



BRITE-TECH BERHAD
(Company No: 550212-U)

ANNUAL REPORT **2017**

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of **Brite-Tech Berhad** will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 23 May 2018 at 10.00 a.m. to transact the following business:-

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---|-----------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to
Note 1</i> |
| 2. | To declare a final single tier dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2017. | <i>(Resolution 1)</i> |
| 3. | To approve the payment of Directors' fees of RM320,498.00 and benefits of RM35,300.00 for the financial year ended 31 December 2017. | <i>(Resolution 2)</i> |
| 4. | To approve the payment of Directors' fees and benefits up to RM317,900.00 for the financial year ending 31 December 2018. | <i>(Resolution 3)</i> |
| 5. | To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Constitution of the Company, and being eligible, offer themselves for re-election:- | |
| | (a) Mr. Pang Wee See | <i>(Resolution 4)</i> |
| | (b) Mr. Tan Boon Kok | <i>(Resolution 5)</i> |
| 6. | To re-appoint Messrs CAS Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | <i>(Resolution 6)</i> |

AS SPECIAL BUSINESS

- | | | |
|----|---|-----------------------|
| 7. | To consider and, if thought fit, pass with or without modification, the following resolutions:- | |
| | Ordinary Resolution 1
Authority pursuant to Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares | <i>(Resolution 7)</i> |
| | “ THAT pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant authorities being obtained for such allotment and issue and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.” | |
| | Ordinary Resolution 2
Continuing in Office as Independent Non-Executive Director | <i>(Resolution 8)</i> |
| | “ THAT authority be and is hereby given to Mr. Cheng Sim Meng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company.” | |

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Ordinary Resolution 3 Continuing in Office as Independent Non-Executive Director

(Resolution 9)

“**THAT** authority be and is hereby given to Mr. Ng Kok Ann who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company.”

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2017, if approved by the shareholders, will be paid on 22 June 2018 to shareholders whose names appear in the Register of Depositors at the close of business on 14 June 2018. A Depositor shall qualify for dividend entitlement only in respect of:-

- (a) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 14 June 2018 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By order of the Board

Wong Maw Chuan (MIA 7413)
Wong Youn Kim (f) (MAICSA 7018778)
Lee Chin Wen (f) (MAICSA 7061168)
Company Secretaries

30 April 2018

Explanatory Notes:

1. The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders and hence, is not put forward.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 334(1) of the Companies Act 2016 shall not apply to the Company.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. The instrument of appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing in that behalf.
6. The instrument appointing a proxy must be deposited at the Registered Office at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes: (Cont'd)

7. Only a depositor whose name appears on the Record of Depositors as at 15 May 2018 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

8. **Explanatory Note on Special Business – Resolution 7**

Ordinary Resolution 1 - Authority pursuant to Section 75 and 76 of the Companies Act 2016 for the Directors to issue shares

The Resolution 7 under item 7 is proposed to seek for a renewal of the general mandate (“General Mandate”) pursuant to Section 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company authority to allot and issue ordinary shares of the Company up to an amount not exceeding in total, 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Sixteenth Annual General Meeting held on 22 May 2017 and which will lapse at the conclusion of the Seventeenth Annual General Meeting.

The General Mandate sought will enable the Directors of the Company to allot and issue shares, including but not limited for further placing of shares, for the purpose of funding investment(s), working capital and/or acquisitions, from time to time at such price, upon such terms and conditions, to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit. This would avoid any delay and costs involved in convening a general meeting to specifically approve such an issue of shares.

9. **Explanatory Note on Special Business – Resolutions 8 and 9**

Ordinary Resolution 2 and 3 - Continuing in Office as Independent Non-Executive Director

Mr. Cheng Sim Meng and Mr. Ng Kok Ann, who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 25 May 2002 and 21 January 2009 respectively.

In line with the Malaysian Code of Corporate Governance, the Board of Directors has assessed the independence of Mr. Cheng Sim Meng and Mr. Ng Kok Ann, and has recommended that the approval of the shareholders be sought for them to continue to serve as Independent Non-Executive Directors based on the following:

- (a) They had fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements;
 - (b) They have vast experiences in various industries and as such can contribute to the Board with their wide expertise and independent judgement. They have also actively participated in Board deliberations and decision making in an objective manner.
 - (c) They have been with the Company for more than nine years and is familiar with the Group’s activities and corporate history and have devoted sufficient time and attention to their role and responsibility as Independent Non-Executive Directors for informed and balanced decision making; and
 - (d) They have exercised due care during his tenure as Independent Non-Executive Directors in the Company and carried out their professional duty in the interest of the Company and shareholders.
10. Pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(a) Directors standing for re-election/re-appointment at the Seventeenth Annual General Meeting of the Company

The Directors who are retiring by rotation, pursuant to Article 96 of the Company's Constitution and standing for re-election are as follows:

- Mr. Pang Wee See (Non-Independent Executive Director)
- Mr. Tan Boon Kok (Non-Independent Executive Director)

Further details of the Directors who are standing for re-election at the Seventeenth Annual General Meeting are set out in the Directors' Profile on pages 7 to 9 of the Annual Report and information on their shareholdings are listed on page 108 of the Annual Report.

(b) Details of attendance of Directors at Board Meetings

The details of attendance of the Directors at Board meetings held during the financial year ended 31 December 2017 are as disclosed in the Corporate Governance Statement set out on page 16 of this Annual Report.

(c) Date, Time and Place of the Sixteenth Annual General Meeting

The Seventeenth Annual General Meeting of Brite-Tech Berhad will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 23 May 2018 at 10.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Wee See	Executive Chairman
Tan Boon Kok	Executive Director
Kan King Choy	Executive Director
Ir. Koh Thong How	Non-Independent Non-Executive Director
Cheng Sim Meng	Independent Non-Executive Director
Ng Kok Ann	Independent Non-Executive Director
Yee Oii Pah @ Yee Ooi Wah	Alternate Director to Pang Wee See

AUDIT COMMITTEE

Ng Kok Ann (Chairman)
Cheng Sim Meng
Ir. Koh Thong How

COMPANY SECRETARIES

Wong Maw Chuan (MIA 7413)
Wong Youn Kim (f) (MAICSA 7018778)
Lee Chin Wen (f) (MAICSA 7061168)

REGISTERED OFFICE

B-25-2, Block B, Jaya One,
No. 72A, Jalan Universiti,
46200 Petaling Jaya,
Selangor Darul Ehsan
Tel.: 03-7955 0955
Fax: 03-7955 0959

BUSINESS OFFICE

Lot 14, Jalan Pendamar 27/90
Seksyen 27, 40000 Shah Alam
Selangor Darul Ehsan
Tel.: 03-5192 8188/8288/8388
Fax: 03-5191 8188
Email: admin@brite-tech.com.my
Website: www.brite-tech.com

AUDITORS

CAS Malaysia PLT
B-5-1, IOI Boulevard, Jalan Kenari 5,
Bandar Puchong Jaya,
47170 Puchong,
Selangor Darul Ehsan

SHARE REGISTRAR

Bina Management Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel.: 03-7784 3922
Fax.: 03-7784 1988

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
AmFunds Management Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: BTECH
Stock Code: 0011

DIRECTORS' PROFILE

PANG WEE SEE *Executive Chairman*

Pang Wee See, a Malaysian, male, aged 66, was appointed to the Board on 25 May 2002.

He graduated from University Sains Malaysia with a Bachelor of Applied Science (Hons) majoring in Polymer Science in 1977. He started his career with Asia Tape Corporation Bhd as Chemist in 1978 and later was promoted to the position of Chemist cum Factory Manager. He then moved to Federal Rubber Products Co. Sdn Bhd as Production Manager in 1979. Subsequent to this, he and three partners set up Brite-Tech Corporation Sdn Bhd in 1980. He left Federal Rubber Products in 1984 to manage Brite-tech Corporation Sdn Bhd and later expanded to set up the Group.

As a founder of the Group, with his excellent entrepreneurial skills and more than 25 years of experience, he has steered the Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He sits on the Board of other private companies and also sits on the Board of Yayasan Maha Karuna, a charity organization. He does not hold directorship of any other public listed company.

He is the spouse of Madam Yee Oii Wah and brother-in-law of Ir. Koh Thong How. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2017.

TAN BOON KOK *Executive Director*

Tan Boon Kok, a Malaysian, male, aged 60, was appointed to the Board on 25 May 2002.

Upon completion of his Form Six Level education in Tunku Abdul Rahman College in 1978, he joined Paloh Palm Oil Mill in 1979. The following year in 1980, he moved to Bukit Benut Palm Oil Mill and subsequently to Coronation Palm Oil Mill as Laboratory Conductor. He joined Brite-Tech Corporation Sdn Bhd in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 25 years.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2017.

KAN KING CHOY *Executive Director*

Kan King Choy, a Malaysian, male, aged 56, was appointed to the Board on 25 May 2002.

He joined Spectrum Laboratories Sdn Bhd as a Manager of the laboratory in 1990 and has been with the Group for more than 25 years. He graduated from Tunku Abdul Rahman College with a Diploma in Science and a Bachelor of Science degree in Chemistry and Mathematics from Campbell University (U.S.A.) in 1985. After graduation, he joined Sailcos Laboratories Sdn. Bhd. in 1986 as a Chemist where he remained for 4 years, familiarising with the laboratory operations and the laboratory business in general. He was admitted as a Licentiate of the Institut Kimia Malaysia in 1988.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) year. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2017. He is a member of the Remuneration Committee of the Company.

DIRECTORS' PROFILE (CONT'D)

IR. KOH THONG HOW *Non-Independent Non-Executive Director*

Ir. Koh Thong How, a Malaysian, male, aged 63, was appointed to the Board on 25 May 2002.

He received a Technician Diploma from Singapore Polytechnic in 1977 and subsequently pursued his studies in United Kingdom to obtain a Bachelor of Science degree in Civil Engineering (Honours) from University of Dundee in 1980. He then furthered his studies in Asian Institute of Technology, Thailand to obtain his Master of Engineering degree in Structural Engineering and Construction in 1982. He started his career with Jurutera Konsultant (SEA) Sdn Bhd as Design Engineer in 1982 and later moved to S Chan Project Consultancy Services Sdn Bhd as Senior Engineer and was there until 1995. Thereafter he became the Technical Director (Civil and Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil and Structural Consulting Engineers). He was admitted as a Corporate Member of the Institution of Engineers Malaysia ("IEM") in 1986 and was the Honorary Treasurer of IEM (Southern Branch) for 1988-89, 89-90 and 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 and 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advice as the engineering advisor for Hooker Chemical Sdn Bhd.

He is the brother-in-law of Pang Wee See. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2017. He is a member of the Audit Committee and Nomination Committee of the Company.

CHENG SIM MENG *Independent Non-Executive Director*

Cheng Sim Meng, a Malaysian, male, aged 65, was appointed to the Board on 25 May 2002.

He is a Chartered Insurer and is a Fellow of the Chartered Insurance Institute (UK), Fellow of the Malaysian Insurance Institute, Associate of the India Insurance Institute, Associate of the Chartered Institute of Arbitrators (UK), Associate of the Malaysian Institute of Management, Fellow of the Singapore Insurance Institute and armed with a Masters degree in Business Administration from Universiti Putra Malaysia and holds various certificates in accounting. He was Associate of the Insurance Brokers Association of Malaysia and Member of the Malaysian Institute of Directors.

He has been in the insurance industry for more than thirty five years handling all aspects of general and life insurance in the areas of management, marketing, underwriting, claims, finance, investment, accounts and statistics, credit control, reinsurance, broking, net-working and distribution, training and leadership roles. He started his career as a clerk with a life insurance company (1972-1974) and thereafter a credit controller in a general insurance company (1974-1975). He joined a local insurance company in 1975 as an accounts assistant. He assumed the position of Manager of an insurance broking company in 1978. Subsequently, he ventured into business of an insurance agency from 1982 and has remained so until 2001. Subsequently, he was an Assistant General Manager (Commercial Lines Management) with a local insurance company. Currently he is a Practitioner in the scope of Training, Talent & Skills Development, Insurance Arbitration, Insurance claims consultancy & management, Insurance & Reinsurance – Consultancy & Risk Management and Insurance Skills & Technical Enhancement Programme (INSTEP).

Since 1982, he is involved on a part-time basis in education. He lectures and acts as course leader with the Malaysian Insurance Institute on various courses and training aspects, public seminars and conferences as well as lectures in private institutes and colleges, and financial institutions.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2017. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

DIRECTORS' PROFILE (CONT'D)

NG KOK ANN *Independent Non-Executive Director*

Ng Kok Ann, a Malaysian, male, aged 44, was appointed to the Board on 21 January 2009.

He graduated from the Association of Chartered Certified Accountant (ACCA), United Kingdom in 1999. He is a member of the Association of Chartered Certified Accountants (ACCA) and is a Chartered Accountant of Malaysian Institute of Accountants (MIA).

Mr. Ng started his career as an Audit Assistant with Ling Kam Hoong & Co. in 1999 and was involved in accounting, auditing and taxation and business advisory of companies from various industries. He left Ling Kam Hoong & Co. in 2003 and joined Terence Oh & Associates as Principal. Subsequently, he was appointed as Branch Manager of Yee Choon Kong & Co. in 2014. He is currently involved in corporate finance, tax planning, business advisory and secretarial functions of companies for various types of companies.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2017. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

MADAM YEE OII PAH @ YEE OOI WAH *Alternate Director to Pang Wee See*

Yee Oii Pah @ Yee Ooi Wah, a Malaysian, female, aged 65, was appointed as an alternate Director to Pang Wee See on 25 May 2002.

She obtained her Bachelor degree in Pharmacy (Hons) from Universiti Sains Malaysia in 1978. She is a registered pharmacist with the Malaysian Pharmacy Board and also a member of the Malaysian Pharmaceutical Society. Upon graduation, she underwent one year of pupillage training. In 1979, she joined Mediko Farmasi Sdn Bhd as a pharmacist. She has since accumulated over 20 years of professional experience and exposure in the pharmaceutical industry. She also sits on the Board of another private company. She does not hold directorship of any other public listed company.

Madam Yee is the spouse of Pang Wee See. She has no conflict of interest with the Company and she has not been convicted for any offences in the past ten (10) years.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Brite-Tech Group is an integrated water purification and wastewater treatment solutions provider and the Group's business activities comprises of the following business segments:

Environmental products and services

To provide a complete range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.

System equipment and ancillary products

To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.

Investments

Investments, management and other operations which are not sizeable to be reported separately.

FINANCIAL PERFORMANCE REVIEW

FIVE YEAR FINANCIAL HIGHLIGHTS

Financial year ended	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	24,552	23,796	27,059	30,858	25,760
Profit before tax	4,607	6,138	5,997	6,345	5,513
Profit after tax	3,423	5,181	4,718	4,952	3,996
Profit after tax attributable to owners of the Company	3,350	5,148	4,718	4,890	3,984
Share capital	25,200	25,200	25,200	25,200	25,200
Total Assets	49,738	52,583	61,398	67,926	69,197
Total Liabilities	6,632	5,660	7,446	12,450	13,757
Basic earnings per share attributable to owners of the Company (sen)	1.33	2.04	1.87	1.94	1.58
Gross Dividends per share (sen)	0.63	0.63	1.26	1.53	1.60*

* *The Board of Directors is proposing a final single tier dividend of 0.80 sen per share in respect of the financial year ended 31 December 2017 for the approval of shareholders at the forthcoming Annual General Meeting.*

The Group's revenue for the financial year ended 31 December 2017 showed a decrease of 16.52% to RM25.760 million from RM30.858 million in the preceding financial year.

