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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Third Annual General Meeting of **Brite-Tech Berhad** will be held at Prince Room 5 & 6, Level 3, Prince Hotel & Residence Kuala Lumpur, Jalan Conlay, 50450 Kuala Lumpur on Friday, 18 June 2004 at 9.30 a.m. to transact the following business:-

### AGENDA

#### ORDINARY BUSINESS

1. To receive and consider the Audited Accounts for the financial year ended 31 December 2003 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a final gross dividend of 1.11 sen per ordinary share, less income tax at 28%, in respect of the year ended 31 December 2003. **(Resolution 2)**
3. To approve the payment of Directors' fees for the year ended 31 December 2003. **(Resolution 3)**
4. To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election:-
  - a) Mr. Tan Boon Kok **(Resolution 4)**
  - b) Mr. Kan King Choy **(Resolution 5)**
  - c) Mr. Cheng Sim Meng **(Resolution 6)**
5. To re-appoint S. F. Yap & Co as auditors of the Company and to authorise the Directors to fix their remuneration **(Resolution 7)**

#### SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without modification, the following ordinary resolution:- **(Resolution 8)**

**Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, 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."

7. To transact any other ordinary business of the Company of which due notice shall have been given.

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that the final gross dividend of 1.11 sen per share less income tax in respect of the financial year ended 31 December 2003, if approved by the shareholders, will be paid on 28 July 2004 to shareholders whose names appear in the Register of Depositors at the close of business on 15 July 2004. 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 15 July 2004 in respect of ordinary transfers;
- b) Shares bought on the Bursa Malaysia Securities Berhad (BMSB) on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**By order of the Board**

**Yip Siew Yoong (MAICSA 0736484)**  
**Leong Siew Kit (MACS 01215)**  
*Company Secretaries*

Kuala Lumpur  
 27 May 2004

#### **Notes:-**

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
3. *The instrument of appointing a proxy shall be in writing under the hand of the appointer or his/her 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.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.*
5. *Explanatory Note on Special Business – Resolution 8*

*The proposed Ordinary Resolution under Special Business, if passed, will give the Directors of the Company authority to issue 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 would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.*

## STATEMENT ACCOMPANYING

### NOTICE OF ANNUAL GENERAL MEETING

#### a) Director standing for re-election at the Third Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 96 of the Company's Article of Association and seeking re-election are as follows:-

- Tan Boon Kok (Executive Director)
- Kan King Choy (Executive Director)
- Mr. Cheng Sim Meng (Independent Non-Executive Director)

Further details of the Directors who are standing for re-election at the Third Annual General Meeting are set out in the Profile of Directors on pages 6 to 8 of the Annual Report and information on their shareholdings are listed on page 65 of the Annual Report.

#### b) Details of attendance of Directors at Board Meetings

Four (4) Board meetings were held during the financial year from 1 January 2003 to 31 December 2003. Details of attendance of Directors at the Board meetings are as follows:-

Name	Designation	Attendance
1. Pang Wee See	Executive Chairman	4/4
2. Tan Boon Kok	Executive Director	4/4
3. Chan Ah Kien	Executive Director	4/4
4. Kan King Choy	Executive Director	4/4
5. Ir. Koh Thong How	Engineering Director	4/4
6. Dr. Seow Pin Kwong	Independent Non-Executive Director	4/4
7. Cheng Sim Meng	Independent Non-Executive Director	4/4

#### c) Date, Time and Place of the Third Annual General Meeting

The Third Annual General Meeting of **Brite-Tech Berhad** will be held at Prince Room 5 & 6, Level 3, Prince Hotel & Residence Kuala Lumpur, Jalan Conlay, 50450 Kuala Lumpur on Friday, 18 June 2004 at 9.30 a.m.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

- Pang Wee See** • Executive Chairman
- Tan Boon Kok** • Executive Director
- Chan Ah Kien** • Executive Director
- Kan King Choy** • Executive Director
- Ir. Koh Thong How** • Engineering Director
- Dr. Seow Pin Kwong** • Independent Non-Executive Director
- Cheng Sim Meng** • Independent Non-Executive Director
- Yee Oii Pah @ Yee Ooi Wah** • Alternate Director to Pang Wee See

### AUDIT COMMITTEE

- Chairman**
- Dr. Seow Pin Kwong** • Independent Non-Executive Director
- Member**
- Cheng Sim Meng** • Independent Non-Executive Director
- Kan King Choy** • Executive Director

### COMPANY SECRETARIES

- Yip Siew Yoong** • (MAICSA 0736484)
- Leong Siew Kit** • (MACS 01215)

### REGISTERED OFFICE

17 & 19, 2nd Floor  
 Jalan Brunei Barat, Pudu  
 55100 Kuala Lumpur  
 Tel. : 03-2142 6689  
 Fax : 03-2142 7301

### AUDITORS

S. F. Yap & Co.  
 17 & 19, Jalan Brunei Barat  
 Off Jalan Pudu  
 55100 Kuala Lumpur

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
 Mesdaq Market

### SHARE REGISTRAR

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

### PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad  
 Malayan Banking Berhad  
 OCBC Bank (Malaysia) Berhad  
 Hong Leong Bank Berhad

## DIRECTORS' PROFILE

### PANG WEE SEE

Pang Wee See, aged 52, is the Executive Chairman of BTB. He 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 BCSB. He left Federal Rubber Products in 1984 to manage BCSB and later expanded to set up HCSB, RCSB, SLSB, SLJSB and SLPSB. As a founder of BTB Group, his excellent entrepreneurial skills and more than 20 years of experience, have steered BTB Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He is also a Director of HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB and RSSB. and also sits on the Board of other private companies.

Mr. Pang 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 other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003.

### TAN BOON KOK

Tan Boon Kok, aged 46, was appointed to the Board on 25 May 2002 as an Executive Director. 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 BCSB in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 17 years. Currently, he is responsible for the overall operations of RCSB and is responsible for the Group's diversification into rental of ion exchange resin columns and processed drinking water. He is also a Director of RCSB, SLJSB, BSSB, ROSB and RSSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003.

### CHAN AH KIEN

Chan Ah Kien, aged 41, was appointed to the Board on 25 May 2002 as an Executive Director. He co-founded HCSB in 1987 and has been with the Group for more than 13 years. He had his education in Temerloh, Pahang and completed his Sijil Pelajaran Malaysia (SPM) in 1981. He built his experience since 1981 and rose through the ranks from technician, operations, marketing and to management level, involving in industrial wastewater treatment and scheduled waste disposal. He has accumulated more than 10 years experience in industrial wastewater treatment and over the years with HCSB, he is also exposed to new advance treatment technology through close working relationship with leading overseas wastewater treatment companies in USA and Europe. Currently, he is responsible for the overall operations of HCSB. He is also a Director of HCSB, BSSB, ROSB and RSSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003.

**DIRECTORS' PROFILE** (Cont'd)**KAN KING CHOY**

Kan King Choy, aged 42, was appointed to the Board as an Executive Director on 25 May 2002. He joined SLSB as a Manager of the laboratory in 1990 and has been with the Group for more than 10 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 and is a member of the Association of Official Analytical Chemists (AOAC). He is responsible for the overall operations of the laboratory division which encompasses SLSB, SLJSB and SLPSB. He is also a Director of SLSB, SLJSB, SLPSB, BSSB, ROSB and RSSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003. He is also a member of the Audit Committee of the Company.

**IR. KOH THONG HOW**

Ir. Koh Thong How, aged 49, was appointed to the Board as Engineering Director 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 & Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil & 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 & 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 & 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advise as the engineering advisor for HCSB.

Ir. Koh 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 other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003.

**DR. SEOW PIN KWONG**

Dr. Seow Pin Kwong, aged 63, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. He graduated from University of Malaya with a Bachelor of Science degree in Chemistry in 1967. He began his career as a teacher and subsequently pursued his studies in France to obtain a doctorate degree in Macromolecular Sciences. Upon completion of his studies, he served as a lecturer with Mara Institute of Technology in 1974 and then joined the Rubber Research Institute of Malaya ("RRIM") as Research Officer in 1975. He was seconded to Malaysian Rubber Producers' Research Association ("MRPRA") from 1979 to 1981 as Research Scientist and returned to RRIM in 1981. He was promoted to Senior Research Officer in 1984 and retired from RRIM in 1995 to join Thong Fook Plastics Industries as General Manager/Technical Adviser of Research & Development until 1997. He also served as the Senior Technical Manager of MI Pipes (M) Sdn Bhd.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003. He is currently the Chairman of the Audit Committee of the Company.

## DIRECTORS' PROFILE (Cont'd)

### CHENG SIM MENG

Cheng Sim Meng, aged 50, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. Mr. Cheng is a Chartered Insurer. He is an Associate of the Chartered Insurance Institute (UK), Associate 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, 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. Mr Cheng has also worked as a Research Associate during his tenure of his Masters in Business Administration studies. He is now pursuing his doctorate degree.

He has been in the insurance industry for more than twenty-nine years handling all aspects of general and life insurance in the areas of management, marketing, underwriting, claims, finance, investment, accounts & statistics, credit control, reinsurance, broking, net-working & distribution, training and leadership roles. He started his career as a clerk in a Life Insurance Company (1972-1974) and thereafter a credit controller in an 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. Currently, he is a Senior Manager (Underwriting) with a local insurance company.

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

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years other than traffic offences, if any. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2003. He is also a member of the Audit Committee of the Company.

### MADAM YEE OII PAH @ YEE OOI WAH

Yee Oii Pah @ Yee Ooi Wah, aged 51, 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.

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 other than traffic offences, if any.

#### Note:-

BTB	–	Brite-Tech Berhad
BCSB	–	Brite-Tech Corporation Sdn. Bhd.
HCSB	–	Hooker Chemical Sdn. Bhd.
RCSB	–	Rank Chemical Sdn. Bhd.
SLSB	–	Spectrum Laboratories Sdn. Bhd.
SLJSB	–	Spectrum Laboratories (Johore) Sdn. Bhd.
SLPSB	–	Spectrum Laboratories (Penang) Sdn. Bhd.
BSSB	–	Brite-Tech (Sabah) Sdn. Bhd.
ROSB	–	Renown Orient Sdn. Bhd.
RSSB	–	Renown Smart Sdn. Bhd.



## EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have the pleasure of presenting the Annual Report and Financial Statements of Brite-Tech Berhad Group for the financial year ending 31 December 2003.

### FINANCIAL REVIEW

For the financial year ended 31 December 2003, the Group registered a pre-tax profit of RM4.103 million as compared to the previous year's pre-tax profit of RM4.290 million while the Group's turnover increased from RM12.971 million in 2002 to RM15.958 million in 2003. The increase in the turnover was due to the improved economic conditions and the completion of several projects in Malaysia as well as one project in China while the decrease in profit was due to a bad debt written off because the customer has gone into receivership.

### DIVIDENDS

As a recognition of your continuous support, the Board is pleased to recommend a final gross dividend of 1.11 sen per share less income tax for approval at the forthcoming Annual General Meeting.

### INDUSTRY OVERVIEW

The overall water and wastewater industry is fragmented and complex due to the different services and products available in the market; systems and equipment, formulated chemical products, analytical testing and environmental services, after sales services etc. The water and wastewater treatment industry can be said to be one which is highly specialised, i.e. it is vital that players possess the relevant advanced technological know-how in order to keep ahead of competition and survive. As a result, the local industry is not saturated and has much space for growth while competition can be deemed as moderate.

The driving force behind the growth of the water and wastewater treatment industry is the expansion of the manufacturing sector. In order words, the increase in manufacturing entities will lead to an increase in the need for such services and products as the Government imposes stringent rules and regulations on manufacturing firms to be responsible for managing environmental pollution.

### PROSPECTS

The year ahead remains a challenging year but with the improved economic outlook, I am optimistic that the performance of the Group will remain stable, barring any unforeseen circumstances. The Group will be actively pursuing water treatment projects in Malaysia as well as in China. In the meantime, the Group will concentrate on its core competencies as well as cost savings measures to improve its efficiency.

### 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 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*  
25 May 2004

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company 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 of Corporate Governance and the relevant provisions of the BMSB Listing Requirements. 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.

### 1. DIRECTORS

#### a) Composition of the Board

The Board currently consists of seven (7) members, comprising an Executive Chairman, three (3) Executive Directors, one (1) Engineering Director and two (2) Independent Non-Executive 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.

#### b) Board Meetings

The Board meets every quarter and additional meetings are held as and when necessary. The Board met four (4) times during the year ended 31 December 2003. Details of each Directors' attendance at Board meetings are set out in the Statement Accompanying Notice Of Annual General Meeting.

#### c) Supply of Information

The Board assumes the following responsibilities:-

- 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.

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, Listing Rules of the BMSB or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

### d) Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire by rotation from office at least once in every three (3) years and offer themselves 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.

### e) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia, an affiliate company of the Bursa Malaysia Securities Berhad (BMSB) and intends to attend the Continuing Education Programme (CEP) prescribed by BMSB from time to time.

## 2. 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.

The number of directors whose aggregate remuneration during the financial year ending 31 December 2003 which falls within the following bands is as follows:-

Band of remuneration	Executive directors	Non-executive directors
RM 50,000 and below	–	3
RM 50,001 – RM100,000	–	–
RM100,001 – RM150,000	3	–
RM150,001 – RM200,000	–	–
RM200,001 and above	1	–

The Board do not consider it appropriate to disclose the remuneration of each individual Director so as to preserve a degree of privacy.

## 3. BOARD COMMITTEES

### a) Audit Committee

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on Pages 14 of this Annual Report.

### b) Remuneration Committee

The present members of the Remuneration Committee are as follows:-

Chairman	: Dr. Seow Pin Kwong	<i>(Independent Non-Executive Director)</i>
Members	: Cheng Sim Meng	<i>(Independent Non-Executive Director)</i>
	Kan King Choy	<i>(Executive Director)</i>

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.

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

### c) Nomination Committee

The present members of the Nomination Committee are as follows:-

Chairman	: Dr. Seow Pin Kwong	<i>(Independent Non-Executive Director)</i>
Members	: Cheng Sim Meng	<i>(Independent Non-Executive Director)</i>
	Kan King Choy	<i>(Executive Director)</i>

The Committee's role include 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 and experience.

## 4. ACCOUNTABILITY AND AUDIT

### a) 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 and the quality of the financial reporting.

### b) Internal Control

The Board acknowledges its responsibility for the Group's system of 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 Company has outsourced its internal audit functions to an independent professional firm.

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.

These are covered in more detail in the "Statement of Internal Controls" in Pages 17 to 18.

### c) Relationship with the Auditors

The Board has established a transparent 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.

## 5. RELATIONSHIP WITH SHAREHOLDERS

The Board maintains an effective 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.

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

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;
- b) various announcements made to the BMSB, which includes announcement on quarterly results;

In addition, the Annual General Meeting ("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.

### 6. STATEMENT OF COMPLIANCE WITH THE CODE

The Group endeavours, in so far as it is applicable, towards achieving compliance with the best practices of good governance to the recommendations of the Malaysian Code on Corporate Governance.

### 7. 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 apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- 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 1965 and BMSB Listing Requirements.

## AUDIT COMMITTEE REPORT

### 1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

Chairman	: Dr. Seow Pin Kwong	<i>(Independent Non-Executive Director)</i>
Members	: Cheng Sim Meng	<i>(Independent Non-Executive Director)</i>
	Kan King Choy	<i>(Executive Director)</i>

### 2. TERMS OF REFERENCE

#### a) Constitution

The Audit Committee was established on 2002.

#### b) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) Directors, the majority of whom are independent. 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.

#### c) 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.

#### d) 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.

#### e) 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;

## AUDIT COMMITTEE REPORT (Cont'd)

- (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 assumption; 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.

### 3. SUMMARY OF ACTIVITIES

The Audit Committee held five (5) meetings during the financial year ended 31 December 2003. All members of the Committee attended the meetings during the year.

The activities of the Audit Committee during the financial year ended 31 December 2003 include the following:-

- (i) review the Group's year end audited financial statements presented by the external auditors and recommend the same to the Board for approval;
- (ii) review the quarterly financial result announcements;
- (iii) review audit plan of external auditors;
- (iv) review related party transactions within the Group;

## AUDIT COMMITTEE REPORT (Cont'd)

- (v) review the feasibility of outsourcing the internal audit functions to an independent firm of professionals;
- (vi) review the effectiveness of the Group's system of internal control;
- (vii) review the Company's compliance with BMSB Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- (viii) consider and recommend to the Board for approval the audit fees payable to external auditors.



## STATEMENT ON INTERNAL CONTROL

### 1. INTRODUCTION

Principle D11 in Part 1 of the Malaysian Code of Corporate Governance requires the Board of Directors of listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

Pursuant to the above, the Board of Directors of listed companies are required by provision paragraph 15.27(b) of the BMSB Listing Requirements to include in its Annual Report a "Statement About the State of Internal Control of the Listed Issuer as a Group". The Board of Directors of Brite-tech Berhad is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year under review and up to the date of this Annual Report.

### 2. BOARD RESPONSIBILITIES

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Due to the limitations that are inherent in any system of internal control, such system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

### 3. SYSTEM OF INTERNAL CONTROL

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, and the same has been in place for the financial year under review and up to the date of this Annual report and financial statements.

Presently, the Group's system of internal control includes, among others:

- (i) Regular and comprehensive management reports to the Board, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans.
- (ii) A comprehensive annual budget which is approved by the Board. The budget is reviewed and updated if appropriate, with performance monitored, and explanations sought for significant variances.
- (iii) Clearly defined delegation of responsibilities to committees of the Board and to management including organization structures and appropriate authority levels.
- (iv) Regular updates of internal policies and procedures, to reflect changing risks or resolve operational deficiencies.
- (v) There is a proper guideline within the Group for hiring and termination of staff, performance appraisals and other relevant procedures in place to ensure staff are competent to carry out their responsibilities.

## STATEMENT ON INTERNAL CONTROL (Cont'd)

With effect from 1 March 2004, the Board has, upon the recommendation of the Audit Committee, outsourced the internal audit function to an external third party. The internal auditors are to assist and advise the Audit Committee on all matters relating to internal audit function. The activities that will be carried out by the internal auditors will include the following:

- (i) A risk assessment exercise to identify principal risks and to ensure an appropriate risk assessment and evaluation framework and activities are established within the Group.
- (ii) Following the risk assessment exercise, an audit plan will be formulated to continuously review the effectiveness of the Group's system of internal control and to mitigate risks including financial, operational and compliance risks.
- (iii) Based on risk assessment results, the internal auditors will focus on areas of significant risks to the Group and results from these reviews will be reported to the Audit Committee periodically. Action plans agreed in response to recommendations will then be followed up and reported back to the Committee.

### 4. CONCLUSION

Although there is in existence a system to identify principal risks within the Group, the Board expects to further strengthen its existing internal control system by formalizing its risk assessment and evaluation framework with the assistance of the internal auditors.

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are as set out in Note 3 in the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Net profit after taxation for the financial year	2,877,667	1,050,633

### DIVIDEND

The dividends on ordinary shares paid by the Company since 31 December 2003 were as follows:

	RM
In respect of the financial year ended 31 December 2002, final gross dividends on ordinary shares of 1.11 sen per shares, less tax of 28%, paid on 22 August 2003.	1,198,800

The Directors proposed a final gross dividend on ordinary shares of 1.11sen per share, less tax of 28%, amounting to RM1,198,800 in respect of the financial year ended 31 December 2003 subject to the approval of members at the forthcoming Annual General Meeting.

### MOVEMENTS ON RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

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

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS OF THE COMPANY

Directors who held office during the year since the date of the last report are as follows:-

PANG WEE SEE  
 TAN BOON KOK  
 CHAN AH KIEN  
 KAN KING CHOY  
 IR. KOH THONG HOW  
 DR. SEOW PIN KWONG  
 CHENG SIM MENG  
 YEE OII PAH @ YEE OOI WAH (F) (Alternate director to Pang Wee See)

In accordance with Article 96 of the Company's Articles of Association, Mr. Tan Boon Kok, Mr. Kan King Choy and Mr. Cheng Sim Meng retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of Directors in office at the end of the financial year in the ordinary shares of the Company are as follows:-

Shares in the Company	Number of ordinary shares of RM0.10 each		
	Balance at 1/1/2003		Balance at 31/12/2003
PANG WEE SEE	71,852,894	–	71,852,894
TAN BOON KOK	16,222,978	–	16,222,978
CHAN AH KIEN	16,481,826	–	16,481,826
KAN KING CHOY	6,658,858	–	6,658,858
IR. KOH THONG HOW	290,000	–	290,000
DR. SEOW PIN KWONG	260,000	–	240,000
YEE OII PAH @ YEE OOI WAH (Alternate director to Pang Wee See)	290,000	–	290,000

By virtue of their interests in shares in the Company, all the abovenamed directors are also deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than disclosed above, none of the directors in office at the end of the financial year held any interest in shares in any related corporations.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' REPORT (Cont'd)

### BAD AND DOUBTFUL DEBTS

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realize in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

### VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

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

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

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year ended 31 December 2003 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

## DIRECTORS' REPORT (Cont'd)

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

### OPTIONS

No options has been granted during the year ended covered by the income statement to take up unissued shares of the Group and of the Company.

