation Services Sdn Bhd	17,516	20,700	4,016	3,100
<b>Firms connected to directors</b>				
Professional fee payable to:				
- Michael Lim & Co.	73,550	40,000	73,550	40,000
- A.T. Aun & Associates	27,867	13,534	9,798	-

The Directors are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

#### (iii) Compensation of the key management

Key management personnel include a person having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the Company.

The remuneration of the key management who is also the directors of the Company are disclosed in Note 23 to the Financial Statements.

## Notes to the Financial Statements

### 31 December 2014 (cont'd)

#### 30. CONTINGENT LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	-	-	-	4,067,500

#### 31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) Techfast International Sdn Bhd and Techfast Technologies Sdn Bhd, both companies which are subsidiaries of the Company, received letters dated 21 July 2014 from the Registrar that they were struck off the register and dissolved.

Hence, the financial statements of the above-mentioned subsidiaries have been de-consolidated during the financial year.

- (ii) On 16 October 2014, the shareholders of the Company have at the Extraordinary General Meeting approved the acquisition of an additional 40% equity interest in each of the Company's 50% - owned subsidiaries, namely Cape Technology Sdn Bhd ("Cape") and Oriem Technology Sdn Bhd ("Oriem") for a total cash consideration of up to RM12,160,000.

The effective acquisition was on 17 November 2014 and the equity interest in Cape and Oriem has been increased from 50% to 90%.

#### 32. DISCLOSURE OF REALISED OR UNREALISED UNAPPROPRIATED PROFIT

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Unappropriated profit				
- realised	5,053,091	9,374,706	2,650,280	2,761,287
- unrealised	(331,858)	(574,195)	(290)	(380)
	4,721,233	8,800,511	2,649,990	2,760,907
Add: Consolidation adjustments	(14,315,151)	(9,322,417)	-	-
	(9,593,918)	(521,906)	2,649,990	2,760,907

The disclosure of realised and unrealised profit or losses is solely for compliance in accordance to the Malaysian Institute of Accountants Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements issued on 20 December 2010.



## Statement By Directors

We, **LIM TOCK OOI** and **YAP YOON SING**, being two of the Directors of **TECHFAST HOLDINGS BERHAD**, do hereby state on behalf of the Directors that, in our opinion, the Financial Statements set out on pages 23 to 63, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at **31 DECEMBER 2014** and of their results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 32 to the Financial Statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

**LIM TOCK OOI**

**YAP YOON SING**

Kuala Lumpur  
Dated: 9 April 2015

## Statutory Declaration

I, **LIM TOCK OOI**, being the Director primarily responsible for the financial management of **TECHFAST HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying Financial Statements set out on pages 23 to 63 are in my opinion 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 above named

**LIM TOCK OOI**

at Petaling Jaya, in the Selangor  
on 9 April 2015

Before me,

**NG SAY HUNG**

B185  
Pesuruhjaya Sumpah  
Malaysia

# Independent Auditors' Report to the Members of Techfast Holdings Berhad (Incorporated in Malaysia) (Company No. 647820-D)

## Report on the Financial Statements

We have audited the financial statements of TECHFAST HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 63.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the Financial Statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Reporting Responsibilities

The supplementary information as set out in Note 32 in the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the Financial Statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Independent Auditors' Report to the Members of  
Techfast Holdings Berhad (Incorporated in Malaysia)  
(Company Number. 647820-D) (cont'd)**