The environmental products and services segment is the main contributor to the Group's revenue, contributing 84.05% or RM21.952 million while the system equipment and ancillary products contributed 15.95% or RM4.167 million.

In line with the decrease in the Group's revenue for the financial year ended 31 December 2017, the Group's profit before tax decreased by 13.11% to RM5,513 million as against preceding financial year's profit before tax of RM6.345 million. The decrease in the Group's profit before tax was mainly due to lower revenue achieved in the system and ancillary products sector.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ECONOMIC AND INDUSTRY OUTLOOK

The global economy is expected to expand 3.7% in 2018 (2017: 3.6%). The advanced economies are projected to register growth of 2% (2017: 2.2%), supported by strong domestic and external demand. In the emerging market and developing economies, GDP is expected to improve 4.9% (2017: 4.6%), mainly supported by higher global demand and rising market confidence, particularly in China, India and ASEAN. However, the global economy will still face some downside risks due to policy uncertainties in the major economies, rising protectionism, geopolitical tensions, the effects of climate change, and volatility in the financial markets.

The Malaysian economy will remain resilient in 2018, with real GDP expanding between 5% to 5.5%, led by domestic demand. Private sector expenditure continues to be the primary driver of growth with private investment and consumption growing 8.9% and 6.8%, respectively. Meanwhile, public sector expenditure is forecast to decline, in line with lower capital outlays by public corporations. On the supply side, growth is expected to be broad-based, with all sectors registering positive growth. Malaysia's external position is forecast to remain favourable supported by global growth and trade.

(Source: Economic Report 2017/2018; Ministry of Finance Malaysia)

PROSPECTS

The Group maintains a positive outlook for the business activities that the Group are involved in. The Group will continue to focus on its existing business activities and concentrate on its core competencies while at the same time, improve its operational efficiency and cost management. The Group will continue to implement various cost saving measures and stringent cost control to counter the challenges ahead and to enhance the Group's competitiveness in the Group's industry.

The Group will continue to explore and assess other viable business and investment opportunities within the same or complementary sectors and also outside the Group's industry domain for opportunities which can bring financial stability to the Group.

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the performance of the existing business of the Group is likely to remain satisfactory for the coming year.

DIVIDENDS

We are always grateful for the support of our shareholders and we remained committed to paying steady dividend as recognition of your continuous support. The Company had declared an interim single tier dividend on ordinary share of 0.80 sen per share for year ended 31 December 2017 as compared to 0.73 sen per share for the previous financial year that was paid on 28 September 2017.

The Board of Directors is pleased to recommend a final single tier dividend of 0.80 sen per share for the approval of shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the management and staff for their hard work and contribution to the Group; our valued shareholders, all regulatory authorities, bankers, customers and business associates for their co-operation and support.

Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support.

PANG WEE SEE
Executive Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) of the Company recognizes the importance of good corporate governance and is committed to promote the highest standards of corporate governance within the Group by supporting and implementing the principles and best practices as outlined in the Malaysian Code on Corporate Governance (“MCCG”) and the relevant provisions of the Bursa Securities Listing Requirements for ACE Market.

The Board strives to ensure that high standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Company.

The Board is pleased to set out below our Corporate Governance Statement which describes how the Group has applied the principles of the MCCG and the extent to which it has complied with the best practices set out in the MCCG during the financial year ended 31 December 2017. This statement also serves as a compliance with Rule 15.25 of the Bursa Securities Listing Requirements for ACE Market.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Responsibilities of the Board

The Board has overall responsibility for the performance of the Group and its responsibilities include the following:-

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

Composition of the Board

The Board currently consists of six (6) members, comprising an Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. This composition complies with Rule 15.02 of the Bursa Securities Listing Requirements for ACE Market which requires that at least two directors or one-third of the Board, whichever is the higher, comprises of independent directors.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. The balance enables the Board to provide clear and effective leadership of the Company and to bring informed and independent judgment to many aspects of the Company’s strategy and performance so as to ensure the highest standards of conduct and integrity are maintained throughout the Group.

No individual or group of individuals dominates the Board’s decision making and the number of directors fairly reflects the investment of the shareholders.

The Board has a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands.

The Board acknowledges the need for gender diversity for good governance practices and to enhance the efficient functioning of the Board. The Board believes that the evaluation of any candidate’s suitability is guided by the skills, experience, competency and knowledge of the individual candidate and it shall review any potential candidate wherever reasonably possible. The Company currently has one (1) female representation in the Board. The Board is comfortable with its current composition and does not consider that setting a short term target for gender diversity on the Board is appropriate at the current time.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Directors' Code of Conduct

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia in discharging its role effectively. The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its shareholders.

Strategies Promoting Sustainability

The Board recognizes the need for the Company strategies to promote sustainability and regularly reviews the strategic direction of the Group as well as the progress of the Group's operations. The Board will take into consideration the environmental, social and governance aspects when developing the Company's strategies.

Access to Information and Advice

All Directors receive appropriate and timely information which includes an agenda prior to the Board meetings to enable the Board to discharge its duties.

The Board receives information that is not just historical and bottom line and financial-oriented but information that is beyond assessing the quantitative performance of the Group and looks at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance. This enables the Board to deal with any item on the agenda to facilitate informed decision-making and thus enable the Board to discharge its duties effectively.

All Directors have full access to information pertaining to all matters for the purpose of making decisions. There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Bursa Securities Listing Requirements for ACE Market or other regulatory requirements.

Company Secretaries

The Board recognizes that the Company Secretary should be suitably qualified and capable to carry out the duties required. The Company Secretaries of the Company, who are members of professional bodies, assist the Board to ensure that Board meetings procedures are followed and the applicable statutory and regulatory requirements are complied with. The Board is satisfied with the service and support rendered by the Company Secretaries to the Board in the discharge of their roles and responsibilities. The removal of the Company Secretary shall be a matter for the Board as a whole.

Board Charter

Whilst Directors and management of the Company are aware of their respective roles and responsibilities, including limits of authority accorded, the Board recognizes the need to formalise such demarcation of duties to provide clarity and guidance to Directors and management. The Board will adopt a Board Charter at an appropriate time.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

STRENGTHEN COMPOSITION

To assist the Board in the discharge of its duties effectively, the Board has delegated certain responsibilities to the Board Committees, namely Audit Committee, Remuneration Committee and Nomination Committee, which operate within clearly defined terms of reference.

Audit Committee

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on Page 20 of this Annual Report.

Remuneration Committee

The present members of the Remuneration Committee are as follows:

Chairman:	Ng Kok Ann (Appointed on 22 May 2017)	(Independent Non-Executive Director)
Members:	Cheng Sim Meng Kan King Choy	(Independent Non-Executive Director) (Executive Director)

The Committee's roles include making recommendations to the Board on the remuneration framework for Executive Directors of the Group as well as reviewing and recommending annual remuneration adjustments of the Executive Directors, where necessary, with the emphasis being placed on performance and comparability with market practises and the performance of the Group.

The Board, as a whole, determines the remuneration of the Executive and Non-Executive Directors and the individual Director is required to abstain from discussing his own remuneration.

Directors' Remuneration

The Group's remuneration scheme for Executive Directors is linked to performance, seniority, experience and scope of responsibility and is benchmarked to market/industry practises. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them.

Details of the aggregate remuneration of the Directors for the financial year ending 31 December 2017 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Salaries and other emoluments	663,612	–
Bonuses	99,800	–
Fees	295,298	25,200
Benefits-in-kind	35,300	–
Total	1,094,010	25,200

The number of directors whose aggregate remuneration during the financial year ending 31 December 2017 which falls within the following bands is as follows:

Band of Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	–	3
RM250,001 – RM300,000	2	–
RM300,001 and above	1	–

The Board is of the view that the above disclosure by band of remuneration, without disclosing the individual Director's remuneration, satisfies the accountability and transparency of the MCCG.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

STRENGTHEN COMPOSITION (CONT'D)

Nomination Committee

The present members of the Nomination Committee are as follows:

Chairman:	Ng Kok Ann (Redesignated on 22 May 2017)	(Independent Non-Executive Director)
Members:	Cheng Sim Meng Ir. Koh Thong How (Appointed on 22 May 2017)	(Independent Non-Executive Director) (Non-Independent Non-Executive Director)

The Committee's role includes review and recommending of candidates to the Board for directorships and seats of Board committees. The Committee is also responsible for assessing the effectiveness of the Board and the various committees of the Board as a whole, and contribution of all members of the Board. It also reviews the appropriate Board balance and size, and that the Board has the required mix of expertise, skills, independence and experience.

Retirement and Re-election of Directors

In accordance with the Company's Constitution, at least one third of the Directors shall retire by rotation from office at least once in every three (3) years but shall be eligible for re-election.

All Directors who are appointed by the Board shall subject themselves for re-election by shareholders at the next Annual General Meeting immediately after their appointment.

REINFORCE INDEPENDENCE

The Board takes note that the MCCG recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years and upon completion of the nine years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the director is to remain designated as an independent director, the Board shall first justify and seek shareholders' approval.

From the date the independent directors were appointed, they were required to give an undertaking to Bursa Securities confirming and declaring that they are independent directors as defined under Rule 1.01 of the Listing Requirements for ACE Market. The Board is of the view that the length of service of the independent directors for more than nine years does not interfere with their exercise of independent judgment or their ability to act in the best interest of the Company. On the other hand, length of service enables the independent directors to better understand the Company and its businesses over long term and therefore, better serve the interests of the Company and its shareholders by having long-term familiarity with and understanding of the Company, its operations and growth strategies.

The Board is satisfied that Mr. Cheng Sim Meng and Mr. Ng Kok Ann have fulfilled the criterias and would recommend to retain them as independent directors of the Company, notwithstanding that they have served for more than nine years as independent directors. In view thereof, the Board has recommended that approval be sought for Mr. Cheng Sim Meng and Mr. Ng Kok Ann to continue to serve as independent directors at the forthcoming Annual General Meeting of the Company

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REINFORCE INDEPENDENCE (CONT'D)

The MCCG recommends that the Chairman of the Board is a Non-Executive member of the Board and the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. Though the Company deviates from the recommendation of the MCCG, the Board believes that the interests of shareholders are best served by the Executive Chairman who is sanctioned by the shareholders and, who will act and safeguard the interests of shareholders as a whole. As the Executive Chairman is the major shareholder of the Company, he is well placed to act on behalf of the shareholders and in their best interests. The Board is of the view that the independent directors are able to exercise strong independent judgement and provide independent views and advice in all Board deliberations. The Board believes that the Executive Chairman is competent to act on behalf of the shareholders in their best interests and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture. The Board will look into identifying suitable candidates as independent directors but the process will be executed with due care and careful assessment to ensure that the suitable candidates are able to provide meaningful contribution to the effectiveness of the Board as a whole.

FOSTER COMMITMENT

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly interval with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. There were four (4) meetings held during the financial year ended 31 December 2017.

Details of the attendance of Directors at the Board meetings are as follows:-

Name	Designation	Attendance
Pang Wee See	Executive Chairman	4/4
Tan Boon Kok	Executive Director	4/4
Kan King Choy	Executive Director	4/4
Ir. Koh Thong How	Non-Independent Non-Executive Director	4/4
Cheng Sim Meng	Independent Non-Executive Director	4/4
Ng Kok Ann	Independent Non-Executive Director	4/4

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in Rule 15.05 of the Bursa Securities Listing Requirements for ACE Market.

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) in accordance to Bursa Securities Listing Requirements for ACE Market.

The Directors are encouraged to attend relevant training programmes, seminars and courses to keep abreast with development in the business environment as well as with the new regulatory and statutory requirements. The Board will assess the training needs of the Directors and encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

FOSTER COMMITMENT (CONT'D)

Directors' Training (Cont'd)

During the financial year ended 31 December 2017, the seminars and training courses attended by the Directors are as follows:

Directors	Seminar/Training Course Attended
Pang Wee See	Bursa Malaysia Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers: (i) Corporate Disclosure Framework (ii) Directors Disclosure Obligations under the Listing Requirements
Kan King Choy	Bursa Malaysia Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers: (i) Corporate Disclosure Framework (ii) Directors Disclosure Obligations Under the Listing Requirements
	Bursa Malaysia Advocacy Session to Enhance Quality of Management Discussion & Analysis ("MD&A") for Chief Executive Officers and Chief Financial Officers of Listed Issuers
Ir. Koh Thong How	Technical Talk on Water Supply Services Act and Integrated Geographic Information System
	Sistem Kawalan Kerja Tanah bagi Pemaju dan Perunding
	Technical Talk on Innovative Technology in Conveyance of Water and Sewerage – Oriented PVC Pipes
	Technical Talk on Glass Reinforced Polymer (GRP) Pipes: Advantages and Design Considerations in the Malaysian Context
Ng Kok Ann	2018 Budget Seminar
	Practical Auditing Methodology for SMPs
	Accounting for Financial Instruments in Accordance with MPERS
	Securities Commission Malaysia's Conversation with Audit Committees

Other than as disclosed above, some of the Directors were not able to attend any seminar/training courses during the financial year due their busy work schedule while others were also not able to attend any seminar/training courses due to travelling commitments and medical reasons. However, the Directors have kept themselves abreast on the financial and business matters through readings to enable them to contribute to the Board. The Directors are mindful that they shall continue to participate in relevant training programmes to keep abreast with new regulatory developments and on corporate governance matters, from time to time.

In addition, the Directors were briefed at Board meetings and Audit Committee meetings on any updates or changes to the relevant guidelines on the regulatory and statutory requirements by the Company Secretary, Internal Auditors and External auditors.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board of Directors aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements to shareholders as well as Chairman's Statement and Financial Review in the Annual Report. In this respect, the Audit Committee assists the Board by overseeing the Group's financial reporting processes, the quality of the financial reporting and that the financial statements comply with applicable reporting standards.

Relationship with the Auditors

The Board has established a transparent and independent relationship with the external auditors through the Audit Committee, which has been accorded the power to communicate directly with the external auditors, towards ensuring compliance with the accounting standards and other related regulatory requirements.

The Audit Committee will convene meetings with the external auditors without the presence of management as and when necessary. The Audit Committee also assesses and reviews the appointment, independence, performance and remuneration as well as the re-appointment of the external auditors before recommending to the Board for approval and subsequently to the shareholders for their re-appointment during the Annual General Meeting.

RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board acknowledges its responsibility for the Group's system of risk management and internal controls that is designed to identify and manage the risks to which the Group is exposed. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

The Group's overall internal controls system includes:-

- clearly established policies and procedures;
- regular review and update of policies and procedures to meet business needs;
- clearly defined job responsibilities and appropriate segregation of duties;
- regular internal audits to monitor compliance with policies, procedures, external regulations and assess integrity of financial information.

The internal audit function has been outsourced to an external independent internal audit service provider to advise and assist the Audit Committee in the internal audit functions of the Group.