### AUDITORS

The retiring auditors, MESSRS S.F.YAP & CO., have indicated their willingness to be re-appointed in accordance with section 172(2) of the Companies Act, 1965.

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

**PANG WEE SEE**  
Director

**KAN KING CHOY**  
Director

Kuala Lumpur

Dated: 19 April 2004

**STATUTORY DECLARATION**

PURSUANT TO SUB-SECTION (16) OF SECTION 169 OF THE COMPANIES ACT, 1965

I, **CHIN YING MEI**, the officer primarily responsible for the financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company as set out on pages 26 to 64 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared            )  
 by the abovenamed at Kuala Lumpur        )  
 in the State of Federal Territory on         )  
 this 19 day of April 2004                    )

Before me,

**CHAN LEONG CHOI**  
*Commissioner for Oaths*  
 No. W309

**STATEMENT OF DIRECTORS**

PURSUANT TO SUB-SECTION (15) OF SECTION 169 OF THE COMPANIES ACT, 1965

We, the undersigned, being two Directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company as set out on pages 26 to 64 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and of the results of their operations and cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

**PANG WEE SEE**  
*Director*

**KAN KING CHOY**  
*Director*

Dated: 19 April 2004

## REPORT OF THE AUDITORS

TO THE MEMBERS OF BRITE-TECH BERHAD

We have audited the financial statements as set out on pages 26 to 64. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
  - i) the state of affairs of the Group and of the Company as at 31 December 2003 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 3 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**S.F. YAP & CO.**  
NO. AF 0055  
CHARTERED ACCOUNTANTS

**YAP SEONG FATT**  
NO. 398 / 04 / 04 (J)  
CHARTERED ACCOUNTANT

Kuala Lumpur,

Dated: 19 April 2004



## FINANCIAL STATEMENTS

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**BALANCE SHEETS**

AS AT 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>PROPERTY, PLANT AND EQUIPMENT</b>	2	14,795,840	12,826,950	29,084	29,666
<b>INVESTMENT IN SUBSIDIARY COMPANIES</b>	3	–	–	11,583,551	11,577,251
<b>INVESTMENT IN ASSOCIATED COMPANY</b>	4	–	–	–	–
<b>OTHER INVESTMENT</b>	5	20,000	20,000	–	–
<b>CURRENT ASSETS</b>					
Inventories	6	1,220,138	1,025,708	–	–
Trade receivables	7	6,020,532	5,072,402	–	–
Other receivables, deposits and prepayments	8	137,035	87,270	5,500	2,500
Tax recoverable		1,032,354	914,166	21,357	–
Amount due from subsidiary companies	9	–	–	10,637,735	9,269,153
Amount due from associated company	10	–	3,006	–	–
Fixed deposits	11	9,615,021	9,291,508	1,804,463	3,280,057
Cash and bank balances	12	495,219	769,062	4,675	92,543
		18,520,299	17,163,122	12,473,730	12,644,253
<b>CURRENT LIABILITIES</b>					
Amount due to contract customers	13	63,876	175,418	–	–
Trade payables	14	1,622,329	1,079,693	–	–
Other payables and accruals	15	622,911	478,659	12,314	11,753
Amount due to directors	16	–	90,658	–	–
Borrowings	17	918,392	438,343	–	–
Provision for taxation		68,647	222,328	–	17,243
		3,296,155	2,485,099	12,314	28,996
<b>NET CURRENT ASSETS</b>		15,224,144	14,678,023	12,461,416	12,615,257
		30,039,984	27,524,973	24,074,051	24,222,174
<b>FINANCED BY</b>					
<b>SHARE CAPITAL</b>	18	15,000,000	15,000,000	15,000,000	15,000,000
<b>RESERVES</b>	19	12,649,646	10,977,073	9,073,579	9,221,746
<b>SHAREHOLDERS' EQUITY</b>		27,649,646	25,977,073	24,073,579	24,221,746
<b>LONG TERM AND DEFERRED LIABILITIES</b>					
Deferred tax liabilities	20	214,889	177,421	472	428
Payable	21	842,774	–	–	–
Borrowings	17	1,332,675	1,370,479	–	–
		30,039,984	27,524,973	24,074,051	24,222,174

The annexed notes form an integral part of, should be read in conjunction with these financial statements.

## INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
REVENUE	22	15,958,054	12,971,217	1,653,846	1,629,846
Cost of sales		(7,412,114)	(4,786,771)	–	–
GROSS PROFIT		8,545,940	8,184,446	1,653,846	1,629,846
Other operating income		191,770	153,330	–	–
Administrative and other operating expenses		(4,749,460)	(4,123,898)	(226,287)	(31,159)
PROFIT FROM OPERATIONS		3,988,250	4,213,878	1,427,559	1,598,687
Interest income		273,152	187,138	69,673	110,243
Finance costs		(158,305)	(110,747)	–	–
NET PROFIT BEFORE TAXATION	23	4,103,097	4,290,269	1,497,232	1,708,930
Taxation	26	(1,225,430)	(1,280,191)	(446,599)	(480,028)
NET PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		2,877,667	3,010,078	1,050,633	1,228,902
EARNINGS PER ORDINARY SHARE (SEN)	27	1.92	3.52	0.70	1.44

The annexed notes form an integral part of, should be read in conjunction with these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

Group	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non-distributable Share premium RM	Reserve on consolidation RM	Distributable retained profits RM	Total RM
Balance upon consolidation		2	–	–	(26,452)	(26,450)
Issue of 112,499,980 ordinary shares of RM0.10 each pursuant to acquisitions of subsidiary companies		11,249,998	327,253	–	–	11,577,251
Dividends in respect of financial year ended 31 December 2001 paid to their respective shareholders	33	–	–	–	(856,996)	(856,996)
Reserve on consolidation		–	–	831,147	–	831,147
Placement issue of 30,100,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share		3,010,000	7,525,000	–	–	10,535,000
Public issue of 7,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share (listing expenses of RM1,682,957 deducted from share premium)		740,000	167,043	–	–	907,043
Net profit after taxation for the financial year		–	–	–	3,010,078	3,010,078
Balance as at 31 December 2002		15,000,000	8,019,296	831,147	2,126,630	25,977,073
Goodwill on consolidation	34	–	–	(6,294)	–	(6,294)
Net profit after taxation for the financial year		–	–	–	2,877,667	2,877,667
Dividends paid in respect of financial year ended 31 December 2002	33	–	–	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2003		15,000,000	8,019,296	824,853	3,805,497	27,649,646

## STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2003

Group	Note	Issue and fully paid ordinary shares of RM0.10 each RM	Non- distributable Share premium RM	Distributable retained profits RM	Total RM
Balance as at 1 January 2002		2	–	(26,452)	(26,450)
Issue of 112,499,980 ordinary shares of RM0.10 each pursuant to acquisitions of subsidiary companies		11,249,998	327,253	–	11,577,251
Placement issue of 30,100,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share		3,010,000	7,525,000	–	10,535,000
Public issue of 7,400,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share (listing expenses of RM1,682,957 deducted from share premium)		740,000	167,043	–	907,043
Net profit after taxation for the financial year		–	–	1,228,902	1,228,902
Balance as at 31 December 2002		15,000,000	8,019,296	1,202,450	24,221,746
Net profit after taxation for the financial year		–	–	1,050,633	1,050,633
Dividends paid in respect of financial year ended 31 December 2002	33	–	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2003		15,000,000	8,019,296	1,054,283	24,073,579

The annexed notes form an integral part of, be read in conjunction with these financial statements.

## CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net profit before taxation		4,103,097	4,290,269	1,497,232	1,708,930
Adjustments for:-					
Depreciation on property, plant and equipment		715,271	640,553	3,598	3,296
Gain on disposal of property, plant and equipment		(74,747)	(5,214)	–	–
Loss on disposal of property, plant and equipment		475	–	–	–
Property, plant and equipment written off		13,888	5,161	–	–
Interest income		(273,152)	(187,138)	(69,673)	(110,243)
Interest expenses		158,305	110,747	–	–
Bad debts written off		480,596	10,556	–	–
Allowance for doubtful debt		–	75,957	–	–
Bad debt recovered		(10,978)	(29,953)	–	–
Operating profit before changes in working capital		5,112,755	4,910,938	1,431,157	1,601,983
Changes in working capital					
Inventories		(194,430)	(9,206)	–	–
Receivables		(1,464,507)	912,849	(1,371,582)	(9,271,653)
Payables		379,334	(3,881,593)	561	(382,152)
Cash generated from/(absorbed by) operations		3,833,152	1,932,988	60,136	(8,051,822)
Interest paid		(158,305)	(110,747)	–	–
Income tax paid		(1,459,831)	(2,825,881)	(485,155)	(462,357)
Net cash from/(used in) operating activities		2,215,016	(1,003,640)	(425,019)	(8,514,179)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of subsidiary companies net of cash acquired	34	(6,294)	2,766,041	(6,300)	–
Interest received		273,152	187,138	69,673	110,243
Purchase of property, plant & equipment	28	(1,772,849)	(1,790,971)	(3,016)	(32,962)
Proceeds from disposal of property, plant and equipment		97,200	10,500	–	–
Deferred expenditure		–	367,453	–	367,453
Net cash from/(used in) investing activities		(1,408,791)	1,540,161	60,357	444,734

## CASH FLOW STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		1,227,088	–	–	–
Repayment of borrowings		(835,577)	(1,094,983)	–	–
Dividend paid		(1,198,800)	(856,996)	(1,198,800)	–
Proceeds from issue of shares		–	3,750,000	–	3,750,000
Proceeds from issue of share premium		–	7,692,043	–	7,692,043
Net cash from/ (used in) financing activities		(807,289)	9,490,064	(1,198,800)	11,442,043
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,064)	10,026,585	(1,563,462)	3,372,598
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		10,026,587	2	3,372,600	2
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	29	10,025,523	10,026,587	1,809,138	3,372,600

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements.