**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.

**TAI, YAPP & CO**  
AF 0205  
Chartered Accountants

**YAPP HOCK HOE**  
No. 723/03/16 (J/PH)  
Chartered Accountant

Kuala Lumpur

9 April 2015

## List of Properties

Registered/ Beneficial Owner	Title and Location/ Postal Address	Date of Acquisition	Description / Land Use	Age of Building (Years)	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Tenure and Expiry Date	Cost (RM'000)	Net Book Value As at 31.12.2014 (RM'000)
Techfast Precision Sdn Bhd	H.S(D) 113071, PT 43, Seksyen 23, Mukim Bandar Shah Alam, Daerah Petaling, State of Selangor/ No. 11 Jalan Pasaran 23/5, Seksyen 23, 40300 Shah Alam Selangor	29.05.2002	Industrial Land/ Single Storey Detached Factory with a three-storey Front Office Annexed	17	39,579	29,419	Leasehold  99 Years  Expiry date: 14.08.2096	3,746	3,124
Techfast Precision Sdn Bhd	GRN 43023, Lot 33686 Mukim Klang, District of Klang, State of Selangor/ No. 3C Block D, No. 4A Block H No. 8C Block K, Jalan Tokoh 25/28, Taman Sri Muda, 40400 Shah Alam, Selangor	06.08.2003	3 Apartment Units/Staff Quarters	26	-	2,259 (Aggre- gate)	Freehold	249	113
Techfast Precision Sdn Bhd	GRN 43023, Lot 33686 Mukim Klang District of Selangor State of Selangor/ No. 4C, Block M No. 10C, Block L No. 2C, Block R No. 2C, Block N No. 10B, Block L Jalan Tokoh 25/28 Taman Sri Muda 40400 Shah Alam, Selangor	08.08.2005 08.05.2005 26.10.2005 26.10.2005 26.10.2005	5 Apartment Units/Staff Quarters	26	-	4,275 (Aggre- gate)	Freehold	476	201
Techfast Precision Sdn Bhd	GRN 43023 Lot 33686 Mukim Klang District of Selangor State of Selangor/ No. 6C, Block K No. 8B, Block L Jalan Tokoh 25/28 Taman Sri Muda 40400 Shah Alam Selangor	06.12.2006	2 Apartment Units/Staff Quarters	26	-	1,803 (Aggre- gate)	Freehold	183	81
Cape Technology Sdn Bhd	Title No : H.S(D) 11995 P.T. No 1888, Mukim 12 Daerah Barat Daya, Penang. Plot 25, Phase 4, Non- FTZ, Bayan Lepas Industrial Estate 11900 Penang	25.01.2002	Industrial Land/ Single Storey Detached Factory with a double storey front office Annexed	23	43,846	24,000	Leasehold  66 years  Expiry: 21 Feb 2058	2,814	2,120

## Analysis of Shareholdings as at 1 April 2015

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM15,591,180.00
Class of Equity Securities	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of shareholders	Shareholders		Shares held	
	Number	% of shareholders <sup>#</sup>	Number	% of issued share capital <sup>#</sup>
Less than 100 shares	15	1.403	329	0.000
100 – 1,000 shares	177	16.557	100,740	0.065
1,001 – 10,000 shares	481	44.995	2,954,100	1.931
10,001 – 100,000 shares	289	27.034	10,621,400	6.945
100,001 – 7,645,869*	103	9.635	55,087,188	36.024
7,645,870 and above**	4	0.374	84,153,643	55.032
<b>Total</b>	<b>1,069</b>	<b>100.000</b>	<b>152,917,400</b>	<b>100.000</b>

Notes:

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

# After netting off 2,994,400 treasury shares held as at 1 April 2015

### DIRECTORS' SHAREHOLDINGS AS AT 1 APRIL 2015

Name of Directors	Direct interest		Deemed interest	
	Number of shares	% of shares	Number of shares	% of shares
Yap Yoon Sing	-	-	28,173,982 <sup>#</sup>	18.424
Lim Tock Ooi	-	-	21,942,861 <sup>@</sup>	14.349
Yap Kok Ching	114,800	0.075	-	-
Aun Ah Thim	100,000	0.065	165,000 <sup>^</sup>	0.108
Datuk Chan Chong Choon	-	-	56,600 <sup>*</sup>	0.037

Notes:

# By virtue of his substantial shareholdings in AVB Ventures Sdn Bhd (Company No. 1032333-X)

@ By virtue of his substantial shareholdings in Botanic Cove Sdn Bhd (Company No. 1032374-P)

^ By virtue of his wife, Ho Siew Ming's shareholdings in the Company

\* Held through HLIB Nominees (Tempatan) Sdn Bhd, Hong Leong Bank Bhd (Company No. 270268-W)

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2015

No.	Name of Shareholders	Direct interest		Deemed interest	
		Number of shares	% of shares	Number of shares	% of shares
1.	AVB Ventures Sdn Bhd	28,173,982	18.424	-	-
2.	Wong SK Holdings Sdn Bhd	22,093,900	14.448	-	-
3.	Botanic Cove Sdn Bhd	21,942,861	14.349	-	-
4.	Lembaga Tabung Haji	11,942,900	7.810	-	-