These are covered in more detail in the "Statement on Risk Management and Internal Control" in Pages 23 to 25.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board maintains an effective and timely communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

- (a) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors. The Notice of Annual General Meeting ("AGM") together with the Annual Report is dispatched to shareholders at least twenty one (21) days prior to the AGM date;
- b) various announcements made to the Bursa Securities, which includes announcement on quarterly results;

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Relationship with Shareholders

In addition to the timely communications policy mentioned above, the AGM provides an opportunity for the shareholders to seek and clarify any matter pertaining to the business and financial performance of the Group. The Board encourage shareholders to attend and participate in the AGM held annually.

The Board takes note of the recommendation by the MCCG to consider leveraging technology to facilitate electronic voting and remote shareholding participation to facilitate greater shareholders' participation. Pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution set out in the notice of any general meeting, or in any resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. An announcement of the detailed results will be made showing the number of votes cast for and against each resolution.

The Company maintains a website at www.brite-tech.com that allows all shareholders and investors to gain access information about the Group to encourage effective communication and proactive engagements with shareholders. The Company has yet to identify a senior independent non-executive director to whom concerns may be conveyed by shareholders and the general public. However, any enquiry regarding the Company and the Group may be conveyed to Mr. Kan King Choy, Executive Director, at kc_kan@brite-tech.com.my.

STATEMENT OF COMPLIANCE

Except for the explanations provided above on any departures from the best practices of the MCCG, the Board believes that the Company has, in all material aspects, complied with the best practices of the MCCG during the financial year.

AUDIT COMMITTEE REPORT

1. INTRODUCTION

The Audit Committee was established on 2002 and currently comprises the following committee members:

Chairman:	Ng Kok Ann (Redesignated on 22 May 2017)	Independent Non-Executive Director
Members:	Cheng Sim Meng Ir. Koh Thong How (Appointed on 22 May 2017)	Independent Non-Executive Director Non-Independent Non-Executive Director

2. TERMS OF REFERENCE

(a) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall comprise no fewer than three (3) members, the majority of whom shall be independent and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience approved by the Bursa Securities.

The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee has carried out their duties according with their terms of reference.

(b) Meetings

The Audit Committee shall meet not less than four (4) times per year and as and when necessary. The quorum of each meeting shall be a minimum of two (2) members of which the majority must be Independent Non-Executive Directors. The presence of external auditors can be requested if required while other members of the Board and employees may attend the meeting upon the invitation of the Committee. The secretary to the Audit Committee shall be the Company Secretary and minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

(c) Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference. The Committee shall have unrestricted access to information, records, properties and personnel of the Company and has direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall have all the resources it needs to perform its duties at the cost of the Company including the right to appoint independent professionals to advise the Committee.

Notwithstanding the above, the Committee does not have executive powers, and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company.

AUDIT COMMITTEE REPORT (CONT'D)

2. TERMS OF REFERENCE (CONT'D)

(d) Duties and Responsibility

The duties and responsibilities of the Audit Committee shall include the following:

- (i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- (ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (iii) To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.
- (iv) To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
- (v) To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - any changes in the accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumptions; and
 - compliance with accounting standards and other legal requirements.
- (vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);
- (vii) To review the external auditor's management letter and the management's response;
- (viii) To do the following where the internal audit function is outsourced:
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (ix) To consider any related party transactions that may arise within the Company or the Group;
- (x) To consider the major findings of internal investigations and the management's response;
- (xi) To consider other topics as defined by the Board from time to time.

AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF ACTIVITIES

The Audit Committee held four (4) meetings during the financial year ended 31 December 2017. The details of their meetings are as follows:

Audit Committee Members	Attendance
Ng Kok Ann	4/4
Cheng Sim Meng	4/4
Ir. Koh Thong How (appointed on 22 May 2017)	2/2
Dr. Seow Pin Kwong (retired from office on 22 May 2017)	1/1

The activities of the Audit Committee during the financial year ended 31 December 2017 include the following:-

- (i) Reviewed the Group's quarterly unaudited financial statements prior to submission to the Board for consideration and approval for release to Bursa Securities;
- (ii) Reviewed the Group's year end audited financial statements prior to submission to the Board for consideration and approval;
- (iii) Reviewed with the scope of work and audit plan of the external auditors;
- (iv) Reviewed the scope of work and audit plan of the internal audit consultants for 2017 as well as reviewed the internal audit reports issued. Thereafter discussed with internal auditors and management on the management's response to the findings and recommendations;
- (v) Reviewed the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control, and recommended the same to the Board for approval and disclosure in the Company's Annual report;
- (vi) Met with external auditors without the presence of management;
- (vii) Reviewed related party transactions within the Group;
- (viii) Reviewed the effectiveness of the Group's system of internal control;
- (ix) Considered and recommended to the Board for approval the audit fees payable to external auditors.

4. INTERNAL AUDIT FUNCTION

The Group has outsourced its Internal Audit function to an external independent internal audit service provider to advise and assist the Audit Committee in the Internal Audit functions of the Group within the framework as directed by the Audit Committee, which is in accordance with Bursa Securities "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

The internal audit activities during the financial year covered amongst others, areas such as sales and marketing, human resources, credit control and collection, policies for bad debts, handling of accounts receivables and invoicing of customers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors (“the Board”) of Brite-Tech Berhad (“the Group”) recognises that it is the Board’s responsibility to review the adequacy and integrity of the Group’s system of risk management and internal control. The Board is committed to maintain and ensure that a sound system of risk management and internal control exists and operates effectively within the Group of Companies and is pleased to provide this statement outlining the nature and scope of the risk management and internal control of the Group during the financial year under review pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the latest “Statement of Risk Management and Internal Control: Guidelines for the Directors of Listed Issuers” (“the Guideline”).

2. BOARD RESPONSIBILITIES

The Board acknowledges its responsibility and reaffirms its commitment in recognising the importance of effective and appropriate systems of internal control and risk management practices to enhance good corporate governance.

In this respect the Board is responsible for identifying principal risks, ensuring the implementation of appropriate measures and controls to manage these risks and reviewing the adequacy and integrity of the Group’s systems of risk management and internal control. The systems of risk management and internal control cover inter alia, governance, risk management, financial organisation, operational and compliance control.

However, the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve business objectives. Accordingly, these systems can only provide reasonable, but not absolute assurance that the significant risks affecting the Group are being managed effectively.

The Board also acknowledges the Guideline which further emphasises the need for maintaining a sound system of risk management and internal control. In line with the Guideline, the Executive Chairman and the Management have provided assurance to the Board stating that the Group’s risk management and internal control systems have operated adequately and effectively, in all material aspects during the financial year under review.

The management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

3. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

The risk management and internal controls are established after considering the overall control environment of the Group. The systems are designed to achieve proper balance between risks undertaken and the potential returns to shareholders.

The Group has adopted an enterprise wide risk management policy. This policy framework has since identified and managed the significant risks affecting the Group as a whole taking into consideration both the internal and external factors.

Presently, the risk management is embedded in the Group’s management systems. The Board together with the Audit Committee has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating of the system of internal controls when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the Guideline.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

3. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION (CONT'D)

The Group's Internal Audit function is outsourced to an external consultant to assist the Board and Audit Committee in carrying out independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems. The scope of the review of the outsourced internal audit function is determined by the Audit Committee with feedback from Executive Management and subsequently approved by the Audit Committee in the internal audit plan. The fee incurred for the outsourced internal audit function for the financial year ended 31 December 2017 is RM36,000.

4. KEY INTERNAL CONTROL PROCESSES

The Board has considered the systems of internal control in the Group and some of the key elements include the following:

- Periodic Board and management meetings to review financial performance and business operations of the Group to ensure that they are in line with the corporate objectives, strategies and annual sales target;
- Annual budget prepared for the subsidiaries of the Group are reviewed and approved by the management. Management accounts/reports are prepared and the actual performance against the budget is reviewed on a monthly basis with detailed explanation of any major variances;
- Board Committees, namely the Audit Committee, Remuneration and Nomination Committees are established with defined terms of reference;
- Management organisation structure with defined lines of responsibilities and appropriate levels of delegation and authority;
- MS ISO/IEC 17025 standard operating procedures for the analytical laboratory services business of the Group are operationalised and subjected to internal quality audits and surveillance audits carried out by a certified body to provide assurance of compliance;
- Guidelines for selection and hiring of staff, formal training programmes as well as annual performance appraisals are in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- The Audit Committee reviews of the quarterly financial results, annual report, audited financial statements, Group's risk profile and internal control issues identified by the External Auditors, Internal Auditors and the management; and
- The internal audit function reviews of the adequacy and integrity of the systems of internal control accordingly to the approved internal audit plan and reports its findings to the Audit Committee on regular basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

5. **CONCLUSION**

The Board is of the view that the systems of risk management and internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment and the Group's assets. Although, some areas of improvement to the systems of internal control were identified during the financial year, there were no weaknesses in the systems of internal control which have resulted material losses to the Group that requires further disclosure in this Statement and Annual Report.

The Board also recognises that the systems of risk management and internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

This statement was made in accordance with a resolution of the Board dated 20 April 2018.

6. **REVIEW BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the ACE Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants, which does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

Based on the external auditors have reviewed this statement on risk management and internal control and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year.

2. AUDIT AND NON-AUDIT FEES

During the financial year, the total audit and non-audit fees paid to the external auditors by the Company and the Group is disclosed in Note 29 to the financial statements.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved the directors and substantial shareholders' interest during the financial year ended 31 December 2017.

4. RECURRENT RELATED PARTY TRANSACTION OF REVENUE NATURE

The Company does not have any recurrent related party transaction of revenue nature during the financial year.

5. CORPORATE SOCIAL RESPONSIBILITY

Apart from giving some token donations to certain charity organization, the Group did not undertake any corporate social responsibility activities during the financial year ended 31 December 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the applicable Accounting Standards of Malaysia, the Companies Act 2016 and Bursa Securities Listing Requirements for ACE Market.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in the business of investment holding and provision of management services to subsidiary companies.

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 financial year	3,996,010	4,002,155
Profit attributable to:		
Owners of the Company	3,984,426	4,002,155
Non-controlling interests	11,584	–
	3,996,010	4,002,155

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provision during the financial year except as disclosed in the financial statements.

DIRECTORS' REPORT (CONT'D)

DIVIDENDS

The amount of dividends paid/payable or proposed by the Company since previous financial year were as follows:

RM

In respect of the financial year ended 31 December 2016, as reported in the Directors' Report of that financial year:

Final dividend under the Single Tier System of 0.80 sen per share, on 252,000,000 ordinary shares, was declared on 22 May 2017 and paid on 23 June 2017.	2,016,000
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In respect of the financial year ended 31 December 2017:

First interim dividend under the Single Tier System of 0.80 sen per share, on 252,000,000 ordinary shares, was declared on 25 August 2017 and paid on 28 September 2017.	2,016,000
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At the forthcoming Annual General Meeting, a final dividend (single-tier) in respect of the financial year ended 31 December 2017, of 0.80 sen on 252,000,000 ordinary shares, amounting to a dividend payable of RM2,016,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Pang Wee See	
Tan Boon Kok	
Chan Ah Kien	(Retired on 22 May 2017)
Kan King Choy	
Ir. Koh Thong How	
Dr. Seow Pin Kwong	(Retired on 22 May 2017)
Cheng Sim Meng	
Ng Kok Ann	
Yee Oii Pah @ Yee Ooi Wah (f)	(Alternate Director to Pang Wee See)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

Shareholdings in the name of directors	As at 01.01.2017	Number of ordinary shares		As at 31.12.2017
		Acquired	Sold	
Direct interest				
Pang Wee See	113,152,861	–	–	113,152,861
Tan Boon Kok	24,821,963	–	–	24,821,963
Kan King Choy	10,215,841	–	–	10,215,841
Ir. Koh Thong How	337,200	–	–	337,200
Yee Oii Pah @ Yee Ooi Wah (f) (Alternate Director to Pang Wee See)	487,200	–	–	487,200
Indirect interest				
Pang Wee See *	824,400	–	–	824,400
Tan Boon Kok **	16,800	–	–	16,800
Kan King Choy #	90,552	–	–	90,552
Ir. Koh Thong How +	113,152,861	–	–	113,152,861
Yee Oii Pah @ Yee Ooi Wah (f) ^ (Alternate Director to Pang Wee See)	113,152,861	–	–	113,152,861

* Deemed interest by virtue of the shareholdings of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

** Deemed interest by virtue of the shareholdings of his spouse, Liong Mee Mee

Deemed interest by virtue of the shareholdings of his spouse, Lee Kim Peng

+ Deemed interest by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interest by virtue of the shareholdings of her spouse, Pang Wee See

By virtue of their interests in the shares of the Company, all the above directors are also deemed to have interests in the shares of the subsidiary companies to the extent the directors have their interests.

Other than disclosed above, the other directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors or past directors of the Company during the financial year are disclosed in Note 27 to the financial statements.

The details of the other benefits otherwise than in cash received or receivable from the Group and the Company by the Directors of the Group and of the Company during the financial year are disclosed in Note 27 to the financial statements.

No payment has been paid to or payable to any third party in respect of the services provided to the Group and the Company by the Directors of the Group and of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration 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 as shown in Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that no known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (i) which would render it necessary to write off for any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Significant event subsequent to the financial year is disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, CAS Malaysia PLT , Chartered Accountants have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 29 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 20 April 2018.

PANG WEE SEE

Director

KAN KING CHOY

Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

The directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 41 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 20 April 2018.

PANG WEE SEE
Director

KAN KING CHOY
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, **PANG WEE SEE**, being the director primarily responsible for the accounting records and financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 107 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
PANG WEE SEE
at Puchong in the state of Selangor Darul Ehsan
on 20 April 2018

PANG WEE SEE

Before me,

KHOR HAN GHEE
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **BRITE-TECH BERHAD**, which comprise the statements of financial position as at 31 DECEMBER 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of its financial performance and the cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

The risk

The Group's goodwill balances as at 31 December 2017 stood at RM768,052 (2016: RM968,052) as disclosed in Note 8 to the financial statements.

The Group is required to perform an impairment test annually by comparing the carrying amount of the cash generating unit ('CGU'), including the goodwill with its recoverable amount. Goodwill impairment testing of CGU relies on estimates of value-in-use ('VIU') based on estimated future cash flows.

Determination of the recoverable amount incorporates significant judgements based on assumptions about future profitability and cash flows for the related businesses; and the application of appropriate long-term growth rates and discount rates.

The impairment tests were significant to our audit due to the complexity of the assessment process, judgments and assumptions involved which are affected by expected future market and economic developments.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Impairment assessment of goodwill (Cont'd)

Our response

Our audit procedures included evaluations of the assumptions used in the impairment methodology for goodwill, described as in Note 8 to the financial statements and our evaluations focused on:

- (i) assessment of the appropriateness of cash flows projections relative to the historical and current performance;
- (ii) assessment of the appropriateness of the key assumptions used, such as growth rates used to extrapolate the cash flows and the discount rates assigned to the CGU; and
- (iii) comparing forecast growth rates to the external economic and market data.

We reviewed management's sensitivity analysis on key assumptions used in the cash flow projections.

In addition, we have also evaluated the appropriateness of the disclosures of key assumptions on which the Group has based its cash flow projections.

Valuation and impairment assessment of properties

The risk

The Group hold properties which are classified as land and buildings and investment properties as disclosed in Note 5 and Note 6 to the financial statements respectively which are measured at fair value, unless otherwise stated.