### A. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain land and buildings) unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965.

The preparation of the financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that may affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Actual results could differ from those estimates.

### B. BASIS OF CONSOLIDATION

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies which have been prepared in accordance with the Group's accounting policies.

The subsidiary companies are consolidated using the acquisition method. Under the acquisition method, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the date on which control is transferred to the Group and are no longer consolidated from the date control ceases.

Goodwill or reserve on consolidation represents the difference between the acquisition cost of shares in the subsidiary companies and the fair value of attributable net assets acquired at the date of acquisition. Reserve on consolidation (net of goodwill arising on consolidation) is retained in the consolidated financial statements.

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

All significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

### C. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Land and buildings are revalued at a regular interval of at least once in every five years.

Surplus arising from such valuations is credited to shareholders' equity as a revaluation surplus and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:-

	Rate %
Leasehold land and freehold buildings	1-2
Electrical fittings	5-10
Motor vehicles	10-25
Furniture & fittings, tools, office & store equipment	5-20
Laboratory, demo equipment, R & D equipment and machinery	10
Renovation	10-20

Depreciation on site equipment in progress and plant in progress commences when the assets are ready for their intended use.

At each balance sheet date, the Group assesses 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 F on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/ (loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

### D. INVESTMENTS

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

#### (i) Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

#### (ii) Associated Companies

Associated companies are companies in which the Group and the Company have a long term equity interest of between 20% to 50% and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

Significant influence can be demonstrated through the effective interest held by the Group and by the Company and by the common directors shareholdings in both the companies.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies. Equity accounting is discontinued when the carrying amount of the investment in the associated company reaches zero, unless the Group has incurred obligations or made payments on behalf of the associated companies.

The Group's share of results and reserves in the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### (iii) Other Investment

Investments in other non-current investments are stated at cost less impairment losses, if any.

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

## E. GOODWILL ON CONSOLIDATION

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

The Group did not amortise the goodwill on consolidation. Goodwill is retained in the consolidated balance sheet and is stated at cost less any impairment losses. At each balance sheet date, the Group assesses whether there is any indication of impairment in goodwill. If such indication exists, the carrying amount of goodwill is assessed and will be written down to its recoverable amount.

## F. IMPAIRMENT OF ASSETS

The carrying amount of the Group's and Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. Recoverable amount is the higher of net selling price and value in use.

An impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the assets. The impairment loss is charged to the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

## G. INVENTORIES

Inventories comprising raw materials, finished goods and laboratory supplies are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

Cost is determined on a first-in-first-out basis and comprises purchase price plus cost incurred in bringing the inventories to present location.

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

## H. RECEIVABLES

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand, bank balances, fixed deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### J. AMOUNT DUE FROM/TO CONTRACT CUSTOMERS

Amount due from contract customers is the net amount of cost incurred for contracts in progress plus attributable profit less progress billings and anticipated losses, if any. Contract cost incurred to date include:-

- i) Costs directly related to the contract;
- ii) Costs attributable to contract activity in general and can be allocated to the contract; and
- iii) Other costs specifically chargeable to the customers under the terms of the contract.

Where progress billings exceed cost incurred plus attributable profit less foreseeable losses, the net credit balance on all such contracts is shown as amounts due to contract customers.

### K. FINANCE LEASE

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of financial charges, are included in borrowings. The interest element of the finance charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset in line with the Group's accounting policy for property, plant and equipment. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

### L. INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

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

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### M. REVENUE RECOGNITION

**(i) Trading income**

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, if any, or performance of services, and after eliminating sales within the Group.

**(ii) 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 up front. Full provision is made for foreseeable losses, if any.

**(iii) Dividend income**

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

**(iv) Interest income**

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

**(v) Management fee**

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

### N. DIVIDENDS

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

### O. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Malaysian Ringgit at rates of exchange ruling at transaction dates. Outstanding balances as at the financial year end are reported at rates then ruling, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising therefrom are charged or credited to the income statement.

### P. FINANCIAL INSTRUMENTS

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### **Q. SEGMENT REPORTING**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### 1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are described in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("BMSB").

The address of the registered office of the Company is at 2nd Floor, No. 17 & 19, Jalan Brunei Barat, Pudu, 55100 Kuala Lumpur, Malaysia.

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

The financial statements are presented in Ringgit Malaysia.

### 2. PROPERTY, PLANT AND EQUIPMENT

#### i) Group

2003	Balance as at 1 January RM	Additions RM	Disposals RM	Written off RM	Balance as at 31 December RM
<b>Cost unless otherwise stated</b>					
Freehold land & buildings					
- at cost	1,196,841	—	—	—	1,196,841
- at valuation	6,470,001	—	—	—	6,470,001
Leasehold land (long term)					
- at cost	—	2,104,366	—	—	2,104,366
- at valuation	815,000	—	—	—	815,000
Motor vehicles	2,905,591	124,667	(231,608)	—	2,798,650
Furniture & fittings, laboratory, office & store equipment	2,867,557	444,708	(1,350)	(57,374)	3,253,541
Demo equipment, R & D equipment, machinery	107,316	—	—	—	107,316
Plant in progress & site equipment in progress	1,154,321	45,000	—	—	1,199,321
Electrical fittings	53,211	—	—	(3,743)	49,468
Renovation	242,524	2,236	—	(15,705)	229,055
	15,812,362	2,720,977	(232,958)	(76,822)	18,223,559

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

2003	Balance as at 1 January RM	Additions RM	Disposals RM	Written off RM	Balance as at 31 December RM
<b>Accumulated depreciation</b>					
Freehold land & buildings					
- at cost	23,936	11,969	-	-	35,905
- at valuation	114,420	55,142	-	-	169,562
Leasehold land (long term)					
- at cost	-	35,073	-	-	35,073
- at valuation	10,200	8,150	-	-	18,350
Motor vehicles	1,050,682	269,105	(209,355)	-	1,110,432
Furniture & fittings, laboratory, office & store equipment	1,573,740	302,130	(675)	(44,166)	1,831,029
Demo equipment, R & D equipment, machinery	21,914	10,732	-	-	32,646
Plant in progress & site equipment in progress	-	-	-	-	-
Electrical fittings	29,077	4,031	-	(3,063)	30,045
Renovation	161,443	18,939	-	(15,705)	164,677
	2,985,412	715,271	(210,030)	(62,934)	3,427,719
<b>ii) Company</b>					
2003	Balance as at 1 January RM	Additions RM	Disposals RM	Balance as at 31 December RM	
<b>Cost unless otherwise stated</b>					
Furniture & fittings, laboratory, office & store equipment	7,650	780	-	8,430	
Renovation	25,312	2,236	-	27,548	
	32,962	3,016	-	35,978	

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

2003	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Balance as at 31 December RM
<b>Accumulated depreciation</b>				
Furniture & fittings, laboratory, office & store equipment	765	843	–	1,608
Renovation	2,531	2,755	–	5,286
	3,296	3,598	–	6,894
	<b>The Group</b>		<b>The Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net book value</b>				
Freehold land & buildings				
- at cost	1,160,936	1,172,905	–	–
- at valuation	6,300,439	6,355,581	–	–
Leasehold land (long term)				
- at cost	2,069,293	–	–	–
- at valuation	796,650	804,800	–	–
Motor vehicles	1,688,218	1,854,909	–	–
Furniture & fittings, laboratory, office & store equipment	1,422,512	1,293,817	6,822	6,885
Demo equipment, R & D equipment, machinery	74,670	85,402	–	–
Plant in progress & site equipment in progress	1,199,321	1,154,321	–	–
Electrical fittings	19,423	24,134	–	–
Renovation	64,378	81,081	22,262	22,781
	14,795,840	12,826,950	29,084	29,666

The freehold land and buildings and the leasehold land of the Group were revalued based on independent valuation reports dated 15 May 2001 carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn. Bhd., Colliers, Jordan Lee & Jaafar (S) Sdn. Bhd., Colliers, Jordan Lee & Jaafar (PG) Sdn. Bhd. and Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd., registered independent firms of professional valuers, where the properties were valued using the fair value market basis.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:-

Group	Cost RM	Accumulated depreciation RM	Net book value RM
<b>2003</b>			
Freehold land & buildings	4,822,795	245,550	4,577,245
Leasehold land	204,980	10,249	194,731
	5,027,775	255,799	4,771,976
<b>2002</b>			
Freehold land & buildings	4,822,795	200,028	4,622,767
Leasehold land	204,980	8,199	196,781
	5,027,775	208,227	4,819,548

Details of assets under finance lease agreements:-

	Group	
	2003 RM'000	2002 RM'000
Motor vehicles		
- additions during the year	-	1,869,154
- net book value at year end	1,495,323	1,682,238
Laboratory equipment		
- net book value at year end	196,200	228,900
<u>Net book value of assets pledged as security for bank borrowings:-</u>		
Freehold land and buildings	914,986	6,999,706

### 3. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares- at cost	11,583,551	11,577,251

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

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

Name of Company	Effective interest		Principal activities
	2003	2002	
Brite-Tech Corporation Sdn. Bhd.	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. Bhd.	100%	100%	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.
Rank Chemical Sdn. Bhd.	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. Bhd.	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. Bhd.	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality interest 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.
(The Company holds 70.24% direct in Spectrum Laboratories (Penang) Sdn. Bhd., the remaining 29.76% is held indirectly through subsidiary Spectrum Laboratories Sdn. Bhd.)			