## Analysis of Shareholdings as at 1 April 2015 (cont'd)

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 APRIL 2015

No.	Name of Shareholders	No. of Shares	%
1.	AVB VENTURES SDN BHD	28,173,982	18.424
2.	WONG SK HOLDINGS SDN BHD	22,093,900	14.448
3.	BOTANIC COVE SDN BHD	21,942,861	14.349
4.	LEMBAGA TABUNG HAJI	11,942,900	7.810
5.	YTK ASSETS SDN BHD	7,497,794	4.903
6.	LOH WAN KHEAT	5,564,994	3.639
7.	CHUAH KITRATIPRASAN	4,950,000	3.237
8.	YAP YUNG YING	3,280,000	2.144
9.	LOKE HUA SENG	2,339,400	1.529
10.	LOH WAN LIN	1,998,000	1.306
11.	GV ASIA FUND LIMITED	1,155,700	0.755
12.	GONG WOUI TEIK	1,000,000	0.653
13.	LIM TOH MENG	1,000,000	0.653
14.	PROFIDEND INVESTMENTS PTE. LTD.	936,800	0.612
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD FRANKIE LEE CHI MING	935,900	0.612
16.	JAMES HAROLD BRODIE	722,700	0.472
17.	LIM TIOK HEONG	720,000	0.470
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHENG CHAI	669,300	0.437
19.	PACIFIC HANGER CORPORATION SDN BHD	608,700	0.398
20.	HASHIMOTO YUKIMASA	600,000	0.392
21.	LIM TOH MENG	600,000	0.392
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TEE YEW	600,000	0.392
23.	YEO CHEO TEE	600,000	0.392
24.	TAN YEE HOW	518,200	0.338
25.	WOON YUN SHIN	510,000	0.333
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI ENG HONG	476,100	0.311
27.	FOO NYUK YONG	450,000	0.294
28.	LIM TOH HOW	450,000	0.294
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAN CHEK PIOW	417,000	0.272
30.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROFIDEND INVESTMENT PTE. LTD.	416,700	0.272
<b>TOTAL</b>		<b>123,170,931</b>	<b>80.533</b>

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** Eleventh Annual General Meeting of Techfast Holdings Berhad will be held at Bankers Club Kuala Lumpur, Keluli Room, Level 21, Penthouse, Amoda, 22 Jalan Imbi, 55100 Kuala Lumpur on Friday, 22 May 2015 at 10.00 a.m. for the following businesses:

### A G E N D A

#### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note A below)**
2. To approve the payment of Directors' fees of RM120,000 for the financial year ended 31 December 2014. **Resolution 1**
3. To re-elect the following Directors who retire by rotation in accordance with the Article 74 of the Company's Articles of Association, and being eligible offer themselves for re-election:
  - i) Yap Kok Ching **Resolution 2**
  - ii) Aun Ah Thim **Resolution 3**
4. To re-appoint Messrs Tai, Yapp & Co. as Auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 4**

#### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **Retention of Independent Director** **Resolution 5**

"THAT Mr. Yap Kok Ching be retained as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012 until the conclusion of the next annual general meeting."
6. **Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **Resolution 6**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approval of all relevant authorities, if required, being obtained for such allotment and issue.

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authority. "

## Notice of Annual General Meeting (cont'd)

**7. Proposed Renewal of Authority for the Company to Purchase Up to 10% of Its Own Shares in the Issued and Paid-up Share Capital ('Proposed Renewal of Share Buy-Back Authority')**

*Resolution 7*

"THAT subject always to the Companies Act, 1965 ("Act"), the provisions of the Company's Memorandum and Articles of Association and ACE Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad and the approvals of the relevant authorities, the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by the law, to make purchases of ordinary shares of RM0.10 each in the Company's issued and paid-up ordinary share capital from time to time through the Bursa Securities and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit, subject further to the following:-

- (a) the maximum number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per-centum (10%) of the issued and paid-up share capital of the Company ("Shares") at any point in time. ("Proposed Share Buy-Back");
- (b) the maximum funds to be allocated by the Company for the purpose of the Proposed Renewal Share Buy-Back Authority shall not exceed the Company's aggregate unappropriated profit and/or share premium account;
- (c) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and will continue to be in force until:-
  - i) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
  - ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting.

whichever occurs first.
- (d) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:
  - i) to cancel the Shares so purchased; or
  - ii) to retain the Shares so purchased as treasury shares held by the Company; or
  - iii) to retain part of the Share so purchased as treasury shares and cancel the remainder; or
  - iv) to distribute the treasury shares as dividends to shareholders; or
  - v) to resell the treasury shares on Bursa Securities in accordance with the Listing Requirements of Bursa Securities; or
  - vi) any combination of the above.