The Group is required to perform an impairment test on the land and buildings where there is an indication of impairment, by comparing the carrying amount with its recoverable amount.

Revaluations for each class of land and buildings is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The frequency of revaluation depends upon the changes in fair values of the land and buildings. Frequent revaluation is not necessary for land and buildings with only insignificant changes in fair value.

Management has concluded that :

- (i) the carrying amount does not differ materially from their fair values; and
- (ii) there is no impairment in respect of these assets.

For investment properties, the Group has engaged an independent valuer in December 2017 to carry out a formal valuation of these assets. When estimating the fair value of the investment properties, the objective is to estimate the price that would be received from the sale of investment property in an orderly transaction between market participants under the current market condition.

We considered this as key audit matter due to the significance of land and buildings and investment properties to the Group's financial statements and the determination of the fair values involves significant judgement and estimation.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Valuation and impairment assessment of properties (Cont'd)

Our response

Our audit procedures in relation to the valuation of land and buildings and investment properties included:

- (i) assessment of the methodologies used and the appropriateness of the key assumptions used based on comparable market transactions;
- (ii) considering the potential impact of reasonably possible downside changes in these key assumptions used;
- (iii) checking on a sample basis, the accuracy and relevance of the input data used, comparing to others observable market data; and
- (iv) evaluations of the independent external valuers' competency, capabilities and objectivity; checked the valuer signed the valuation report is qualified and registered with the Board of Valuers, Appraisers and Estate Agents Malaysia.

We have also assessed the appropriateness of the disclosures on the fair values of land and buildings and investment properties in the financial statements.

Impairment of trade receivables

The risk

Trade receivables are significant to the Group as these represent approximately 10% of the total assets. The key associated risk is the recoverability of the invoiced trade receivables as the recoverability of trade receivables required management judgment in determining the adequacy of the impairment loss associated with each individual trade receivables.

Our response

Our audit procedures included:

- (i) assessment of the management's control over recording and monitoring of credit risk for each individual receivables;
- (ii) reviewing for accuracy of the ageing of trade receivables and check for adequacy of allowance for doubtful debts;
- (iii) reviewing for action taken for overdue debts; and
- (iv) evaluating the subsequent year end receipts and recoverability of outstanding trade receivables.

We have evaluated the adequacy of the Group's disclosure for trade receivables.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report which we obtained prior to the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- (ii) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CAS MALAYSIA PLT

[No. (LLP0009918-LCA) & (AF 1476)]
Chartered Accountants

CHEN VOON HANN

[No. 2453/07/17(J)]
Partner of the firm

Puchong

Date: 20 April 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
ASSETS EMPLOYED					
NON-CURRENT ASSETS					
Property, plant and equipment	5	38,427,770	23,915,507	3,860	5,308
Investment properties	6	9,830,000	22,309,172	–	–
Investment in subsidiary companies	7	–	–	19,999,841	17,981,106
Deferred taxation	18	66,815	33,382	–	–
Goodwill	8	768,052	968,052	–	–
		49,092,637	47,226,113	20,003,701	17,986,414
CURRENT ASSETS					
Inventories	9	1,145,992	1,366,265	–	–
Trade receivables	10	6,906,081	7,754,813	211,040	311,740
Other receivables, deposits and prepayments	11	1,124,858	926,710	2,015,200	2,602,180
Amount due from a subsidiary company	12	–	–	4,129,055	3,940,000
Tax recoverable		224,585	292,125	40,250	41,085
Short-term investments	13	5,834,073	6,001,692	1,020,050	2,558,007
Fixed deposits with a licensed bank	14	196,186	100,000	–	–
Cash and bank balances		4,672,884	4,258,536	247,882	261,884
		20,104,659	20,700,141	7,663,477	9,714,896
TOTAL ASSETS		69,197,296	67,926,254	27,667,178	27,701,310

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (CONT'D)

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	25,200,000	25,200,000	25,200,000	25,200,000
Revaluation reserve	16	11,894,948	11,894,948	–	–
Retained earnings	17	17,475,776	17,523,350	2,304,698	2,334,543
Total equity attributable to owners of the Company		54,570,724	54,618,298	27,504,698	27,534,543
Non-controlling interest		869,917	858,333	–	–
TOTAL EQUITY		55,440,641	55,476,631	27,504,698	27,534,543
NON-CURRENT LIABILITIES					
Deferred taxation	18	2,518,068	2,321,596	–	–
Loan and borrowings	19	6,987,682	5,165,966	–	–
		9,505,750	7,487,562	–	–
CURRENT LIABILITIES					
Trade payables	20	1,382,798	1,782,688	–	–
Other payables, accruals and deposits	20	1,518,830	1,686,812	159,048	166,767
Amount due to directors	21	17,213	19,883	3,432	–
Bank overdraft	22	99,330	93,262	–	–
Loan and borrowings	19	1,123,373	1,321,772	–	–
Provision for taxation		109,361	57,644	–	–
		4,250,905	4,962,061	162,480	166,767
TOTAL LIABILITIES		13,756,655	12,449,623	162,480	166,767
TOTAL EQUITY AND LIABILITIES		69,197,296	67,926,254	27,667,178	27,701,310

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	23	25,760,190	30,857,962	5,622,150	5,899,900
Cost of sales		(14,215,628)	(18,246,546)	-	-
GROSS PROFIT		11,544,562	12,611,416	5,622,150	5,899,900
Other operating income		982,122	745,404	-	-
Administrative expenses		(5,923,968)	(6,003,055)	(1,485,820)	(1,570,260)
Other operating expenses		(914,750)	(901,657)	(1,448)	(1,621)
PROFIT FROM OPERATIONS		5,687,966	6,452,108	4,134,882	4,328,019
Impairment loss on investment in subsidiary companies	7	-	-	(200,000)	(237,691)
Impairment loss on goodwill	8	(200,000)	(200,000)	-	-
Finance income	24	284,108	297,075	67,273	98,331
Finance costs	25	(258,965)	(203,982)	-	-
PROFIT BEFORE TAXATION	29	5,513,109	6,345,201	4,002,155	4,188,659
Taxation	28	(1,517,099)	(1,393,142)	-	-
PROFIT AFTER TAXATION		3,996,010	4,952,059	4,002,155	4,188,659
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,996,010	4,952,059	4,002,155	4,188,659

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:					
Owners of the company		3,984,426	4,890,242	4,002,155	4,188,659
Non-controlling interest		11,584	61,817	–	–
		3,996,010	4,952,059	4,002,155	4,188,659
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the company		3,984,426	4,890,242	4,002,155	4,188,659
Non-controlling interest		11,584	61,817	–	–
		3,996,010	4,952,059	4,002,155	4,188,659
Basic earnings per share attributable to owners of the company (sen)	30	1.58	1.94		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2017 Group	Attributable to equity holders of the Company						Total equity RM
	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total RM	Non- controlling interest RM	Total equity RM	
Balance as at 1 January 2017	25,200,000	11,894,948	17,523,350	54,618,298	858,333	55,476,631	
Profit for the financial year	-	-	3,984,426	3,984,426	11,584	3,996,010	
Total comprehensive income for the financial year	-	-	3,984,426	3,984,426	11,584	3,996,010	
Dividend - By the Company	-	-	(4,032,000)	(4,032,000)	-	(4,032,000)	
	31						
Balance as at 31 December 2017	25,200,000	11,894,948	17,475,776	54,570,724	869,917	55,440,641	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

2016 Group	Attributable to equity holders of the Company						
	Non-distributable			Distributable		Non- controlling interest RM	Total equity RM
	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total RM			
Balance as at 1 January 2016	25,200,000	11,894,948	16,060,304	53,155,252	796,516	53,951,768	
Profit for the financial year	-	-	4,890,242	4,890,242	61,817	4,952,059	
Total comprehensive income for the financial year	-	-	4,890,242	4,890,242	61,817	4,952,059	
Dividend - By the Company	-	-	(3,427,196)	(3,427,196)	-	(3,427,196)	
Balance as at 31 December 2016	25,200,000	11,894,948	17,523,350	54,618,298	858,333	55,476,631	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Share capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2016		25,200,000	1,573,080	26,773,080
Total comprehensive income for the financial year		–	4,188,659	4,188,659
Dividend paid	31	–	(3,427,196)	(3,427,196)
Balance as at 31 December 2016		25,200,000	2,334,543	27,534,543
Total comprehensive income for the financial year		–	4,002,155	4,002,155
Dividend paid	31	–	(4,032,000)	(4,032,000)
Balance as at 31 December 2017		25,200,000	2,304,698	27,504,698

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		5,513,109	6,345,201	4,002,155	4,188,659
Adjustments for:					
Loss on disposal of plant and equipment	29	–	4,598	–	–
Loss on fair value adjustment of investment properties	6	116,580	–	–	–
Gain on fair value adjustment of investment properties	6	(377,861)	–	–	–
Depreciation of property, plant and equipment	5	1,010,744	832,610	1,448	1,621
Plant and equipment written off	29	3,925	10,794	–	–
Finance income	24	(284,108)	(297,075)	(67,273)	(98,331)
Finance costs	25	258,965	203,982	–	–
Bad debts written off	29	–	985	–	–
Impairment loss on goodwill	8	200,000	200,000	–	–
Allowance for impairment losses on trade receivables	10	407,009	353,431	–	–
Allowance for impairment losses on other receivables	11	–	11,225	–	–
Dividend income	23	–	–	(4,054,000)	(4,450,000)
Inventories written off	9	27,512	192,884	–	–
Unrealised gain on foreign exchange	29	(27,624)	(55,597)	–	–
Unrealised loss on foreign exchange	29	–	10,622	–	–
Impairment loss on investment in subsidiary companies	7	–	–	200,000	237,691
Operating profit/(loss) before working capital changes		6,848,251	7,813,660	82,330	(120,360)
Decrease/(increase) in inventories		192,761	(170,053)	–	–
Decrease in receivables		243,575	1,502,130	2,699,680	1,717,174
(Decrease)/increase in payables		(540,248)	35,648	(7,719)	20,379
Cash generated from operations		6,744,339	9,181,385	2,774,291	1,617,193
Interest received		284,108	297,075	67,273	98,331
Interest paid		(258,965)	(203,982)	–	–
Income tax refund		256,310	67,119	21,835	21,000
Income tax paid		(1,491,113)	(1,598,891)	(21,000)	(21,000)
Net cash generated from operating activities		5,534,679	7,742,706	2,842,399	1,715,524

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investments in subsidiaries companies	7	-	-	(2,218,735)	-
Purchase of property, plant and equipment	32	(2,047,988)	(3,239,838)	-	-
Purchase of investment properties		-	(4,178,643)	-	-
Proceeds from disposal of plant and equipment		1	500	-	-
Subsequent expenditure on investment properties	6	-	(108,053)	-	-
Dividends received		-	-	2,042,000	1,850,000
Net cash (used in)/generated from investing activities		(2,047,987)	(7,526,034)	(176,735)	1,850,000
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment to)/advance from directors		(2,670)	(108,507)	3,432	-
(Advance to)/repayment from a subsidiary company		-	-	(189,055)	190,000
Drawdown of loan and borrowings		2,323,233	4,611,026	-	-
Repayment of loan and borrowings		(1,438,408)	(268,458)	-	-
Dividend paid to the owners of the Company	31	(4,032,000)	(3,427,196)	(4,032,000)	(3,427,196)
Net cash (used in)/generated from financing activities		(3,149,845)	806,865	(4,217,623)	(3,237,196)
Net (decrease)/increase in cash and cash equivalents		336,847	1,023,537	(1,551,959)	328,328
Cash and cash equivalents as at beginning of the financial year		10,266,966	9,243,429	2,819,891	2,491,563
Cash and cash equivalents as at end of the financial year		10,603,813	10,266,966	1,267,932	2,819,891
Cash and cash equivalents comprise of:					
Short term investments		5,834,073	6,001,692	1,020,050	2,558,007
Fixed deposits with a licensed bank		196,186	100,000	-	-
Cash and bank balances		4,672,884	4,258,536	247,882	261,884
Bank overdraft		(99,330)	(93,262)	-	-
		10,603,813	10,266,966	1,267,932	2,819,891

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

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

The Company's registered office is located at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 14, (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements of the Company as at and for the financial year ended 31 December 2017 do not include other entities.

The Company is principally engaged in the business of investment holding and provision of management services to subsidiary companies. The principal activities of its subsidiary companies are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 April 2018.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year.

2.2 Adoption of Amendments to MFRSs and Annual Improvements

At the beginning of the financial year, the Group and the Company adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 January 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014–2016 Cycle	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board ("MASB").

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS Standards 2014–2016 Cycle	

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015–2017 Cycle	

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of the above new standards, amendments and interpretations when they become effective are not expected to have any material impact on the Group's and the Company's financial statements, except for MFRS 16. The Group and the Company are in the process of assessing the financial impact of adopting MFRS 16.

2.3.1 MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111: Construction Contracts, MFRS 118: Revenue, IC Interpretation 13: Customer Loyalty Programmes, IC Interpretation 15: Agreements for Construction of Real Estate, IC Interpretation 18: Transfers of Assets from Customers and IC Interpretation 131: Revenue – Barter Transactions involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

2.3 Standards issued but not yet effective (Cont'd)

2.3.1 MFRS 15 Revenue from Contracts with Customers (Cont'd)

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services underlying the particular performance obligation is transferred to the customer.

MFRS 15 is effective for annual periods beginning on or after 1 January 2018.

Management expects that the initial application of MFRS 15 will not have a significant impact on the financial statements of the Group and the Company except for disclosure to the notes to accounts on revenue streams for the financial year ending 31 December 2018.

2.3.2 MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard makes 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 of the Company's financial assets, but no impact on the classification and measurement of the Group's and of 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, establishes a more principle-based approach to hedge accounting and addresses 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.

Based on the preliminary assessment of all three aspects of MFRS 9, the Group and the Company expect no significant impact on its statement of financial position and equity. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and to the Company in financial year ending 31 December 2018 when the Group and the Company will adopt MFRS 9.

2.3.3 MFRS 16 Leases

MFRS 16 will replace the existing standard on Leases, MFRS 117 when it becomes effective.

Currently under MFRS 117, a lease is classified either as a finance lease or an operating lease based on the extent to which risks and rewards incidental to ownership of the leased asset lie with the lessor or the lessee. A lessee recognises the asset and liability arising from a finance lease but not an operating lease. MFRS 16 eliminates the distinction between finance leases and operating leases for lessees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

2.3 Standards issued but not yet effective (Cont'd)

2.3.3 MFRS 16 Leases (Cont'd)

Under the new standard, a lessee is required to recognise the assets and liabilities in respect of all leases, except for short-term leases of 12 months or less and leases of low value assets. At the commencement of a lease, a lessee recognises a right-of-use asset and a corresponding lease liability. The lessee will be required to separately recognise the depreciation on the right-of-use asset and interest expense on the lease liability. Lessor accounting remained substantially unchanged from the current accounting under MFRS 117.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

2.4 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.5 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency. All financial information are presented in RM, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

All intercompany balances, income and expenses and unrealized gain or loss transactions between Group and subsidiary companies are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

The accounting policies for business combination and goodwill are disclosed in Note 3.3.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Acquisition of NCI are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognized equity.