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Name of Company	Effective interest		Principal activities
	2003	2002	
<p>Spectrum Laboratories (Johore) Sdn. Bhd.</p> <p>(The Company holds 70.64% direct interest in Spectrum Laboratories (Johore) Sdn. Bhd., the remaining 14.68% is held indirectly through Brite-Tech such as air Corporation Sdn. Bhd.)</p>	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 and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
<p>* Brite-Tech (Sabah) Sdn. Bhd. (Formerly known as Chance Technology Sdn. Bhd.)</p>	100%	–	To provide integrated services in water and wastewater treatment, supply of water treatment related chemicals, treatment systems and equipment, supply of industrial and institutional chemicals, analytical laboratory and environmental monitoring services and other related business.
<p>* Renown Orient Sdn. Bhd.</p>	100%	–	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.
<p>* Renown Smart Sdn. Bhd.</p>	100%	–	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.
<b>Subsidiary company of Brite-Tech Corporation Sdn. Bhd.</b>			
<p>Cybond Chemical Sdn. Bhd.</p>	100%	100%	To provide water treatment chemicals and provide other related services.
* Companies not audited by S.F. Yap & Co.			

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

During the financial year, the Company acquired the following subsidiary companies:-

1. 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Brite-Tech (Sabah) Sdn. Bhd. (Formerly known as Chance Technology Sdn. Bhd.) for a total cash consideration of RM2,100.
2. 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Renown Orient Sdn. Bhd. for a total cash consideration of RM2,100.
3. 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Renown Smart Sdn. Bhd. for a total cash consideration of RM2,100.

Goodwill on acquisition arising on these acquisitions amounting to RM6,294 have been accounted for using the acquisition method of accounting effective from January 2003.

The effect on these acquisitions on the financial results of the Group during the financial year is as follows:-

	<b>Group 2003 RM</b>
Revenue	148,844
Operating costs	(181,756)
Loss before tax	(32,912)
Tax expense	(4,100)
Decrease in Group net profit	(37,012)

The effect of these acquisitions on the financial position of the Group at the end of the financial year is as follows:-

	<b>RM</b>
Property, plant and equipment	2,157,237
Inventories	119,921
Trade receivables	140,744
Other receivables, deposits and prepayments	400
Cash and bank balances	59,870
Trade payables	(44,928)
Other payables and accruals	(112,027)
Long term payable	(842,774)
Deferred tax liabilities	(4,100)
Increase in Group net assets	1,474,343

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

During the previous financial year 2002, the Company acquired the following subsidiary companies:-

1. 686,628 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Brite-Tech Corporation Sdn. Bhd. for a total purchase consideration of RM4,381,267 satisfied by the issuance of 42,574,226 new ordinary shares in the Company of RM0.10 each at approximately RM0.10 per share;
2. 330,900 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hooker Chemical Sdn. Bhd. for a total purchase consideration of RM2,817,206 satisfied by the issuance of 27,375,728 new ordinary shares in the Company of RM0.10 each at approximately RM0.10 per share;
3. 547,506 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Rank Chemical Sdn. Bhd. for a total purchase consideration of RM1,425,724 satisfied by the issuance of 13,854,232 new ordinary shares in the Company of RM0.10 each at approximately RM0.10 per share;
4. 300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Spectrum Laboratories Sdn. Bhd. for a total purchase consideration of RM1,876,599 satisfied by the issuance of 18,235,532 new ordinary shares in the Company of RM0.10 each at approximately RM0.10 per share;
5. 233,100 ordinary shares of RM1.00 each representing approximately 70.64% of the issued and paid-up share capital of Spectrum Laboratories (Johore) Sdn. Bhd. for a total purchase consideration of RM668,324 satisfied by the issuance of 6,494,318 new ordinary shares in the Company of RM0.10 each at approximately RM0.10 per share; and
6. 188,800 ordinary shares of RM1.00 each representing approximately 70.24% of the issued and paid-up share capital of Spectrum Laboratories (Penang) Sdn. Bhd. for a total purchase consideration of RM408,131 satisfied by the issuance of 3,965,944 new ordinary shares in the Company of RM0.10 each at approximately RM0.10 per share.

Reserve on consolidation arising on these acquisitions amounting to RM831,147 have been accounted for using the acquisition method of accounting effective from January 2002.

The effect on these acquisitions on the financial results of the Group during the previous financial year 2002 is as follows:-

	<b>Group 2002 RM</b>
Revenue	12,971,217
Other income	230,225
Operating costs	(8,990,257)
Profit before tax	4,211,185
Tax expense	(1,280,191)
Increase in Group net profit	2,930,994

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

The effect of these acquisitions on the financial position of the Group at the end of the previous financial year 2002 is as follows:-

	<b>RM</b>
Property, plant and equipment	12,797,284
Other investments	20,000
Inventories	1,025,708
Trade receivables	5,072,402
Other receivables, deposits and prepayments	998,936
Amount due from associated company	3,006
Fixed deposits	6,011,451
Cash and bank balances	676,519
Trade payables	(1,079,693)
Amount due to contract customers	(175,418)
Other payables and accruals	(466,906)
Amount due to directors	(90,658)
Provision for taxation	(205,085)
Borrowings	(1,808,822)
Deferred tax liabilities	(176,993)
Increase in Group net assets	22,601,731

**4. INVESTMENT IN ASSOCIATED COMPANY**

The details of the associated company which is incorporated in Malaysia are as follows:-

<b>Name of Company</b>	<b>Effective interest</b>		<b>Principal activities</b>
	<b>2003</b>	<b>2002</b>	
Hooker Chemical (Johore) Sdn. Bhd.	19%	19%	Dealing with water and wastewater treatment system. It has ceased business on 1 June 2001.

Recognition of further losses is discontinued for investment in Hooker Chemical (Johore) Sdn. Bhd. as the Group's share of losses exceeds the carrying amount of the investment, as follows:-

	<b>Group</b>	
	<b>2003</b> <b>RM'000</b>	<b>2002</b> <b>RM'000</b>
Investment at cost	11,400	11,400
Share of losses	(13,828)	(14,433)
	(2,428)	(3,033)

**5. OTHER INVESTMENT**

	<b>Group</b>	
	<b>2003</b> <b>RM'000</b>	<b>2002</b> <b>RM'000</b>
Unit trust- at cost	20,000	20,000
Market value	21,531	17,423

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**6. INVENTORIES**

	Group	
	2003 RM'000	2002 RM'000
At cost		
Laboratory supplies	131,937	157,170
Raw materials	751,512	714,913
Finished goods	336,689	153,625
	1,220,138	1,025,708

**7. TRADE RECEIVABLES**

	Group	
	2003 RM'000	2002 RM'000
Trade receivables	6,224,372	5,287,220
Less: Allowance for doubtful debts	(203,840)	(214,818)
	6,020,532	5,072,402

The Group's and the Company's normal credit term is 90 to 120 days. Other credit terms are assessed and approved on a case by case basis. The Group and the Company has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

**8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other receivables	69,913	11,880	2,000	-
Deposits	56,622	59,310	3,500	2,500
Prepayments	10,500	16,080	-	-
	137,035	87,270	5,500	2,500

**9. AMOUNT DUE FROM SUBSIDIARY COMPANIES**

The amount due from subsidiary companies represents advances which are unsecured, interest-free and have no fixed terms of repayment.

**10. AMOUNT DUE FROM ASSOCIATED COMPANY**

The amount due from associated company represents payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**11. FIXED DEPOSITS**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Placed with:- Licensed banks	9,615,021	9,291,508	1,804,463	3,280,057

**12. CASH AND BANK BALANCES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash in hand	15,058	25,709	—	—
Cash at bank	480,161	743,353	4,675	92,543
	495,219	769,062	4,675	92,543

**13. AMOUNT DUE TO CONTRACT CUSTOMERS**

	Group	
	2003 RM'000	2002 RM'000
Aggregate costs incurred to date	817,405	7,550
Add: Attributable profits	501,419	60,582
	1,318,824	68,132
Less: Progress billings	(1,382,700)	(243,550)
	(63,876)	(175,418)

**14. TRADE PAYABLES**

	Group	
	2003 RM'000	2002 RM'000
Trade payables	1,622,329	1,079,693

The credit terms of trade payables granted to the Group range from 60 to 90 days.

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

	Group	
	2003 RM'000	2002 RM'000
US Dollar	57,652	2,133
Euro Currency	9,494	11,600
Singapore Dollar	3,282	—



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### 15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other payables	119,792	27,437	–	–
Accruals	478,619	427,562	12,314	11,753
Deposits received	24,500	23,660	–	–
	622,911	478,659	12,314	11,753

Included in the other payables of the Group is an amount of RM105,354 due to a third party for the acquisition of the leasehold land at the cost of RM2,104,366. Under the sales and purchase agreement, an amount of RM842,774 is repayable later than 1 year and not later than 5 years (Note 21).

The foreign currency exposure of the other payables of the Group are as follows:-

	Group	
	2003 RM'000	2002 RM'000
US Dollar	14,438	–

### 16. AMOUNT DUE TO DIRECTORS

The amount due to directors represents advances from directors which are unsecured, interest-free and have no fixed terms of repayment.

### 17. BORROWINGS

	Group	
	2003 RM'000	2002 RM'000
<b>Current liabilities</b>		
<u>Secured</u>		
Bank overdraft	84,717	33,983
Bills payable	227,088	–
Finance lease liabilities	289,906	368,089
Term loans	316,681	36,271
	918,392	438,343
<b>Long term liabilities</b>		
<u>Secured</u>		
Finance lease liabilities	827,999	1,117,906
Term loans	504,676	252,573
	1,332,675	1,370,479

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Group	
	2003 RM'000	2002 RM'000
<b>Total borrowings</b>		
Bank overdraft	84,717	33,983
Bills payable	227,088	–
Finance lease liabilities	1,117,905	1,485,995
Term loans	821,357	288,844
	2,251,067	1,808,822

	Group	
	2003 RM'000	2002 RM'000
Interest rates on the above are as follows:-		
Bank overdraft	8.15	7.90 - 8.15
Bills payable	non-interest bearing	–
Finance lease liabilities	7.07 - 10.95	7.07 - 10.98
Term loans	5.00	7.65 - 7.90

The banking facilities of the Group comprise term loan, bank overdraft, trade financing facilities, performance guarantee, and financial guarantee which are secured by:-

- legal charge over the Group's freehold land and buildings.
- corporate guarantee by Brite-Tech Berhad.