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, AMLR and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps to give full effect to the Proposed Renewal Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

By order of the Board

Chin Ooi Wee (LS 0006616)  
 Lim Li Shiang (MIA 19661)  
 Company Secretaries  
 Kuala Lumpur  
 28 April 2015



## Notice of Annual General Meeting (cont'd)

### NOTES:

1. Only a depositor whose name appears on the Record of Depositors as at 14 May 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
2. A member of the Company who is an authorized nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorized nominee specifies the proportion of its shareholding to be represented by each proxy.
3. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Companies Act, 1965 shall not apply.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Suites 7.21 & 7.22, 7<sup>th</sup> Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting, or any adjournment thereof.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

### NOTE A

The item No. 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### **Resolution No. 5 (item 5) Retention of Independent Director**

Mr. Yap Kok Ching has served the Board for a consecutive term of nine (9) years. The Nomination Committee has assessed his independence and recommended him to continue as Independent Non-Executive Director based on the following attributes:-

- a) Have detailed knowledge of the business of the Group of Techfast and could provide the Board valuable and insight advise;
- b) Actively participated in Board deliberation and decision making in an objective manner; and
- c) Upholds independent judgement and there are no circumstances and relationship that may hamper his independence.

#### **Resolution No. 6 (item 6) Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965**

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the aggregate number of shares issued pursuant to this General Mandate does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate procured and approved in the preceding year 2014 which was not exercised by the Company during the year, will expire at the forthcoming Eleventh Annual General Meeting of the Company.

With this renewed General Mandate, the Company will be able to raise funds for the purpose of funding future investment, working capital and/or acquisitions.

#### **Resolution No. 7 (item 7) Proposed Renewal of Authority for the Company to Purchase Up To 10% Of Its Own Shares In The Issued and Paid-up Share Capital**

The proposed Ordinary Resolution 7, if approved, will empower the Company to purchase and/or hold up to ten per centum (10%) of the Company's issued and paid-up share at any point of time. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

Further information on the Proposed Renewal of Authority for the Company to purchase up to 10% of its own shares is set out in the Circular to Shareholders dated 28 April 2015, which is dispatched together with this Annual Report.

## **Statement Accompanying Notice of Annual General Meeting**

### **1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION**

The Directors who are standing for re-election at the forthcoming Eleventh Annual General Meeting are as follows:

- i) Yap Kok Ching
- ii) Aun Ah Thim

Further details of the above Directors are set out in the Profile of Directors on page 6 of this Annual Report.

### **2. DETAILS OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS**

The details are set out in the Corporate Governance section on pages 8 to 13 of this Annual Report.

### **3. DATE, TIME AND PLACE OF THE MEETING**

The Eleventh Annual General Meeting of the Company will be held at Bankers Club Kuala Lumpur, Keluli Room, Level 21, Penthouse, Amoda, 22 Jalan Imbi, 55100 Kuala Lumpur on Friday, 22 May 2015 at 10.00 a.m.

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Driving Excellence for Mutual Success

# TECHFAST HOLDINGS BERHAD (Co. No. 647820-D)

(Incorporated in Malaysia)

## FORM OF PROXY

No. of shares held

CDS Account No.

I/We, \_\_\_\_\_ NRIC / Passport /Company No. \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

being a member/members of **Techfast Holdings Berhad** hereby appoint :-

Full Name (In Block Letters)	NRIC /Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and / or (delete as appropriate)

Full Name (In Block Letters)	NRIC /Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy/proxies, to attend and vote on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Bankers Club Kuala Lumpur, Keluli Room, Level 21, Penthouse, Amoda, 22 Jalan Imbi, 55100 Kuala Lumpur on Friday, 22 May 2015 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions	*FOR	*AGAINST
1.	<b>Ordinary Business</b> To approve the payment of Directors' fees of RM120,000 for the financial year ended 31 December 2014.		
2.	To re-elect Yap Kok Ching		
3.	To re-elect Aun Ah Thim		
4.	To re-appoint Auditors and to authorise the Directors to fix their remuneration		
5.	<b>Special Business</b> Retention of Mr. Yap Kok Ching as Independent Director		
6.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	Proposed renewal of authority for the Company to purchase up to 10% of its own shares in the issued and paid-up share capital		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Signature / Common Seal of Shareholder

### NOTES:

- Only a depositor whose name appears on the Record of Depositors as at 14 May 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
- A member of the Company who is an authorized nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorized nominee specifies the proportion of its shareholding to be represented by each proxy.
- A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Companies Act, 1965 shall not apply.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at Suites 7.21 & 7.22, 7<sup>th</sup> Floor, Imbi Plaza, Jalan Imbi, 55100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting, or any adjournment thereof.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

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AFFIX  
STAMP  
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The Company Secretary  
**TECHFAST HOLDINGS BERHAD**  
Suites 7.21 & 7.22, 7<sup>th</sup> Floor  
Imbi Plaza, Jalan Imbi  
55100 Kuala Lumpur

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