3.2 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

3.3 Business combination and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Business combination and goodwill (Cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's 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 Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

Freehold land and buildings and leasehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Except for freehold land and building under construction, depreciation on the property, plant and equipment are calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Freehold buildings	1 - 2%
Leasehold land and buildings	Over the period of lease
Electrical fittings	5 - 10%
Motor vehicles	10 - 25%
Furniture and fittings, laboratory, office, demo, research and development, store equipment, machinery and signboard	5 - 25%
Renovation	10 - 20%

Depreciation of an asset begins when it is ready for its intended use.

Freehold land is not depreciated as it has an infinite life.

Building under construction in property, plant and equipment are not depreciated as these assets are not yet available for use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

3.5 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost and subsequently at fair value, representing open market value determined annually by external valuers or assessed by the Directors. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group will use alternative valuation method such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss for the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties (Cont'd)

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.6 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill, property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Costs of inventories are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less. These also include bank overdrafts that form an integral part of the Group's cash management.

3.9 Financial assets

Financial assets 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.

A financial asset is recognised initially, at its fair value plus, in the case of a financial instrument not at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The Group and the Company determine the classification of financial assets upon initial recognition. The categories include financial assets at FVTPL, loans and receivables, Held-To-Maturity ("HTM") investments and Available-For-Sale ("AFS") financial assets.

3.9.1 Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

"Subsequent to initial recognition, financial assets at FVTPL 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 FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other income or other losses.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current, whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company do not have any financial assets at FVTPL at the current and previous financial year ends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial assets (Cont'd)

3.9.2 HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group and the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the Effective Interest Rate ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The Group and the Company do not have any HTM investments at the current and previous financial year ends.

3.9.3 Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the loans and receivables are impaired or derecognised.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the financial year end, these are classified as non-current.

3.9.4 AFS financial assets

AFS financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

The Group and the Company do not have any financial assets at AFS at the current and previous financial year ends.

AFS financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of financial assets

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

An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default, significant delay in payments or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.10.1 Financial assets carried at amortised cost

For financial assets carried at amortised cost, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or economic conditions that correlate with default on receivables.

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

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

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

3.10.2 AFS financial assets

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of financial assets (Cont'd)

3.10.2 AFS financial assets (Cont'd)

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

3.11 Share capital

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

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

3.12 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 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 FVTPL or other financial liabilities.

The measurement of financial liabilities depends on their classification as described below:

3.12.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group and the Company do not have any financial liabilities at FVTPL in the current and previous financial year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial liabilities (Cont'd)

3.12.2 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. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.12.3 Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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 financial liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.13 Leases

3.13.1 Finance lease

Leases in terms of which the Group and the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Leases (Cont'd)

3.13.2 Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.15 Income tax

3.15.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income tax (Cont'd)

3.15.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

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

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

3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue recognition

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

3.17.1 Sale of goods and services

Revenue from sales of goods is recognised when the significant risks and rewards of ownerships of the goods have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivables, net of discounts and taxes applicable to the revenue. Revenue from services is recognised upon services rendered.

3.17.2 Contract income

Revenue from contract income is recognised based on percentage of completion method over the period of contract for all systems integration projects where a fixed contract sum has been agreed upfront. Full provision is made for foreseeable losses, if any.

3.17.3 Dividend income

Dividend income is recognised when the shareholders' rights to receive payment is established.

3.17.4 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

3.17.5 Management fee

Management fee is recognised on an accrual basis when service is rendered.

3.17.6 Rental income

Rental income is recognised on an accrual basis.

3.18 Employee benefits

3.18.1 Short term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Employee benefits (Cont'd)

3.18.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.19 Foreign currency

3.19.1 Functional and presentation currency

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

3.19.2 Foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are disclosed in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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

3.22 Related parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associated of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a closed member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

3.23 Fair value measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Fair value measurement (Cont'd)

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

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

3.24 Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, there were no critical judgements made by management on the amounts recognised in the consolidated financial statements.

4.2 Key sources of estimation uncertainty

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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.2.1 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 15 December 2017 for investment properties. A valuation methodology based on comparison method of valuation (open market value) was used, which entails comparing recorded transaction at similar properties in the vicinity and/or investment method of valuation, which entails the capitalisation of net income of the properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key sources of estimation uncertainty (Cont'd)

4.2.2 Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within a range of 4 to 20 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's plant and equipment at the reporting date is disclosed in Note 5.

4.2.3 Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Reviews are made periodically by management to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

4.2.4 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group and the Company are disclosed in Note 18.

4.2.5 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.2.6 Impairment of trade and other receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Key sources of estimation uncertainty (Cont'd)

4.2.7 Impairment of goodwill

The Group and the Company perform an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash-generating units ("CGUs") to which the goodwill have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

4.2.8 Classification between investment properties and owner-occupied properties

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

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

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

4.2.9 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4.2.10 Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land and buildings (at valuation) RM	Leasehold land and buildings (at valuation) RM	Building under construction RM	Motor vehicles RM	Furniture fittings, laboratory, signboard demo, store, office, research and development equipment and machinery RM	Electrical fittings RM	Renovation RM	Total RM
2017									
At cost, unless otherwise stated									
Balance as at 1 January 2017		16,169,999	1,961,734	1,397,072	4,165,196	9,445,597	260,877	768,694	34,169,169
Additions		-	11,960	908,898	18,409	1,841,712	2,129	3,372	2,786,480
Disposal/written off		-	-	-	(69,617)	(220,104)	-	-	(289,721)
Transfer from investment properties	6	7,446,589	3,057,360	2,236,504	-	-	-	-	12,740,453
Balance as at 31 December 2017		23,616,588	5,031,054	4,542,474	4,113,988	11,067,205	263,006	772,066	49,406,381
Accumulated depreciation									
Balance as at 1 January 2017		96,758	25,304	-	3,288,988	6,106,840	112,252	623,520	10,253,662
Charge for the financial year		149,446	35,287	-	104,181	679,710	13,209	28,911	1,010,744
Disposal/written off		-	-	-	(69,616)	(216,179)	-	-	(285,795)
Balance as at 31 December 2017		246,204	60,591	-	3,323,553	6,570,371	125,461	652,431	10,978,611

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

Group	Note	Freehold land and buildings (at valuation) RM	Leasehold land and buildings (at valuation) RM	Building under construction RM	Motor vehicles RM	Furniture fittings, laboratory, signboard demo, store, office, research and development equipment and machinery RM	Electrical fittings RM	Renovation RM	Total RM
At cost, unless otherwise stated									
Balance as at 1 January 2016		16,469,999	1,233,836	-	3,862,043	8,209,236	260,877	640,415	30,676,406
Additions		-	1,027,898	1,397,072	313,105	1,259,659	-	128,279	4,126,013
Disposal/written off		-	-	-	(9,952)	(23,298)	-	-	(33,250)
Transfer to investment properties	6	(300,000)	(300,000)	-	-	-	-	-	(600,000)
Balance as at 31 December 2016		16,169,999	1,961,734	1,397,072	4,165,196	9,445,597	260,877	768,694	34,169,169
Accumulated depreciation									
Balance as at 1 January 2016		-	-	-	3,173,223	5,563,339	99,146	602,702	9,438,410
Charge for the financial year		96,758	25,304	-	120,619	556,005	13,106	20,818	832,610
Disposal/written off		-	-	-	(4,854)	(12,504)	-	-	(17,358)
Balance as at 31 December 2016		96,758	25,304	-	3,288,988	6,106,840	112,252	623,520	10,253,662
Net carrying amounts									
Balance as at 31 December 2017		23,370,384	4,970,463	4,542,474	790,435	4,496,834	137,545	119,635	38,427,770
Balance as at 31 December 2016		16,073,241	1,936,430	1,397,072	876,208	3,338,757	148,625	145,174	23,915,507

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

Company	Furniture and fittings, and office equipments RM	Renovation RM	Total RM
2017			
Cost			
Balance as at 1 January 2017	48,847	64,382	113,229
Addition	-	-	-
Disposal	-	-	-
Balance as at 31 December 2017	48,847	64,382	113,229
Accumulated depreciation			
Balance as at 1 January 2017	43,542	64,379	107,921
Charge for the financial year	1,448	-	1,448
Disposal	-	-	-
Balance as at 31 December 2017	44,990	64,379	109,369
2016			
Cost			
Balance as at 1 January 2016	48,847	64,382	113,229
Addition	-	-	-
Disposal	-	-	-
Balance as at 31 December 2016	48,847	64,382	113,229
Accumulated depreciation			
Balance as at 1 January 2016	41,921	64,379	106,300
Charge for the financial year	1,621	-	1,621
Disposal	-	-	-
Balance as at 31 December 2016	43,542	64,379	107,921
Net carrying amounts			
Balance as at 31 December 2017	3,857	3	3,860
Balance as at 31 December 2016	5,305	3	5,308

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

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

The carrying amount of the property, plant and equipment under finance lease of the Group are as follows:

	2017 RM	2016 RM
Motor vehicles	714,983	709,702

The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group as referred to in Note 19:

	2017 RM	2016 RM
Net carrying value		
Freehold land and buildings	1,747,689	1,772,731
Leasehold land and building	4,970,463	1,936,430

Revaluation of land and buildings

The fair value of the land and buildings of the Group were revalued on 5 October 2011 and 12 December 2011 by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value).

On 30 December 2015, the land and buildings of the Group was revalued again by an independent qualified valuer, Nasir, Sabaruddin & Associates, registered with Board of Valuers, Appraisers and Estate Agents, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation. The resultant revaluation surplus of RM5,485,417 (net of deferred taxation) had been recognised as other comprehensive income.

Had the revalued assets been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets of the Group would have been RM5,632,913 (2016: RM5,136,422).

6. INVESTMENT PROPERTIES

	2017 RM	Group 2016 RM
Investment properties	9,830,000	20,072,668
Investment property under construction	–	2,236,504
	9,830,000	22,309,172

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

Investment properties

	2017 RM	Group 2016 RM
At valuation		
At beginning of the financial year	20,072,668	17,422,476
Additions from acquisition	–	1,942,139
Additions from subsequent expenditure	–	108,053
Gain on fair value adjustment of investment properties	377,861	–
Loss on fair value adjustment of investment properties	(116,580)	–
Transfer from property, plant and equipment (Note 5)	–	600,000
Transfer to property, plant and equipment (Note 5)	(10,503,949)	–
At end of the financial year	9,830,000	20,072,668

Investment property under construction

	2017 RM	Group 2016 RM
At cost		
At beginning of the financial year	2,236,504	–
Additions during the financial year	–	2,236,504
Transfer to property, plant and equipment (Note 5)	(2,236,504)	–
At end of the financial year	–	2,236,504

Revaluation of investment properties

The fair value of the investment properties of the Group at 31 December 2011 is determined by a valuation carried out by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value).

On 30 December 2015, the investment properties of the Group was revalued again by an independent qualified valuer, Nasir, Sabaruddin & Associates, registered with Board of Valuers, Appraisers and Estate Agents, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation. The resultants gain on fair value adjustment of investment properties of RM920,000 had been recognised as other operating income.

On 15 December 2017, the investment properties of the Group was revalued again by an independent qualified valuer, Nasir, Sabaruddin & Associates, registered with Board of Valuers, Appraisers and Estate Agents, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation. The resultants net gain on fair value adjustment of investment properties of RM261,281 had been recognised as other operating income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

Transfer from/(to) property, plant and equipment

During the financial year, the Group transferred three pieces of lands and one building under construction that were previously held as investment properties to property, plant and equipment. The Directors held these properties for own use purpose.

In previous financial year, the Group transferred one single-storey terrace factory that was previously held as owner-occupied property to investment properties. The Directors intend to held this property for the purpose to earn rentals or for capital appreciation purpose.

	2017 RM	Group 2016 RM
Rental income derived from investment properties	356,330	295,780
Direct operating expenses generating rental income	(24,888)	(13,248)
Profit arising from investment properties carried at fair value	331,442	282,532

The Group have pledged investment properties with carrying amount of RM5,400,000 (2016: RM6,483,940) to licensed banks to secure banking facilities granted to the Group as referred to in Note 19.

Fair value information

The Group's investment properties and fair value hierarchy as at 31 December 2017 and 31 December 2016 are as follows:

Group

	2017			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Investment properties	–	9,830,000	–	9,830,000
	–	9,830,000	–	9,830,000
	2016			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Investment properties	–	20,072,668	–	20,072,668
	–	20,072,668	–	20,072,668

The fair value of the investment properties as at 31 December 2016 are estimated by the Directors at approximately RM20,072,668 and the changes in the fair value of the investment properties since the last financial year are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

Fair value information (Cont'd)

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	2017 RM	Company 2016 RM
Unquoted shares, at cost	22,817,351	23,165,449
Additions during the financial year	2,218,735	–
Less: Written off	–	(348,098)
	25,036,086	22,817,351
Less: Accumulated impairment		
At beginning of the financial year	4,836,245	4,946,652
Impairment losses recognised during the financial year	200,000	237,691
Reversal	–	(348,098)
At end of the financial year	5,036,245	4,836,245
Carrying amount	19,999,841	17,981,106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies, which are incorporated in Malaysia, are as follows:-

Name of subsidiaries	Effective equity interest		Principal activities
	2017	2016	
Brite-Tech Corporation Sdn. Berhad	100%	100%	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system.
Hooker Chemical Sdn. Berhad	100%	100%	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.
Rank Chemical	100%	100%	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.
Spectrum Laboratories Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Spectrum Laboratories (Johore) Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Spectrum Laboratories (Penang) Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Renown Orient Sdn. Bhd.	100%	100%	In the process of being striking off.
Sincere United Sdn. Bhd.	70%	70%	To import and export chemical and other raw materials.
Tan Tech-Polymer Sdn. Bhd. ⁽¹⁾	60%	60%	To provide consultancy services and manufacturing of polymers and its related products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies, which are incorporated in Malaysia, are as follows:- (Cont'd)

Name of subsidiaries	Effective equity interest		Principal activities
	2017	2016	
Subsidiary company of Brite-Tech Corporation Sdn. Berhad			
Cybond Chemical Sdn. Bhd.	100%	100%	The Company has ceased operation.
Subsidiary company of Hooker Chemical Sdn. Berhad			
Akva-Tek Sdn. Bhd.	51%	51%	The Company has ceased operation.

⁽¹⁾ Not audited by CAS Malaysia PLT.

8. GOODWILL

	2017 RM	Group 2016 RM
Cost		
At beginning/end of the financial year	5,678,772	5,678,772
Accumulated impairment		
At beginning of the financial year	4,710,720	4,510,720
Impairment losses recognised during the financial year	200,000	200,000
At end of the financial year	4,910,720	4,710,720
Carrying amount	768,052	968,052

The carrying amounts of the goodwill allocated to the cash-generating units (CGU) are as follows:

	2017 RM	Group 2016 RM
Manufacturing - CGU 1	768,052	968,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

8. GOODWILL (CONT'D)

The recoverable amounts of the cash-generating units are determined based on the computation of value in use.

The key assumptions used in the computation of value in use are growth rates used to extrapolate the cash flows and the discount rates assigned to the CGU.

Discount rate is determined based on the pre-tax rate that reflect current market assessment of the time value of money and risks specific to the assets.