**FINANCE LEASE LIABILITIES**

	Group	
	2003 RM'000	2002 RM'000
Minimum lease payment		
- not later than one year	360,959	464,188
- later than one year and not later than five years	920,215	1,281,174
	1,281,174	1,745,362
Less: Future interest charges	(163,269)	(259,367)
Present value of finance lease liabilities	1,117,905	1,485,995
Repayable as follows:-		
Current liabilities		
- not later than one year	289,906	368,089
Long term liabilities		
- later than one year and not later than five years	827,999	1,117,906
	1,117,905	1,485,995

There is no finance lease liabilities later than five years.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### TERM LOAN - SECURED

	Group	
	2003 RM'000	2002 RM'000
Term loan repayable by twelve equal monthly instalments of RM4,864 each commencing 1 June 2000	–	288,844
Term loan repayable by thirty six equal monthly instalments of RM30,006 each commencing 28 April 2003	821,357	–
	821,357	288,844
Repayable as follows:-		
Current liabilities		
- not later than one year	316,681	36,271
Long term liabilities		
- later than one year and not later than five years	504,676	175,038
- later than five years	–	77,535
	821,357	288,844

### 18. SHARE CAPITAL

	Group and Company	
	2003 RM'000	2002 RM'000
Ordinary shares of RM0.10 each:-		
Authorised	25,000,000	25,000,000
Issued and fully paid:-		
Balance as at 1 January	15,000,000	2
Increased during the year	–	14,999,998
Balance as at 31 December	15,000,000	15,000,000

On 23 May 2002, the Company's authorised share capital was split from 125,000,000 ordinary shares of RM0.20 each into 250,000,000 ordinary shares of RM0.10 each.

During the previous financial year 2002, the issued and fully paid-up share capital of the Company was increased from RM2 to RM15,000,000 by way of:-

- (a) Issues of 112,499,980 ordinary shares of RM0.10 each pursuant of acquisitions of subsidiary companies.
- (b) Placement issue of 30,100,000 new ordinary shares of RM0.10 each.
- (c) Public issue of 7,400,000 new ordinary shares of RM0.10 each.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### 19. RESERVES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Non-distributable:-				
Reserve on consolidation	824,853	831,147	–	–
Share premium reserve	8,019,296	8,019,296	8,019,296	8,019,296
	8,844,149	8,850,443	8,019,296	8,019,296
Distributable:-				
Unappropriated profit	3,805,497	2,126,630	1,054,283	1,202,450
	12,649,646	10,977,073	9,073,579	9,221,746

### 20. DEFERRED TAX LIABILITIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At beginning of financial year	177,421	–	428	–
Recognised in the income statement	37,468	(64,940)	44	428
Addition through subsidiary acquired	–	242,361	–	–
At end of financial year	214,889	177,421	472	428

The deferred tax liabilities are made up of the following:-

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Property, plant and equipment				
- Capital allowance in excess of depreciation	153,431	119,036	472	428
Revaluation surplus	118,666	118,666	–	–
	272,097	237,702	472	428
General allowance for doubtful debts	(57,208)	(60,281)	–	–
	214,889	177,421	472	428

### 21. LONG TERM PAYABLE

	Group	
	2003 RM'000	2002 RM'000
Repayable within one year (included in the other payables and accruals - Note 15)	105,354	–
Repayable later than 1 year and not later than 5 years	842,774	–
	948,128	–

During the financial year, the Group purchased the leasehold land at the cost of RM2,104,366. Under the sale and purchase agreement, an amount of RM842,774 is repayable later than 1 year and not later than 5 years.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### 22. REVENUE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Management fee receivables	–	–	24,000	–
Dividend received and receivables	–	–	1,629,846	1,629,846
Contract fees	5,442,488	2,268,880	–	–
Trading sales and services	10,515,566	10,702,337	–	–
	15,958,054	12,971,217	1,653,846	1,629,846

### 23. NET PROFIT BEFORE TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net profit before taxation is arrived at after charging:-				
Allowance for doubtful debts	–	75,957	–	–
Auditors' remuneration	31,200	30,300	1,500	1,500
Bad debts written off	480,596	10,556	–	–
Depreciation of property, plant & equipment	715,271	640,553	3,598	3,296
Directors' remuneration:-				
- salaries	488,952	471,000	–	–
- fees	56,400	51,600	15,600	4,800
- bonus	38,184	55,526	–	–
- benefit- in- kind	22,308	47,604	–	–
Interest expenses:-				
- Finance lease interest	92,972	26,064	–	–
- Bank overdraft interest	6,984	27,208	–	–
- Term loan interest	48,184	53,365	–	–
- Late payment interest	949	443	–	–
- LC charges & TR interest	9,216	3,667	–	–
Loss on foreign currency exchange	3,974	2,345	–	–
Loss on disposal of property, plant & equipment	475	–	–	–
Property, plant & equipment written off	13,888	5,161	–	–
Rental of premises	15,836	13,600	–	–
Rental of equipment	1,418	–	–	–
Rental of motor vehicle	1,185	–	–	–
Rental of electricity & boat	1,396	–	–	–

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
And crediting:-				
Compensation	1,117	–	–	–
Bad debts recovered	10,978	29,953	–	–
Dividend received	–	–	1,629,846	1,629,846
Gain on disposal of property, plant & equipment	74,747	5,214	–	–
Gain on currency exchange	181	–	–	–
Insurance claim	–	11,500	–	–
Interest income received from:-				
Fixed deposit interest	271,457	138,370	69,673	91,833
Other interest	1,695	48,768	–	18,410
Management fee receivables	–	–	24,000	–
Rental received	85,120	104,370	–	–

**24. NUMBER OF EMPLOYEES AND STAFF COSTS**

	Group	
	2003 RM'000	2002 RM'000
Number of employees, including executive directors, at the end of the financial year	97	93
Staff costs for the financial year	2,715,266	2,786,274

**25. DIRECTORS' REMUNERATION**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Non-executive Directors:</b>				
- fees	15,600	4,800	15,600	4,800
<b>Executive Directors:</b>				
- salaries	488,952	471,000	–	–
- fees	40,800	46,800	–	–
- bonus	38,184	55,526	–	–
- benefit in kind	22,308	47,604	–	–
	605,844	625,730	15,600	4,800

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### 26. TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current tax based on profit for the financial year:-				
Malaysian income tax	1,176,093	1,239,989	440,000	479,600
Deferred tax	37,468	(64,940)	44	428
Under provision of taxation in prior years	11,869	105,142	6,555	-
	1,225,430	1,280,191	446,599	480,028

With effect from year of assessment 2003, chargeable income of certain subsidiary companies (being residents in Malaysia with paid up capital of less than RM2.5 million) are taxed at the following rates:

On the first RM100,000 : 20%  
In excess of RM100,000 : 28%

In the previous financial year 2002, these subsidiary companies' income tax were calculated based on the statutory income tax rate of Malaysia at 28%.

Income tax expense for the Company is calculated based on the statutory income tax rate of Malaysia at 28% (2002: 28%) of the estimated taxable profit for the financial year.

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:-

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Profit before taxation ("PBT")	4,103,097	4,290,269	1,497,232	1,708,930
Tax expense	1,225,430	1,280,191	446,599	480,028

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Average applicable tax rate	28.0	28.0	28.0	28.0
Taxation savings at the statutory tax rates of 20% on PBT	(1.3)	–	–	–
Balancing charge/ (balancing allowance) on property, plant and equipment disposed/ written off	0.5	0.1	–	–
Under provision of income tax expenses in prior year	0.3	2.5	0.4	–
Deferred taxation	0.9	(1.5)	–	–
Tax effects on income not subject to tax	(0.6)	(0.2)	–	–
Tax effects on non-deductible expenses	5.8	4.4	1.4	0.1
Tax effects on lease rental	(0.6)	(0.8)	–	–
Utilisation of capital allowances	(3.1)	(2.6)	–	–
Effective tax rate	29.9	29.9	29.8	28.1

As at 31 December 2003, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits as at 31 December 2003.

### 27. EARNINGS PER ORDINARY SHARES

Basic earnings per ordinary share:-

The basic earnings per ordinary share for the financial year has been calculated based on the net profit attributable to ordinary shareholders by the number of ordinary shares in issue during the financial year.

The basic earnings per ordinary share for the financial year 2002 has been calculated based on the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year 2002.

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net profit attributable to ordinary shareholders	2,877,667	3,010,078	1,050,633	1,228,902
Weighted average number of ordinary shares				
Issued ordinary shares at beginning of the year	150,000,000	10	150,000,000	10
Effect of shares split on 23 May 2002	–	6	–	6
Effect of shares issued on 23 May 2002	–	68,424,645	–	68,424,645
Effect of shares issued on 18 July 2002	–	17,054,795	–	17,054,795
	150,000,000	85,479,456	150,000,000	85,479,456
Basic earnings per share (sen)	1.92	3.52	0.70	1.44



**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:-

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Purchase of property, plant and equipment (Note 2)	2,720,977	3,216,471	3,016	32,962
Financed by finance lease arrangement Included in payables (Note 21)	– (948,128)	(1,425,500) –	– –	– –
Cash payments on purchase of property, plant and equipment	1,772,849	1,790,971	3,016	32,962

**29. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	495,219	769,062	4,675	92,543
Fixed deposits with licensed banks	9,615,021	9,291,508	1,804,463	3,280,057
	10,110,240	10,060,570	1,809,138	3,372,600
Bank overdraft (Note 17)	(84,717)	(33,983)	–	–
	10,025,523	10,026,587	1,809,138	3,372,600

**30. SEGMENT REPORTING**

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.

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

The Group comprises the following main business segments:-

Water treatment chemicals	To provide services and products in the field of water treatment.
System equipment	Consultation and environmental impact studies.
Ancillary products	Rental of portable ion-exchange resin columns and supply of chemicals.
Laboratories	To provide analytical laboratory services.
Others	Management and other operations which are not sizable to be reported separately.