The projected cash flows from used are derived from the most recent financial budgets approved by management for the next ten years and extrapolated cash flows for the following years based on estimated growth rates. The projected growth rates do not exceed the industrial average growth rates.

The estimate of net cash flows for the disposal of the asset at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The key assumptions used for determining value in use, which are determined based on management's past experience and expectation of the future development, are as follows:

	Manufacturing segment %
Profit margin	13
Growth rate	3
Discount rate	9

9. INVENTORIES

	2017 RM	Group 2016 RM
Laboratory supplies	124,168	122,821
Raw materials	621,112	910,833
Work-in-progress	6,506	28,203
Finished goods	421,718	497,292
	1,173,504	1,559,149
Less: Inventories written down	(27,512)	(192,884)
	1,145,992	1,366,265
Recognized in profit or loss:		
Inventories recognized as cost of sales	7,548,456	10,871,878

Inventories where the net realisable value is expected to be below the carrying amount were written down. During the financial year, the Group wrote down an amount of RM27,512 (2016: RM192,884).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

10. TRADE RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables - gross	7,964,998	8,625,041	211,040	311,740
Less: Allowance for impairment losses	(1,058,917)	(870,228)	-	-
Trade receivables - net	6,906,081	7,754,813	211,040	311,740

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other operating expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group	
	2017 RM	2016 RM
At beginning of the financial year	870,228	911,737
Impairment losses recognised during the financial year	407,009	354,416
Allowance for impairment losses written off	-	(3,015)
Reversal of allowance for impairment losses	(218,320)	(392,910)
At end of the financial year	1,058,917	870,228

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Based on the Group's and the Company's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

10. TRADE RECEIVABLES (CONT'D)

The ageing analysis of the Group's and of the Company's trade receivables are as follow:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	4,595,760	4,871,955	5,300	106,000
Past due 1 - 30 days	835,504	1,343,387	–	–
Past due 31 - 60 days	426,091	757,223	–	–
Past due more than 60 days	2,107,643	1,652,476	205,740	205,740
	7,964,998	8,625,041	211,040	311,740
Receivables past due and impaired	(1,058,917)	(870,228)	–	–
	6,906,081	7,754,813	211,040	311,740

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers for whom there are no default and considered to be creditworthy and able to settle their debts. None of the Group's and the Company trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 31 December 2017, the Group and the Company has trade receivables amounting to RM2,310,321 (2016: RM2,882,858) and RM205,740 (2016: RM205,740) respectively that are past due at the reporting date but not impaired. Trade receivables that are past due but not impaired relate to customers that have no expectation of default based on historical dealings with the Group and of the Company. Based on past experience and no adverse information to date, the Directors of the Group and the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered to be fully recoverable.

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group and the Company does not hold any collateral as security.

The Group's and the Company's normal trade credit term range from 60 to 90 days (2016: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables - gross	499,009	544,715	1,200	-
Less: Allowance for impairment losses	-	(11,225)	-	-
Other receivables - net	499,009	533,490	1,200	-
Deposits	250,720	196,797	2,000	2,000
Prepayments	375,129	196,423	-	180
Dividend receivable from subsidiary companies	-	-	2,012,000	2,600,000
	1,124,858	926,710	2,015,200	2,602,180

12. AMOUNT DUE FROM A SUBSIDIARY COMPANY

The amount due from a subsidiary company represented non-trade transactions which are unsecured, interest free and repayable on demand.

13. SHORT-TERM INVESTMENTS

Short-term investments represent deposits placement with investment fund management companies. The average effective interest rates of the short-term investments range from 2.51% to 3.53% (2016: 2.62% to 3.57%) on daily basis and are readily convertible to cash with insignificant risk of changes in value.

14. FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rates of the fixed deposits with a licensed bank at the reporting date are 2.95% (2016: 3%) per annum and with maturity period of 1 month (2016: 1 month).

15. SHARE CAPITAL

	Group and Company			
	2017 Number of shares	2016	2017 RM	2016 RM
Authorised:				
Balance at the beginning and end of the financial year	-	500,000,000	-	50,000,000
Issued and fully paid:				
Balance at the beginning and end of the financial year	252,000,000	252,000,000	25,200,000	25,200,000

Pursuant to Section 74 of the CA 2016, all shares issued before or upon commencement of the Act shall have no par or nominal value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

16. REVALUATION RESERVE

Revaluation reserve are not available for distribution as dividends to the Company's shareholders.

The following are the movements of revaluation reserve:

	2017 RM	2016 RM
Properties		
Balance as at the beginning and end of the financial year	11,894,948	11,894,948

17. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 December 2017 and 31 December 2016 may be distributed as dividends under the single tier system.

18. DEFERRED TAXATION

Recognised deferred tax assets and liabilities

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

The following amounts, determined after appropriate offsetting, are shown in the the statements of financial position.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets, net	(66,815)	(33,382)	-	-
Deferred tax liabilities, net	2,518,068	2,321,596	-	-
	2,451,253	2,288,214	-	-

The following are the movements of deferred tax liabilities:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At beginning of the financial year	2,288,214	2,147,344	-	-
Recognised in profit or loss (Note 28)	163,039	140,870	-	-
At end of the financial year	2,451,253	2,288,214	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

18. DEFERRED TAXATION (CONT'D)

The components of the deferred tax assets and liabilities at the end of the financial year comprise tax effects of:

	Group	
	2017 RM	2016 RM
Deferred tax assets		
Unused reinvestment tax allowance	81,753	78,801
Other deductible temporary differences	52,476	113,853
Loss on fair value adjustment of investment properties	27,979	–
Deferred tax assets (before offsetting)	162,208	192,654
Offsetting	(95,393)	(159,272)
Deferred tax assets (after offsetting)	66,815	33,382
Deferred tax liabilities		
Revaluation surplus arise from properties	1,792,362	1,817,434
Gain on fair value adjustment of investment properties	218,413	127,727
Excess of capital allowances over corresponding depreciation	602,686	535,707
Deferred tax liabilities (before offsetting)	2,613,461	2,480,868
Offsetting	(95,393)	(159,272)
Deferred tax liabilities (after offsetting)	2,518,068	2,321,596

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Plant and equipment	(9,160)	(18,316)	(3,860)	(5,308)
Unabsorbed capital allowances	6,809	5,797	–	387
Unutilised tax losses	1,520,256	1,010,256	191,453	183,256
	1,517,905	997,737	187,593	178,335
Unrecognised deferred tax assets at 24% (2016: 24%)	364,297	239,457	45,022	42,800

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

19. LOAN AND BORROWINGS

	2017 RM	Group 2016 RM
Current liabilities		
Islamic financing		
- Term loans (secured)	47,973	-
Conventional financing		
- Bankers' acceptance (secured)	709,000	993,000
- Finance lease liabilities (secured)	113,626	123,546
- Term loans (secured)	252,774	205,226
	1,123,373	1,321,772
Non-current liabilities		
Islamic financing		
- Term loans (secured)	1,434,776	-
Conventional financing		
- Finance lease liabilities (secured)	185,607	205,438
- Term loans (secured)	5,367,299	4,960,528
	6,987,682	5,165,966
Total borrowings		
Islamic financing		
- Term loans (secured)	1,482,749	-
Conventional financing		
- Bankers' acceptance (secured)	709,000	993,000
- Finance lease liabilities (secured)	299,233	328,984
- Term loans (secured)	5,620,073	5,165,754
	8,111,055	6,487,738

Rates of interest charged per annum:

	2017 %	Group 2016 %
Bankers' acceptance	3.80 - 6.04	5.08 - 5.81
Finance lease liabilities	2.44 - 3.55	2.44 - 3.55
Term loan 1	BLR - 2.00 p.a	BLR - 2.00 p.a
Term loan 2	BLR - 2.10 p.a to 2.20 p.a	BLR - 2.10 p.a to 2.20 p.a
Term loan 3	BLR - 2.10 p.a	BLR - 2.10 p.a
Term loan 4	BLR - 2.30 p.a	BLR - 2.30 p.a
Term loan 5	IFR - 2.20 p.a	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

19. LOAN AND BORROWINGS (CONT'D)

(a) Finance lease liabilities

	2017	Group	2016
	RM		RM
Minimum lease payment			
- Not later than one year	123,636		138,585
- Later than one year and not later than five years	204,364		222,662
	328,000		361,247
Future finance charges on finance lease	(28,767)		(32,263)
	299,233		328,984

Present value of finance lease is analysed as follows:

	2017	Group	2016
	RM		RM
Current liabilities			
- Not later than one year	113,626		123,546
Non-current liabilities			
- Later than one year and not later than five years	185,607		205,438
	299,233		328,984

The Group obtains finance lease facilities to finance certain of its motor vehicles. The average remaining lease term is 2 years as at 31 December 2017. Implicit interest rate of the finance lease is fixed at the date of the agreement, and the amount of lease payments are fixed throughout the lease period. The Group has the option to purchase the assets at the end of the agreement with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements. Finance lease liabilities are secured by motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

19. LOAN AND BORROWINGS (CONT'D)

(b) Term loans

	2017 RM	Group 2016 RM
Repayable:		
- Not later than one year	300,747	205,226
- Later than one year and not later than five years	1,354,265	1,107,661
- More than five year	5,447,810	3,852,867
	7,102,822	5,165,754

These facilities are secured by the following:

- (i) legal charge over assets of the Group as disclosed in Note 5 and Note 6;
- (ii) corporate guarantee by the Company; and
- (iii) joint and several guarantees by certain directors of a subsidiary company.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Gross amount - trade	1,382,798	1,782,688	-	-
Add:				
Other payables	558,745	885,687	54,093	49,922
Accruals	881,955	738,135	104,955	116,845
Deposits received	78,130	62,990	-	-
	1,518,830	1,686,812	159,048	166,767
Total financial liabilities carrying at amortised costs	2,901,628	3,469,500	159,048	166,767

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 60 to 90 days (2016: 60 to 90 days).

21. AMOUNT DUE TO DIRECTORS

The amount due to Directors represented advance from Directors which are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

22. BANK OVERDRAFT

	2017 RM	Group 2016 RM
Unsecured	99,330	93,262

The bank overdraft of the Group is denominated in RM, bear interest at BLR + 1.50%.

These facilities are secured by the following:

- (i) corporate guarantee by the Company; and
- (ii) joint and several guarantees by certain directors of a subsidiary company.

23. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trading sales and services	25,760,190	30,857,962	–	–
Dividend income from subsidiaries	–	–	4,054,000	4,450,000
Management fee income	–	–	1,568,150	1,449,900
	25,760,190	30,857,962	5,622,150	5,899,900

24. FINANCE INCOME

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income on:				
Fixed deposits	4,014	21,592	–	6,660
Bank interest	81,436	58,168	4,185	–
Short-term investments	198,658	217,315	63,088	91,671
	284,108	297,075	67,273	98,331

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

25. FINANCE COSTS

	2017 RM	Group 2016 RM
Profit sharing on islamic financing:		
- Term loans	37,725	-
Interest expenses on conventional financing:		
- Finance leases	20,005	13,852
- Overdraft	7,974	7,570
- Term loans	146,206	141,777
- Bankers' acceptance	47,055	32,986
- Others	-	7,797
	258,965	203,982

26. EMPLOYEES BENEFIT EXPENSES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Staff costs:				
Salaries, bonuses, incentives, overtime, commissions and allowances	6,100,890	6,142,036	1,194,730	1,282,808
Pension costs: defined contribution plans	717,166	676,325	106,831	108,903
Social security costs	69,414	58,540	3,686	2,997
	6,887,470	6,876,901	1,305,247	1,394,708

Employees benefit expenses including the aggregate amount of emoluments received and receivable by the Directors of the Group and of the Company during the financial year.

27. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors:				
Remuneration	935,902	883,200	663,612	763,200
Bonus	99,800	127,200	99,800	127,200
Fees	295,298	348,000	295,298	348,000
Non-Executive Directors:				
Fees	25,200	28,800	25,200	28,800
	1,356,200	1,387,200	1,083,910	1,267,200

The estimated monetary value of benefits-in-kind received by the directors of the Group amounted to RM35,300 (2016: RM35,300).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

28. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Provision for current financial year	1,279,685	1,343,180	-	-
Under/(overprovided) in the previous financial year	74,375	(90,908)	-	-
	1,354,060	1,252,272	-	-
Deferred taxation (Note 18)				
Recognised in the income statement	169,540	296,164	-	-
Overprovided in the previous financial year	(6,501)	(155,294)	-	-
	163,039	140,870	-	-
Tax expenses for the current financial year	1,517,099	1,393,142	-	-

Domestic current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation	5,513,109	6,345,201	4,002,155	4,188,659
Tax at the statutory tax rate of 24% (2016: 24%)	1,323,146	1,522,848	960,517	1,005,278
Non-deductible expenses	267,474	199,652	68,434	73,198
Non-taxable income	(151,381)	(74,998)	(989,105)	(1,091,600)
Deferred tax assets not recognised during the financial year	25,246	17,061	-	13,124
Utilisation of previously unrecognised deferred tax assets	(52,895)	-	(39,846)	-
Deferred tax arising from gain on fair value adjustment of investment properties	62,707	-	-	-
Crystallisation of deferred tax liabilities arose from revaluation surplus	(25,072)	(25,219)	-	-
Taxation overprovided in the previous financial year	74,375	(90,908)	-	-
Deferred taxation overprovided in the previous financial year	(6,501)	(155,294)	-	-
Tax expenses for the current financial year	1,517,099	1,393,142	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

29. PROFIT BEFORE TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation is arrived at after charging/(crediting):				
Allowance for impairment losses on trade receivables	407,009	353,431	-	-
Allowance for impairment losses on other receivables	-	11,225	-	-
Auditors' remuneration:				
- statutory audit	54,200	55,200	17,500	15,000
- other auditors	5,500	-	-	-
- (over)/underprovision in previous financial year	(300)	4,000	-	4,000
- non-audit services	3,000	3,000	3,000	3,000
Bad debts written off	-	985	-	-
Depreciation of property, plant and equipment	1,010,744	832,610	1,448	1,621
Directors' fee	320,498	376,800	320,498	376,800
Directors' non-fee emoluments	1,035,702	1,010,400	763,412	890,400
Finance costs	258,965	203,982	-	-
Impairment loss on goodwill	200,000	200,000	-	-
Impairment loss on investment in subsidiary companies	-	-	200,000	237,691
Inventories written off	27,512	192,884	-	-
Loss on fair value adjustment of investment properties	116,580	-	-	-
Plant and equipment written off	3,925	10,794	-	-
Realised loss on foreign exchange	-	48,013	-	-
Unrealised loss on foreign exchange	-	10,622	-	-
Rental of equipment	16,815	12,782	-	-
Rental of motor vehicle	9,320	21,774	-	-
Rental of premises	10,800	14,550	-	-
Allowance for impairment losses recovered	(218,320)	(392,910)	-	-
Dividend income from subsidiary companies	-	-	(4,054,000)	(4,450,000)
Finance income	(284,108)	(297,075)	(67,273)	(98,331)
Realised gain on foreign exchange	(1,461)	-	-	-
Unrealised gain on foreign exchange	(27,624)	(55,597)	-	-
Loss on disposal of plant and equipment	-	4,598	-	-
Gain on fair value adjustment of investment properties	(377,861)	-	-	-
Management fee income	-	-	(1,568,150)	(1,449,900)
Rental income	(350,730)	(295,780)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

30. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2017 is based on the profit attributable to ordinary shareholders and divided by weighted average number of ordinary shares outstanding, calculated as follows:

	2017	Group
	RM	2016
		RM
Profit attributable to ordinary shareholders (RM)	3,984,426	4,890,242
<hr/>		
Weighted average number of ordinary shares	252,000,000	252,000,000
<hr/>		
Basic earnings per ordinary share (sen)	1.58	1.94
<hr/>		

(b) Diluted earnings per ordinary share

The Group does not have any potential dilutive ordinary shares, thus, diluted earnings per ordinary share is not presented.

31. DIVIDEND

	Group and Company	
	2017	2016
	RM	RM
Paid:		
In respect of the financial year ended 31 December 2017 an interim single tier dividend of 0.80 sen per ordinary share	2,016,000	–
In respect of the financial year ended 31 December 2016 a final single tier dividend of 0.80 sen per ordinary share	2,016,000	–
In respect of the financial year ended 31 December 2016 an interim single tier dividend of 0.73 sen per ordinary share	–	1,839,598
In respect of the financial year ended 31 December 2015 a final single tier dividend of 0.63 sen per ordinary share	–	1,587,598
<hr/>		
	4,032,000	3,427,196
<hr/>		

At the forthcoming Annual General Meeting, a final dividend (single-tier) in respect of the financial year ended 31 December 2017, of 0.80 sen on 252,000,000 ordinary shares, amounting to a dividend payable of RM2,016,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2017 RM	Group 2016 RM
Cost of property, plant and equipment purchased	2,786,480	4,126,013
Amount financed through loan and borrowings	(738,492)	(886,175)
	<hr/>	<hr/>
Cash disbursed for purchase of property, plant and equipment	2,047,988	3,239,838

33. RELATED PARTY DISCLOSURES

- (a) In addition to the information detailed elsewhere in the financial statements, the Company carried out the following transactions with its related parties during the financial year:

	2017 RM	Company 2016 RM
Subsidiaries		
Dividend income receivable	4,054,000	4,450,000
Management fee	1,568,150	1,449,900

- (b) The key management personnel comprised mainly Executive Directors of the Company whose remuneration are disclosed in Note 27.

The Directors of the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

34. CAPITAL COMMITMENT

As of 31 December 2017, the Group has the following capital commitment:

	2017 RM	Group 2016 RM
Approved and contracted for arising from:		
Purchase of property, plant and equipment	1,069,215	651,042
	<hr/>	<hr/>
Approved and not contracted for arising from:		
Purchase of property, plant and equipment	37,083	182,046

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

35. CONTINGENT LIABILITIES

	2017 RM	Company 2016 RM
Unsecured:-		
Corporate guarantee given to financial institutions for loan and borrowings facilities granted to subsidiary companies	7,911,152	6,252,016

The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the repayment is on schedule. Therefore, no financial liabilities have been accounted for in the financial statements.

36. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision maker. For management purposes, the segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. No geographical segmental information is presented as the business segments are principally operated in Malaysia only.

Segment revenues, expenses and result included transfers between segments. The prices charged on intersegment transactions are at an arm's length transactions and not materially different for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

Segment assets principally comprise all assets. The Group's segments' assets exclude income tax assets, assets from defined pension benefit plans and other post-employment benefit plans and certain financial assets (including liquidity).

Segment liabilities principally comprise all liabilities. The Group's segments' liabilities exclude income tax liabilities, liabilities from defined pension benefit plans and other post-employment benefit plans and certain financial liabilities (including financing liabilities).

The Group comprises the following main business segments:

Environmental products and services	To provide a complete and integrated range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.
System equipment and ancillary products	To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.
Investments	Investments, management and other operations which are not sizeable to be reported separately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

36. SEGMENT INFORMATION (CONT'D)

Segment turnover, profit before taxation and the assets employed are as follows:

Group 2017	Environmental Products and Services RM	System Equipment and Ancillary Products RM	Investments RM	Eliminations RM	Total RM
Revenue					
External revenue	21,601,027	4,159,163	–	–	25,760,190
Inter-segment revenue	351,105	7,733	1,568,150	(1,926,988)	–
Total revenue	21,952,132	4,166,896	1,568,150	(1,926,988)	25,760,190
Results					
Segment results (external)	4,863,276	743,808	80,882	–	5,687,966
Impairment loss on goodwill					(200,000)
Finance income					284,108
Finance costs					(258,965)
Profit before taxation					5,513,109
Income tax expenses					(1,517,099)
Profit after taxation					3,996,010
Non-controlling interests					(11,584)
Net profit attributable to equity holders of the Company					3,984,426
Other information					
Segment assets	55,307,220	11,424,296	2,174,380	–	68,905,896
Segment liabilities	8,794,467	2,172,280	162,479	–	11,129,226
Capital expenditure	2,783,929	2,551	–	–	2,786,480
Depreciation	915,711	93,585	1,448	–	1,010,744
Non-cash expenses other than depreciation	470,619	84,407	200,000	–	755,026

Major customer

During the financial year, there was no customer with revenue equal to or more than 10% of Group revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

36. SEGMENT INFORMATION (CONT'D)

Group 2016	Environmental Products and Services RM	System Equipment and Ancillary Products RM	Investments RM	Eliminations RM	Total RM
Revenue					
External revenue	22,418,063	8,439,899	–	–	30,857,962
Inter-segment revenue	446,926	7,277	1,449,900	(1,904,103)	–
Total revenue	22,864,989	8,447,176	1,449,900	(1,904,103)	30,857,962
Results					
Segment results (external)	5,205,908	1,368,180	(121,980)	–	6,452,108
Impairment loss on goodwill					(200,000)
Finance income					297,075
Finance costs					(203,982)
Profit before taxation					6,345,201
Income tax expenses					(1,393,142)
Profit after taxation					4,952,059
Non-controlling interests					(61,817)
Net profit attributable to equity holders of the Company					4,890,242
Other information					
Segment assets	51,891,373	12,003,107	3,706,267	–	67,600,747
Segment liabilities	8,941,819	961,797	166,767	–	10,070,383
Capital expenditure	4,068,037	57,976	–	–	4,126,013
Depreciation	740,647	90,342	1,621	–	832,610
Non-cash expenses other than depreciation	397,400	187,139	200,000	–	784,539

Major customer

During the financial year, there was no customer with revenue equal to or more than 10% of Group revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its risks.

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The excess funds of the Group and of the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 50 basis points, interest income of the Group and of the Company for the financial year would increase/decrease by RM30,000 (2016: RM31,000) and RM5,100 (2016: RM13,000), respectively.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Company also reviews its debt portfolio to ensure favourable rates are obtained.

Sensitivity analysis for interest rate risk

If the interest rate had been 100 basis point higher/lower and all other variables held constant, the Group's loss before tax would increase/decrease by approximately RM72,000 (2016: RM53,000) as a result of exposure to floating rate borrowings.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables. Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. For bank balances, the Group and the Company minimises credit risk by dealing exclusively with reputable financial institution. As at 31 December 2017, the Group and the Company have no significant concentration of credit risk exposure.

(c) Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EURO").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group and the Company has not entered into any derivative financial instruments such as forward foreign exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (Cont'd)

The net unhedged financial assets/(liabilities) of the Group and the Company at year end that are not denominated in Ringgit Malaysia are as follows:

Group 2017	USD RM	EURO RM	Others RM	Total RM
Trade receivables	139,618	–	–	139,618
Cash and bank balances	164,293	1,895	24,250	190,438
Trade payables	(103,130)	(84,365)	–	(187,495)
	200,781	(82,470)	24,250	142,561
2016				
Trade receivables	62,123	–	–	62,123
Cash and bank balances	156,170	–	27,133	183,303
Trade payables	(318,102)	(98,247)	–	(416,349)
	(99,809)	(98,247)	27,133	(170,923)
Company 2017				
Cash and bank balances	–	–	3,864	3,864
	–	–	3,864	3,864
2016				
Cash and bank balances	–	–	3,864	3,864
	–	–	3,864	3,864

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's and of the Company's pre-tax profit to a reasonably possible change in the USD, EURO and others exchange rates against the respective functional currencies of the Group and of the Company, with all other variables held constant.

Group	2017 RM	2016 RM
USD/RM - strengthened 10%	20,078	(9,981)
- weakened 10%	(20,078)	9,981
EURO/RM - strengthened 10%	(8,247)	(9,825)
- weakened 10%	8,247	9,825
Others/RM - strengthened 10%	2,425	2,713
- weakened 10%	(2,425)	(2,713)
Company		
Others/RM - strengthened 10%	386	386
- weakened 10%	(386)	(386)

(d) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manages liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintains bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates). The effective interest rates of these financial liabilities are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risk

Group	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM	Total RM
2017				
Trade and other payables, accruals and deposits	2,901,628	-	-	2,901,628
Amount due to directors	17,213	-	-	17,213
Bankers' acceptance	709,000	-	-	709,000
Finance lease liabilities	123,636	204,364	-	328,000
Term loans	651,043	2,605,361	7,432,765	10,689,169
Bank overdraft	99,330	-	-	99,330
	4,501,850	2,809,725	7,432,765	14,744,340
2016				
Trade and other payables and accruals	3,469,500	-	-	3,469,500
Amount due to directors	19,883	-	-	19,883
Bankers' acceptance	993,000	-	-	993,000
Finance lease liabilities	138,585	222,662	-	361,247
Term loans	438,232	2,190,753	5,375,266	8,004,251
Bank overdraft	93,262	-	-	93,262
	5,152,462	2,413,415	5,375,266	12,941,143
Company				
2017				
Other payables and accruals	159,048	-	-	159,048
Amount due to directors	3,432	-	-	3,432
Financial guarantee	7,911,152	-	-	7,911,152
	8,073,632	-	-	8,073,632
2016				
Other payables and accruals	166,767	-	-	166,767
Financial guarantee	6,252,016	-	-	6,252,016
	6,418,783	-	-	6,418,783

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Classification of financial instruments

Financial assets	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Loans and receivables				
Trade receivables	6,906,081	7,754,813	211,040	311,740
Other receivables and deposits	749,729	730,287	2,015,200	2,602,000
Amount due from a subsidiary company	–	–	4,129,055	3,940,000
Short-term investments	5,834,073	6,001,692	1,020,050	2,558,007
Fixed deposits with licensed banks	196,186	100,000	–	–
Cash and bank balances	4,672,884	4,258,536	247,882	261,884
	18,358,953	18,845,328	7,623,227	9,673,631

Financial liabilities	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At amortised costs				
Trade payables	1,382,798	1,782,688	–	–
Other payables, accruals, and deposits	1,518,830	1,686,812	159,048	166,767
Amount due to directors	17,213	19,883	3,432	–
Bank overdraft	99,330	93,262	–	–
Bankers' acceptance	709,000	993,000	–	–
Finance lease liabilities	299,233	328,984	–	–
Term loans	5,620,073	5,165,754	–	–
Islamic financing	1,482,749	–	–	–
	11,129,226	10,070,383	162,480	166,767

(f) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Fair value of financial instruments (Cont'd)

Group 2017	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Financial liabilities				
Loan and borrowings	–	–	8,111,055	8,111,055
Bank overdraft	–	–	99,330	99,330
Amount due to directors	–	–	17,213	17,213
	–	–	8,227,598	8,227,598
2016				
Financial liabilities				
Loan and borrowings	–	–	6,487,738	6,487,738
Bank overdraft	–	–	93,262	93,262
Amount due to directors	–	–	19,883	19,883
	–	–	6,600,883	6,600,883
Company 2017				
Financial asset				
Amount due from a subsidiary company	–	–	4,129,055	4,129,055
	–	–	4,129,055	4,129,055
Financial liability				
Amount due to directors	–	–	3,432	3,432
	–	–	3,432	3,432
2016				
Financial asset				
Amount due from a subsidiary company	–	–	3,940,000	3,940,000
	–	–	3,940,000	3,940,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Fair value of financial instruments (Cont'd)

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

Amount due from a subsidiary company, loan and borrowings

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

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

	2017 %	2016 %
Bankers' acceptance	3.80 - 6.04	5.08 - 5.81
Finance lease liabilities	2.44 - 3.55	2.44 - 3.55
Term loan 1	BLR - 2.00 p.a	BLR - 2.00 p.a
Term loan 2	BLR - 2.10 p.a to 2.20 p.a	BLR - 2.10 p.a to 2.20 p.a
Term loan 3	BLR - 2.10 p.a	BLR - 2.10 p.a
Term loan 4	BLR - 2.30 p.a	BLR - 2.30 p.a
Term loan 5	IFR - 2.20 p.a	-

The responsibility for managing the above risks is vested in the directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2017.

The Group monitors capital using a gearing ratio, which is interest-bearing debts divided by total capital. The Group's debts include bank overdraft, loan and borrowings. The Group is not subject to externally imposed capital requirements.

	2017	Group	2016
	RM		RM
<u>Interest-bearing debts</u>			
Bank overdraft	99,330		93,262
Loan and borrowings	8,111,055		6,487,738
	8,210,385		6,581,000
<u>Total capital</u>			
Share capital	25,200,000		25,200,000
Reserves	29,370,724		29,418,298
Non-controlling interest	869,917		858,333
	55,440,641		55,476,631
Gearing ratio	14.81%		11.86%

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 10 March 2017, Brite-Tech Berhad ("BTECH or the Company") has completed the acquisition of the equity interest of 30%, representing 96,900 ordinary shares of RM1.00 each in SPECTRUM LABORATORIES (JOHORE) SDN BERHAD ("SLJSB") from the wholly-owned subsidiaries of the Company, Hooker Chemical Sdn. Berhad and Brite-Tech Corporation Sdn. Berhad for a total purchase consideration of RM1,284,412, resulting the Company's holding 100% of the total issued and paid-up share capital in SLJSB.

On 10 March 2017, the Company has completed the acquisition of the equity interest of 30%, representing 80,000 ordinary shares of RM1.00 each in SPECTRUM LABORATORIES (PENANG) SDN BERHAD ("SLPSB") from the wholly-owned subsidiary of the Company, Spectrum Laboratories Sdn Berhad for a total cash consideration of RM934,323, resulting the Company's holding 100% of the total issued and paid-up share capital in SLPSB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

40. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 22 January 2018, Brite-Tech Berhad ("BTECH" or the "1st Defendant") and Brite-Tech Corporation Sdn. Bhd. ("BCSB" or the "2nd Defendant"), a wholly-owned subsidiary of BTECH, were served with a Writ of Summons and Statement of Claim filed by a former director ("the Plaintiff") of BTECH and Hooker Chemical Sdn. Bhd. ("HCSB"), a wholly-owned subsidiary of BTECH. The Writ of Summons and Statement of Claim were received by BTECH on 26 January 2018 and by BCSB on 25 January 2018.

The Plaintiff in his Statement of Claim alleged that BTECH, BCSB and HCSB had via its employees, during 19 June 2017 to 22 June 2017 negligently divulged a letter from Lembaga Hasil Dalam Negeri containing his personal data to certain employees in BTECH, BCSB, HCSB and also to the tax agent.

The Plaintiff stated that the actions by the employees of BTECH and its subsidiaries had breached their duty of care in preserving his personal data as an ex-Director of the Group and did not obtain his prior consent before releasing his personal information to third parties.