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

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

**2003  
Group****Primary reporting - Business segments**

	Water treatment chemicals RM	System equipment RM	Ancillary products RM	Laboratories RM	Others RM	Eliminations RM	Consolidated RM
<b>REVENUE</b>							
External revenue	1,915,924	6,186,047	3,324,360	4,531,723	–	–	15,958,054
Inter-segment revenue	496,834	–	116,162	192,437	1,653,846	(2,459,279)	–
Total revenue	2,412,758	6,186,047	3,440,522	4,724,160	1,653,846	(2,459,279)	15,958,054
<b>RESULT</b>							
Segment results (external)	409,260	1,458,944	572,596	1,796,873	(249,423)		3,988,250
Interest income	57,965	54,966	19,228	71,320	69,673		273,152
Finance costs	(32,960)	(49,606)	(51,180)	(24,559)	–		(158,305)
Profits before taxation							4,103,097
Tax expenses							(1,225,430)
Net profit after taxation for the year							2,877,667
<b>OTHER INFORMATION</b>							
Segment assets	8,738,220	7,719,319	4,514,746	7,418,481	3,913,019		32,303,785
Segment liabilities	741,958	1,456,687	1,536,389	705,518	962,405		5,402,957
Capital expenditure	5,604	66,815	180,936	360,240	2,107,382		2,720,977
Depreciation	148,933	87,566	129,609	310,492	38,671		715,271
Non-cash expenses other than depreciation	2,000	474,826	–	18,133	–		494,959

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

### 2002 Group

#### Primary reporting - Business segments

	Water treatment chemicals RM	System equipment RM	Ancillary products RM	Laboratories RM	Others RM	Eliminations RM	Consolidated RM
<b>REVENUE</b>							
External sales	2,433,604	3,398,015	2,703,488	4,436,110	-	-	12,971,217
Inter-segment sales	398,268	4,055	514,720	154,777	1,629,846	(2,701,666)	-
<b>Total revenue</b>	<b>2,831,872</b>	<b>3,402,070</b>	<b>3,218,208</b>	<b>4,590,887</b>	<b>1,629,846</b>	<b>(2,701,666)</b>	<b>12,971,217</b>
<b>RESULT</b>							
Segment results (external)	875,680	988,456	579,150	1,801,751	(31,159)		4,213,878
Interest income	5,340	13,821	28,723	29,011	110,243		187,138
Finance costs	(41,728)	(32,430)	(15,792)	(20,797)	-		(110,747)
Profits before taxation							4,290,269
Tax expenses							(1,280,191)
Net profit after taxation for the year							3,010,078
<b>OTHER INFORMATION</b>							
Segment assets	9,158,006	7,227,252	2,906,819	6,399,063	3,404,766		29,095,906
Segment liabilities	915,980	1,358,877	601,855	744,785	11,753		3,633,250
Capital expenditure	669,100	1,570,536	375,965	567,908	32,962		15,869,892
Depreciation	149,057	79,611	123,657	284,932	3,296		640,553
Non-cash expenses other than depreciation	243	16,912	9,804	64,715	-		91,674

Turnover and profit before tax for others mainly relates to dividend income received by the Company from its subsidiary companies. The amount is set-off in inter-company adjustments.

### 31. SIGNIFICANT INTERCOMPANY AND RELATED PARTY DISCLOSURE

The Group have related parties relationships with its subsidiary companies and associated companies.

The Group also has related party relationships with KP Perunding, a company in which a director of the Company, Ir. Koh Thong How has a substantial financial interest. During the previous financial year 2002, the related party transaction is to the extent of engineering consulting fees paid by a subsidiary company of the Group amounting to RM4,250. However, there was no related party transaction during the financial year.

The related party transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**32. CONTINGENT LIABILITIES (UNSECURED)**

	Company	
	2003 RM'000	2002 RM'000
Corporate guarantees given to financial institutions for finance lease facilities granted to subsidiary companies	1,442,200	1,380,500
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	12,850,000	14,150,000
Corporate guarantees in favour of suppliers as security for goods supplied to a subsidiary company	80,000	80,000
	14,372,200	15,610,500

**Material Litigation**

The Directors are of the opinion that the possibility of any outflow in settlement arising from the following litigations are remote based on legal opinion obtained. Nevertheless, disclosures are made as follows:-

The Company received a High Court Summon dated 5th December 2002 naming the Company as the 5th defendant in a legal suit between the plaintiff and the substantial shareholders of the Company namely, Pang Wee See, Tan Boon Kok, Chan Ah Kien and Kan King Choy (as the 1st to 4th defendants). The plaintiff who was a former director and shareholder of the subsidiary companies of the Company, Brite-Tech Corporation Sdn. Bhd., Rank Chemical Sdn. Bhd., Hooker Chemical Sdn. Bhd. and Spectrum Laboratories Sdn. Bhd. is claiming for restitution and recovery of sale of shares and to avoid the four sale of share agreement dated 22 June 1999 in respect of the plaintiff's share in the abovementioned companies to the 1st, 2nd, 3rd and 4th defendant.

Notwithstanding that the Company was not incorporated at the material time, the Company has been included as the 5th defendant on the grounds that the 5th defendant had actual or imputed a constructive knowledge of the matters and circumstances vitiating the sale and purchase transactions between the plaintiff and the 1st to the 4th defendant.

The solicitors of the Company has advised that the plaintiff has no ground of action in citing the Company and the claim by the plaintiff against the Company is without basis.

**33. DIVIDENDS**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Final dividends of 1.11 sen per share less income tax at 28% paid in respect of the financial year ended 31 December 2002	1,198,800	-	1,198,800	-
Final dividends in respect of financial year ended 31 December 2001 prior to the acquisition of subsidiary companies by the Company, were paid on 23 May 2002 by the subsidiary companies to their respective shareholders	-	856,996	-	-

The Directors proposed a final gross dividend on ordinary shares of 1.11 sen per share, less tax, amounting to RM1,198,800 in respect of the financial year ended 31 December 2003 subject to the approval of members at the forthcoming Annual General Meeting.

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**34. ACQUISITION OF SUBSIDIARY COMPANIES**

During the financial year, the Group acquired Brite-Tech (Sabah) Sdn. Bhd. (formerly known as Chance Technology Sdn. Bhd.), Renown Orient Sdn. Bhd., and Renown Smart Sdn. Bhd.. The fair value of the assets acquired and the liabilities assumed are as follows:-

	<b>Group 2003 RM</b>
Cash and bank balances	6
Net assets acquired	6
Goodwill on consolidation	6,294
Total purchase consideration	6,300
Less : Cash and cash equivalents of subsidiary companies acquired	(6)
Cash flow on acquisition net of cash acquired	6,294

During the previous financial year 2002, the Group acquired Brite-Tech Corporation Sdn. Bhd., Hooker Chemical Sdn. Bhd., Rank Chemical Sdn. Bhd., Spectrum Laboratories Sdn. Bhd., Spectrum Laboratories (Penang) Sdn. Bhd. and Spectrum Laboratories (Johore) Sdn. Bhd.. The fair value of the assets acquired and the liabilities assumed are as follows:-

	<b>Group 2003 RM</b>
Amount due from contract customers	38,911
Property, plant & equipment	10,261,479
Other investments	20,000
Inventories	1,016,502
Trade receivables	4,741,749
Other receivables, deposits and prepayments	907,348
Amount due from associated company	3,006
Fixed deposits	2,601,133
Cash and bank balances	652,397
Bank overdraft	(487,489)
Trade payables	(1,265,423)
Other payables and accruals	(664,631)
Amount due to directors	(3,377,749)
Finance lease liabilities	(217,292)
Term loan	(1,227,029)
Provision for taxation	(341,429)
Deferred tax liabilities	(253,085)
Net assets acquired	12,408,398
Reserve on consolidation	(831,147)
Total purchase consideration	11,577,251
Less : Purchase consideration discharged by shares issued	(11,577,251)
Purchase consideration discharged by cash	—
Cash and cash equivalents of subsidiary companies acquired	2,766,041
Cash flow on acquisition net of cash acquired	2,766,041

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**35. FINANCIAL RISK MANAGEMENT POLICIES**

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

The main areas of financial risks faced by the Group and the policy for managing each of these risks are set out as follows:-

**(a) Foreign currency risk**

The Group incurs foreign currency risk on the sales, purchases and investments that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the US dollars, Singapore dollars and Euro Currency.

Given the governments' peg at present, no hedging is done on transactions denominated in US dollar. In respect of other currencies, the Group plans in advance the cash flows denominated in the same currency in order to match the receivables and the payables in the same currency, any unmatched balance will then be hedged by forward foreign currency contracts. The combination of matching technique and forward foreign currency contracts aims to effectively hedge the Group's exposure to exchange rates fluctuation while maintaining the hedging cost to the minimal.

The Group and the Company did not have any open forward contracts at the financial year end.

**(b) Interest rate risk**

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

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

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the financial year %
<b>Group 2003</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	9,615,021	-	-	9,615,021	3.04 - 3.25
<b>Financial Liabilities</b>					
Bank overdraft	84,717	-	-	84,717	8.46
Bills payable	227,088	-	-	227,088	non-interest bearing
Finance lease liabilities	289,906	827,999	-	1,117,905	7.30 - 11.52
Term loan	316,681	504,676	-	821,357	5.12
<b>Company 2003</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	1,804,463	-	-	1,804,463	3.25

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the financial year %
<b>Group 2003</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	9,291,508	–	–	9,291,508	3.25
<b>Financial Liabilities</b>					
Bank overdraft	33,983	–	–	33,983	8.19 - 8.46
Finance lease liabilities	368,089	1,117,906	–	1,485,995	7.30 - 11.55
Term loan	36,271	252,573	–	288,844	7.92 - 8.19
<b>Company 2002</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	3,280,057	–	–	3,280,057	3.25

**(c) Credit risk**

Cash deposits, trade and other receivables may expose the Group to credit risk. Such risk is effectively managed through the application of credit limits, regular monitoring and review of the financial standing of the Group's counter parties, with reference to published credit ratings by prime financial institutions. In the absence of published ratings, an internal credit review or company background search is conducted if the credit risk is deemed in existence.

The Group's cash deposits are placed with major financial institutions in Malaysia with excellent credit ratings.

The Company has given corporate guarantees to its Subsidiaries for banking facilities and security of goods (see Note 32). In view of the stability of the Subsidiaries' financial position, the Directors are confident that such credit risk is minimal.

At the balance sheet date, the Group had no significant concentrations of credit risks.

The maximum exposures to credit risk are represented by the carrying amounts shown in the balance sheet.

**(d) Market risk**

The Group has minimal exposure to market risk as its investment is mainly on quoted security, which is not substantial.

The Group's exposure to risk from changes in market price of the quoted securities is set out in Note 35(f) as below.

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

The Group practises prudent liquidity risk management by cautiously and effectively managing its debt maturity profiles and operating cash flows; at the same time maintaining sufficient cash balances and availability of funding through committed banking facilities so as to ensure all operating, investing and financing obligations are met.