The Plaintiff claims that the incidents have directly and indirectly caused the breach of confidence, breach of privacy, infringed his privacy by divulging his personal information such as salaries and director fees to staff, ex-staff and third parties in which as a result has caused embarrassment, anguish, humiliation, disappointment, frustration, loss of dignity and anxiety to the Plaintiff.

The particulars of the amount claimed for, and other relief sought from the 1st and 2nd Defendant as follows:

- (a) General damages for negligence and breach of duty of care to be assessed by the Court;
- (b) General damages for breach of confidence;
- (c) General damages for breach of privacy;
- (d) Aggravated damages which is deemed fit by the Court;
- (e) Exemplary damages which is deemed fit by the Court;
- (f) BTECH and BCSB be instructed to disclose all the personal data in all agreements or contracts signed by the Plaintiff thus far;
- (g) BTECH and BCSB are to apologise publicly admitting the mistake in all major national newspapers in Malaysia;
- (h) Interest of 5% on all the amount stated in paragraph (a) to (e) to the date of judgement and full and final settlement;
- (i) Costs; and
- (j) Other relief which deemed fit and expedient by the Court.

BTECH and BCSB has appointed solicitors to file the response and defence against the Litigation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

41. MATERIAL LITIGATION

Hooker Chemical Sdn. Berhad (“HCSB”), a wholly-owned subsidiary of the Company entered into a Contract Agreement dated on 21 September 2016 to appoint GLS Tanks Malaysia Sdn Bhd (“GLS”) to design, supply, deliver, install and carry out water leaking testing for Fiber Plant Wastewater Treatment Plant Project (“WWTP Project”). The Contract Agreement was executed for a total of EUR207,693 for the supply and RM75,000 for the installation.

On 26 October 2016, HCSB (“the Defendant”) received a Notice of Adjudication dated on 21 October 2016 from GLS (“the Plaintiff”). The claim from GLS as stated in the Notice is RM304,498. HCSB has submitted its response to GLS’s Notice of Adjudication on 15 February 2017.

On 26 April 2017, HCSB was served with a Writ of Summons and Statement of Claim in the High Court of Malaya at Shah Alam, Selangor by GLS.

The particulars of interest rate on the amount claimed for, and other relief sought which includes:

- (1) RM222,669 being the outstanding sum due to date;
- (2) General damages to be assessed for breach of contract;
- (3) Interests;
- (4) Costs; and
- (5) Any other relief that the Court deems fits.

There is no interest rate stated in the Statement of Claims.

During the case management on 18 May 2017, the High Court (“Court”) suggested that the Plaintiff withdraw the claim and file the matter afresh in the Sessions Court since the total sum claimed will not exceed RM1,000,000. The Plaintiff has accepted the Court’s suggestion and had filed a Notice of Discontinuance (Notis Pemberhentian). The Notice of Discontinuance was subsequently served on the Defendant’s solicitors on 25 May 2017. The Plaintiff’s solicitors had informed that the Plaintiff will be filing the matter afresh in the Sessions Court and will serve the new Writ of Summons filed in the Sessions Court.

The Plaintiff has filed the matter afresh in the Sessions Court of Malaya at Shah Alam and the Defendant was served with a Writ of Summons and Statement of Claim, dated 26 May 2017, for the sum of RM222,669 in respect of the design, supply, installation and commissioning of a GLS Glass Fused Steel Tank in consideration of a contract sum of approximately EURO207,693 for the supply; and RM75,000.00 for the installation. The Writ of Summons and Statement of Claim were received by the Defendant’s solicitors on 6 June 2017.

The solicitors of HCSB are of opinion that there was no threatened litigation or claim including unasserted claim or any matter involving possible contingent liabilities not already known to HCSB.

STATISTIC OF SHAREHOLDINGS

AS AT 3 APRIL 2018

Authorised Share Capital	-	RM50,000,000
Issued and Fully Paid-Up Share Capital	-	RM25,200,000
Class of Shares	-	Ordinary Share of RM0.10 each
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	812

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100	79	9.73	3,412	0.00
100 - 1,000	104	12.81	45,557	0.02
1,001 - 10,000	227	27.96	1,215,708	0.48
10,001 - 100,000	303	37.31	12,668,212	5.03
100,001 to less than 5% of issued shares	96	11.82	81,599,140	32.38
5% and above of issued shares	3	0.37	156,467,971	62.09
	812	100.00	252,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of shares	% of shareholdings
1 Pang Wee See	113,152,861	44.90
2 Chan Ah Kien	25,213,147	10.01
3 Tan Boon Kok	24,821,963	9.85
	163,187,971	64.76

DIRECTORS' SHAREHOLDINGS

Name	Direct	No. of ordinary shares held		%
		%	Indirect	
1 Pang Wee See	113,152,861	44.90	824,400 *	0.33
2 Tan Boon Kok	24,821,963	9.85	16,800 **	0.01
3 Kan King Choy	10,215,841	4.05	90,552 #	0.04
4 Ir. Koh Thong How	337,200	0.13	113,152,861 +	44.90
5 Cheng Sim Meng	-	-	-	-
6 Ng Kok Ann	-	-	-	-
7 Yee Oii Pah @ Yee Ooi Wah	487,200	0.19	113,152,861 ^	44.90

* Deemed interested by virtue of the shareholdings of 487,200 shares, of his spouse, Yee Oii Pah @ Yee Ooi Wah and 337,200 shares, of his brother-in-law, Ir. Koh Thong How

+ Deemed interested by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See

** Deemed interested by virtue of the shareholdings of his spouse, Liong Mee Mee

Deemed interested by virtue of the shareholdings of his spouse, Lee Kim Peng

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 3 APRIL 2018

Name of Shareholders	No. of Shares	%
1 Pang Wee See	113,152,861	44.90
2 Tan Boon Kok	24,821,963	9.85
3 Chan Ah Kien	18,493,147	7.34
4 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chong Foong Melw</i>	11,762,088	4.67
5 Kan King Choy	10,215,841	4.05
6 Chan Ah Kien	6,720,000	2.67
7 HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For RHB Smart Treasure Fund</i>	5,466,800	2.17
8 Lee Ee Lee	3,305,360	1.31
9 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Chee Seng</i>	2,237,592	0.89
10 HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For RHB Smart Balanced Fund</i>	2,162,200	0.86
11 Yee Teck Hing	2,057,120	0.81
12 Lee Yew Fai	2,040,000	0.81
13 Liang G-E	1,958,824	0.78
14 See Tian Chwan	1,946,500	0.77
15 Liang G-E	1,787,681	0.71
16 Low Khar Ming	1,645,000	0.65
17 Yee De-Sheng	1,638,752	0.65
18 Maheswaran A/L Rajamanickam	1,164,240	0.46
19 Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Yuen Choy (8077937)</i>	974,400	0.39
20 Tay Lay Cheng	939,804	0.37
21 Yap Chee Teong	900,000	0.36
22 HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For RHB Malaysia Dividend Fund</i>	895,500	0.36
23 Phua Sin Loke	840,000	0.33
24 Teo Hwee Mien	814,800	0.32
25 Hlib Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Leow Kuan Shu</i>	800,000	0.32
26 Tay Lay Cheng	699,544	0.28
27 Cheah Yoke Thai	698,904	0.28
28 Tan Boon Eng	619,800	0.24
29 Lee Jia Yian	600,000	0.24
30 Lee Lay Kun	600,000	0.24
	221,958,721	88.08

LIST OF PROPERTIES

AS AT 31 DECEMBER 2017

The following are the properties held by the Group as at 31 December 2017:

A summary of the land and building owned by Brite-Tech Corporation Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
P.T. No. 5015, Mukim of Damansara, District of Petaling, Selangor*	Freehold Land & Building (Rented to related company)	42,880	13,764	Triple storey office block and a single storey factory	22	20,402
P.T. No. 12144, Mukim of Kapar, District of Kelang, Selangor*	Freehold Land & Building (Operational assets held for owner occupation)	4,220	765	Double storey semidetached factory	38	1,900
				Extension	12	4,074
P.T. No. 723, H.S. (M) 956, Mukim of Setul, District of Seremban Negeri Sembilan*	Leasehold Land (99 years, expiring in 2/10/2085) (Idle)	50,939	6,203	Vacant land	-	-
PT 74007 (Plot No. 38A), Mukim Kapar, Daerah Klang, Selangor (Date of acquisition: 5 August 2013)	Freehold Land (Idle)	65,326	3,723	Vacant land	-	-
PT 74008 (Plot No. 37A), Mukim Kapar, Daerah Klang, Selangor (Date of acquisition: 5 August 2013)	Freehold Land (Idle)	65,326	3,723	Vacant land	-	-

LIST OF PROPERTIES

AS AT 31 DECEMBER 2016 (CONT'D)

A summary of the land and building owned by Hooker Chemical Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
P.T. No. 11419, Mukim of Damansara, District of Petaling, Selangor [#]	Freehold Building (Assets held for investments)	1,760	3,700	Triple storey shophouse	25	5,161

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 31573, Lot No. PTD 42295, Mukim and District of Kluang, Johor*	Freehold Building (Operational assets held for owner occupation)	9,375	553	Single storey detached factory	18	4,800
H.S. (D) 23144, Lot No. PTD 38519, Mukim and District of Kluang, Johor [#]	Freehold Building (Assets held for investments)	1,540	230	1½ storey light industrial factory	20	2,156
PTD 32881, Mukim and District of Kluang, Johor [#]	Freehold Building (Assets held for investments)	1,540	420	Double storey shophouse	23	3,080
PTD 42334, Mukim and District of Kluang, Johor*	Freehold Building (Operational assets held for owner occupation)	7,700	315	Double storey semidetached factory	16	4,675
PTD 42336, Mukim and District of Kluang, Johor*	Freehold Building (Operational assets held for owner occupation)	7,700	315	Double storey semidetached factory	16	4,675
H.S.(D) 299221, PTD 78237, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,540	500	Double storey shop office	14	3,080

LIST OF PROPERTIES

AS AT 31 DECEMBER 2016 (CONT'D)

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below:- (Cont'd)

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S.(D) 299222, PTD 78238, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,540	500	Double storey shop office	14	3,080
H.S.(D) 299223, PTD 78239, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,540	500	Double storey shop office	14	3,080
H.S.(D) 299224, PTD 78240, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,540	500	Double storey shop office	14	3,080

A summary of the land and building owned by Sincere United Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 97263, P.T. No. 27732, Mukim and District of Petaling, State of Selangor [#]	Leasehold Land & Building (87 years, expiring in 14/11/2090) (Assets held for investments)	1,604	730	Single storey terrace factory	29	1,600

LIST OF PROPERTIES

AS AT 31 DECEMBER 2016 (CONT'D)

A summary of the land and building owned by Spectrum Laboratories (Penang) Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (M) 1116, Lot No. 4567, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang*	Freehold Building (Operational assets held for owner occupation)	1,540	430	Double storey shophouse	25	3,322
H.S. (M) 1117, Lot No. 4568, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang**	Freehold Building (Operational assets held for owner occupation)	1,540	448	Double storey shophouse	25	3,322

A summary of the land and building owned by Spectrum Laboratories (Johore) Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
Geran 370208, Lot 122667, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,870	550	Double storey shop office	6	3,740
Geran 370209, Lot 122668, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,870	550	Double storey shop office	6	3,740
Geran 370210, Lot 122669, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,870	550	Double storey shop office	6	3,740
Geran 370211, Lot 122670, Mukim Tebrau, Daerah Johor Bahru, Johor [#]	Freehold Building (Assets held for investments)	1,870	550	Double storey shop office	6	3,740

LIST OF PROPERTIES

AS AT 31 DECEMBER 2016 (CONT'D)

A summary of the land and building owned by Spectrum Laboratories (Johore) Sdn. Bhd. is set out below: - (Cont'd)

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
Geran 370212, Lot 122671, Mukim Tebrau, Daerah Johor Bahru, Johor#	Freehold Building (Assets held for investments)	1,870	550	Double storey shop office	6	3,740
PTD 85433, H.S.(D) 169547, Mukin Pelentong, District of Johor Bahru, Johor**	Freehold Building (Operational assets held for owner occupation)	2,400	876	Double storey shop office	26	3,072

A summary of the land and building owned by Tan Tech-Polymer Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area (sq ft)	Net Book Value as at 31.12.2017 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
PT 9826, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka. (Date of acquisition: 22 April 2013)	Leasehold Land & Building (98 years, expiring in 25/03/2113) (Operational assets held for owner occupation)	9,386	1,038	Single storey semidetached factory with second floor office	3	3,600
PT 9825, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka (Date of acquisition: 15 June 2016)	Leasehold Land & Building (98 years, expiring in 25/03/2113) (Operational assets held for owner occupation)	5,005	875	Single storey semidetached factory with second floor office	3	3,600

Note:-

- * The properties were revalued on 30 December 2015. The valuations were carried out by Messrs. Nasir, Sabarudin & Associates, an independent qualified valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia based on the Comparison Method of Valuation.
- ** The properties were revalued on 23 March 2017. The valuations were carried out by Messrs. Nasir, Sabarudin & Associates, an independent qualified valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia based on the Comparison Method of Valuation
- # The properties held for investments were revalued on 15 December 2017. The valuations were carried out by Messrs. Nasir, Sabarudin & Associates, an independent qualified valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia based on the Comparison Method of Valuation.



BRITE-TECH BERHAD

(550212-U) (Incorporated in Malaysia)

PROXY FORM

No. of shares held	CDS Account No.

I/We
of
being a member/members of **BRITE-TECH BERHAD** hereby appoint
.....
and/or failing him/her
of
or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company, to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 23 May 2018 at 10.00 a.m. and any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:

No.	Resolution	For	Against
1.	To declare a final single tier dividend of 0.80 sen per ordinary share in respect of the financial year ended 31 December 2017.		
2.	To approve the payment of Directors' fees of RM320,498.00 and benefits of RM35,300.00 for the financial year ended 31 December 2017.		
3.	To approve the payment of Directors' fees and benefits up to RM317,900.00 for the financial year ending 31 December 2018.		
	To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Constitution of the Company, and being eligible, offer themselves for re-election:-		
4.	Mr. Pang Wee See		
5.	Mr. Tan Boon Kok		
6.	To re-appoint Messrs CAS Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	Ordinary Resolution 1 - To authorise the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.		
8.	Ordinary Resolution 2 - To approve the continuing in office of Mr. Cheng Sim Meng as Independent Non-Executive Director.		
9.	Ordinary Resolution 2 - To approve the continuing in office of Mr. Ng Kok Ann as Independent Non-Executive Director.		

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

Signed this day of 2018

.....
Signature/Common Seal of Shareholder(s)

Notes :

- The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders and hence, is not put forward.*
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 334(1) of the Companies Act 2016 shall not apply to the Company.*
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- The instrument of appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing in that behalf.*
- The instrument appointing a proxy must be deposited at the Registered Office at B-25-2, Block B, Jaya One, No. 72A, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote.*
- Only a depositor whose name appears on the Record of Depositors as at 15 May 2018 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.*
- Pursuant to Paragraph 8.31A(1) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
BRITE-TECH BERHAD (550212-U)
B-25-2, Block B, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here



BRITE-TECH BERHAD
(Company No: 550212-U)