**NOTES TO THE FINANCIAL STATEMENTS** (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

**(f) Fair values**

The carrying amounts of financial instruments of the Group and the Company at the balance sheet date approximated their fair value except as set out below:-

2003	Group		Company		
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM	
<b>Financial Assets</b>					
Other investment	20,000	21,531	–	–	
<b>2002</b>					
		Group	Company		
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>					
Other investment	20,000	17,423	–	–	

The following method and assumption is used to estimate the fair value of each class of financial instrument:-

- Other investment

The fair values of quoted security is estimated based on quoted market prices.

**36. COMPARATIVE FIGURES**

Following the adoption of Malaysian Accounting Standards Board (MASB) standards in the preparation of the financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified and/ or expanded to ensure comparability with the current financial year. Certain comparative figures have been reclassified in order to give a fairer presentation of the results and state of affairs of the Group and of the Company.

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
<b>Balance Sheets</b>				
Tax recoverable	914,166	–	–	–
Other receivables, deposits and prepayments	87,270	1,001,436	–	–
<b>Income Statements</b>				
Other operating income	–	–	–	110,243
Profit from operations	–	–	1,598,687	1,708,930
Interest income	–	–	110,243	–
<b>Cash Flow Statements</b>				
Bad debt recovered	(29,953)	–	–	–
Operating profit before changes in working capital	4,910,938	4,940,891	–	–
Receivables	882,896	912,849	–	–



## STATISTIC OF SHAREHOLDINGS

AS AT 21 MAY 2004

Authorised Share Capital	:	RM25,000,000
Issued & Fully Paid-Up Capital	:	RM15,000,000
Class of Shares	:	Ordinary Share of RM0.10 each
Voting Rights	:	One Vote per Ordinary Share
No. of Shareholders	:	537

### DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued share capital
Less than 100 shares	3	0.56	120	0.00
100 - 999	48	8.94	8,800	0.01
1,000 - 4,999	202	37.62	385,100	0.26
5,000 - 10,000	119	22.16	847,200	0.56
10,001 - 100,000	100	18.62	3,684,900	2.46
100,00 - 1,000,000	53	9.87	15,846,616	10.56
Above 1,000,000 shares	12	2.23	129,227,264	86.15
	537	100.00	150,000,000	100.00

### SUBSTANTIAL SHAREHOLDERS

Name of shareholders	No. of shares	% of shareholdings
1. Pang Wee See	67,352,894	44.90
2. Chan Ah Kien	16,481,826	10.99
3. Tan Boon Kok	16,222,978	10.82
	104,057,698	69.71

### DIRECTORS' SHAREHOLDINGS

Name	No. of ordinary shares RM0.10 each held			
	Direct	%	Indirect	%
1. Pang Wee See	67,352,894	44.90	580,000*	0.39
2. Chan Ah Kien	16,481,826	10.99	—	
3. Tan Boon Kok	16,222,978	10.82	—	
4. Kan King Choy	6,658,858	4.44	—	
5. Ir. Koh Thong How	290,000	0.19	67,352,854 <sup>+</sup>	44.90
6. Dr. Seow Pin Kwong	183,000	0.12	—	
7. Cheng Sim Meng	—		—	
8. Yee Oii Pah @ Yee Ooi Wah	290,000	0.19	67,352,854 <sup>^</sup>	44.90

\* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

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

<sup>^</sup> Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See

## LIST OF THIRTY LARGEST SHAREHOLDERS

ASAT 21 MAY 2004

Name of shareholders		No. of shares	%
1.	Pang Wee See	67,352,894	44.90
2.	Chan Ah Kien	16,481,826	10.99
3.	Tan Boon Kok	16,222,978	10.82
4.	HDM Nominees (Tempatan) Sdn Berhad Pledged Securities A/C for Yee Kim Keow	6,679,100	4.45
5.	Kan King Choy	6,658,858	4.44
6.	HDM Nominees (Tempatan) Sdn Berhad Pledged Securities A/C for Lee Yoke Sim	6,112,200	4.07
7.	Employees Provident Fund Board	3,394,100	2.26
8.	Sepulohniam A/L M. Somu	2,500,000	1.67
9.	Liang G-E	1,389,108	0.93
10.	Lim Hock Seng Holdings Sdn Berhad	1,315,400	0.88
11.	HDM Nominees (Tempatan) Sdn Berhad Pledged Securities A/C for Lee Chong Theen	1,120,800	0.75
12.	Eric Lim Boon Eng	740,000	0.49
13.	Lee Ee Lee	727,000	0.49
14.	Chan Yin Juan @ Chin Hin Poon	710,000	0.47
15.	Chong Kim Foo @ Chong Kim Lean	692,900	0.46
16.	Yap Yuen Choy	580,000	0.39
17.	Yee Kim Keow	519,000	0.35
18.	Phua Sin Loke	500,000	0.33
19.	Universal Trustee (Malaysia) Berhad Beneficiary Mayban Unit Trust Fund	497,300	0.33
20.	Teo Hwee Mien	450,000	0.30
21.	HDM Nominees (Tempatan) Sdn Berhad Pledged Securities A/C for Yap Chee Seng	447,700	0.30
22.	Chong Set Moy	426,200	0.28
23.	Yap Quee Hoon	425,000	0.28
24.	Goh Choo Lien	391,900	0.26
25.	Lim Suat Lean	377,616	0.25
26.	Chow Chin Van	356,500	0.24
27.	Yeoh Poi Long	348,000	0.23
28.	Tay Lay Cheng	336,000	0.23
29.	Lim Kwai Pheng	334,000	0.22
30.	Wong Yee Foong	318,300	0.21
		138,404,680	92.27

**LIST OF PROPERTIES**

AS AT 31 DECEMBER 2003

The following are the properties held by the Group as at 31 December 2003:-

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	Net Book Value/Cost @ 31.12.2003 RM'000	Type of Property	Built Up Area (sq ft)
P.T. No. 5015, Mukim of Damansara, District of Petaling, Selangor D.E.	Freehold Land & Building (Operational assets held for owner-occupation)	42,880 sq. ft.	3,154	Triple storey office block and a single storey factory	20,402
P.T. No. 12144, Mukim of Kapar, District of Kelang, Selangor D.E.	Freehold Land & Building (Idle)	4,220 sq. ft.	301	Double storey semidetached factory	1,900
				Extension	4,074
P.T. No. 723, H.S.(M) 956, Mukim of Setul, District of Seremban Negeri Sembilan.	Leasehold Land (Surplus to the operational requirement)	50,939 sq. ft. (99 years, expiring on 2/10/2085)	797	Vacant land	—
P.T. No. 24201, Mukim of Kapar, District of Klang, Selangor D.E.	Freehold Land @ Building (Operational assets held for owner-occupation)	20,761 sq. ft.	1,161	One-and-a-half storey semidetached light industrial building	11,440

**LIST OF PROPERTIES** (Cont'd)

AS AT 31 DECEMBER 2003

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

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2003 RM'000	Type of Property	Built Up Area (sq ft)
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 sq. ft.	223	Double storey shophouse	3,322
PTD 85433, H.S.(D) 169547, Mukim Pelentong, District of Johor Bahru, Johor.	Freehold Building (Operational assets held for owner-occupation)	2,400 sq. ft.	486	Double storey shophouse	3,072
P.T. No. 11419, Mukim of Damansara, District of Petaling, Selangor.	Freehold Building (Assets held for investments)	1,760 sq. ft.	1,223	Triple storey shophouse	5,161

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

H.S.(D) 31573, Lot No. PTD 42295, Mukim and District of Kluang, Johor.	Freehold Building (Operational assets held for owner-occupation)	9,375 sq. ft.	471	Single storey detached factory	4,800
H.S.(D) 23144, Lot No. PTD 38519, Mukim and District of Kluang, Johor.	Freehold Building (Operational assets held for owner-occupation)	1,540 sq. ft.	113	Double storey shophouse	2,156
PTD 32881, Mukim and District of Kluang, Johor.	Freehold Building (Assets held for investments)	1,540 sq. ft.	331	Double storey shophouse	3,080

The above properties were revalued on 15 May 2001. The valuations were carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, registered independent firms of professional valuers based on the comparison, investment and cost methods of valuation.

## LIST OF PROPERTIES (Cont'd)

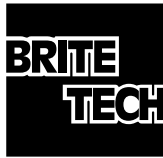
AS AT 31 DECEMBER 2003

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

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost @ 31.12.2003 RM'000	Type of Property	Built Up Area (sq ft)
PLO No. 705, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor.	Leasehold (Idle)	87,120 sq. ft.	1,035	Vacant land	—
PLO No. 705, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor.	Leasehold (Idle)	87,120 sq. ft.	1,035	Vacant land	—

The above properties were acquired in 2003.

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**BRITE-TECH BERHAD**  
(Company No.: 550212-U)  
(Incorporated in Malaysia under the Companies Act, 1965)

**PROXY FORM**

No. of shares held	
--------------------	--

I/We .....

of .....

Being a member/members of **BRITE-TECH BERHAD** hereby appoint

.....

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 Second Annual General Meeting of the Company, to be held Prince Room 5 & 6, Level 3, Prince Hotel & Residence Kuala Lumpur, Jalan Conlay, 50450 Kuala Lumpur on Friday, 18 June 2004 at 9.30 a.m. and any adjournment thereof.

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

No.	Resolution	For	Against
1.	To receive and consider the Audited Accounts for the financial year ended 31 December 2003 and the Reports of the Directors and Auditors thereon		
2.	To declare a final gross dividend of 1.11 sen per ordinary share, less income tax at 28%, in respect of the year ended 31 December 2003.		
3.	To approve the payment of Directors' fees for the year ended 31 December 2003.		
	To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election:-		
4.	Mr. Tan Boon Kok		
5.	Mr. Kan King Choy		
6.	Mr. Cheng Sim Meng		
7.	To re-appoint S. F. Yap & Co as auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
8.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

(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 ..... 2004

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

**Notes:-**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. The instrument of appointing a proxy shall be in writing under the hand of the appointer or his/her 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.
4. The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**The Company Secretary**  
**BRITE-TECH BERHAD** (550212-U)  
17 & 19, 2nd Floor  
Jalan Brunei Barat  
55100 Kuala Lumpur  
Malaysia

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