



CHUAN HUAT RESOURCES BERHAD

(290729-W)

ANNUAL REPORT

2013

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Corporate Information

BOARD OF DIRECTORS

YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman
(Independent Non-Executive Chairman)

YAB Dato' Lim Khoon Heng
(CEO/Group Managing Director)

YAB Dato' Lim Loong Heng
(Deputy Managing Director)

Nicholas Lim Kean Hoong
(Executive Director)

Tai Keat Chai
(Independent Non-Executive Director)

Dali Kumar @ Dali Bin Sardar
(Independent Non-Executive Director)

Leow Bock Lim
(Independent Non-Executive Director)

SECRETARY

FOO SIEW LOON (MAICSA 7006874)

REGISTERED OFFICE

Wisma Lim Kim Chuan
Lot 50A, Jalan 1/89B,
3½ Miles Off Jalan Sungai Besi
57100 Kuala Lumpur

Tel : +603-7983 3333
Fax : +603-7980 3333
E-mail : enquiries@chuanhuat.com.my

REGISTRAR

SECTRARS SERVICES SDN. BHD.
28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur.

Tel : +603-2274 6133
Fax : +603-2274 1016

WEBSITE

<http://www.chuanhuat.com.my>

AUDIT COMMITTEE

Tai Keat Chai (Chairman)
Dali Kumar @ Dali Bin Sardar
Leow Bock Lim

NOMINATION AND REMUNERATION COMMITTEE

Dali Kumar @ Dali Bin Sardar (Chairman)
YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman
Tai Keat Chai
Leow Bock Lim
YAB Dato' Lim Khoon Heng

PRINCIPAL BANKERS

AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
AmIslamic Bank Berhad
CIMB Bank Berhad

AUDITORS

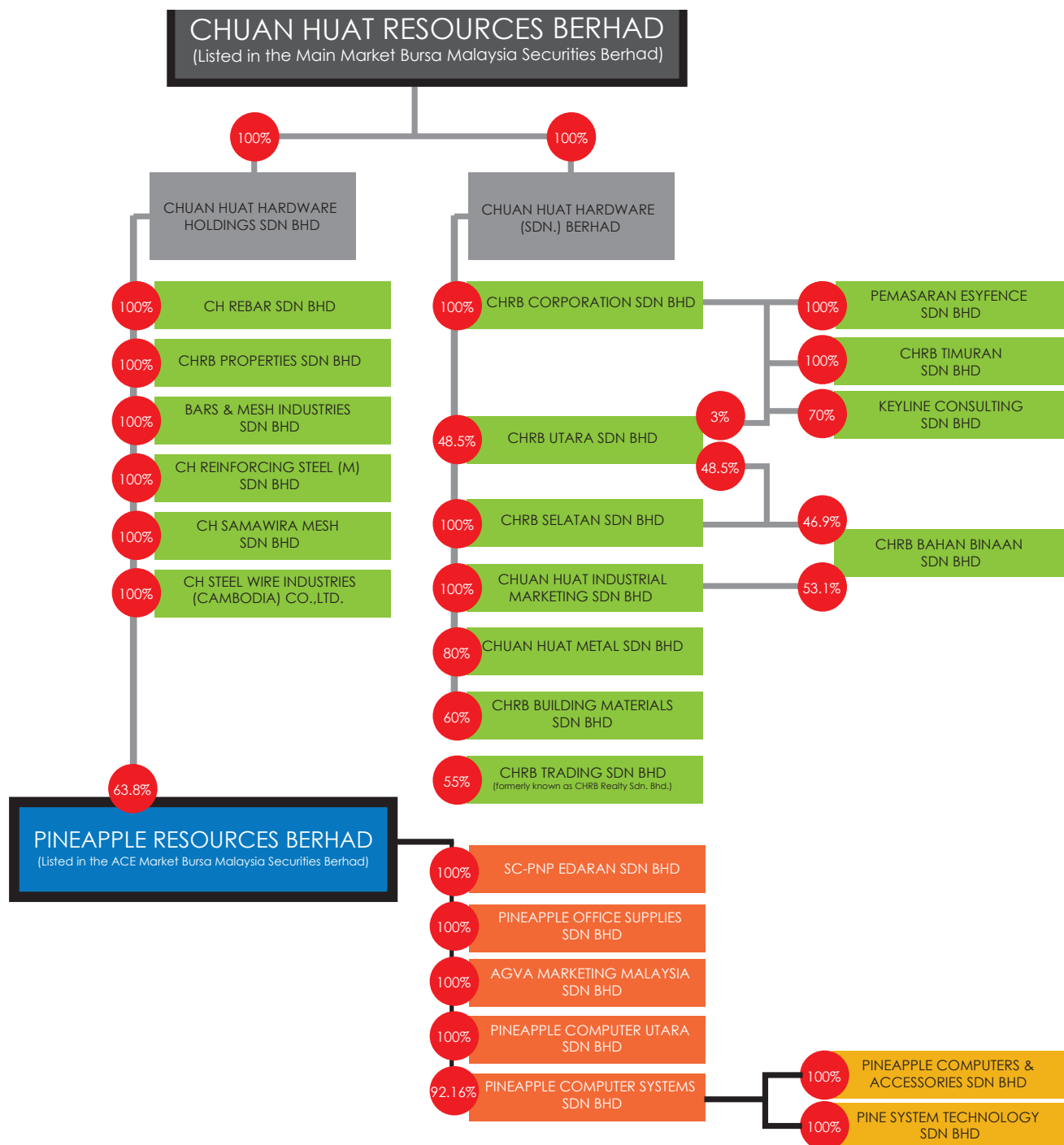
ONG BOON BAH & CO.
B-10-1, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur

Tel : +603-2163 0292
Fax : +603-2163 0316

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad.
Stock Name : CHUAN
Stock Code : 7016

Group Structure



Board of Directors



1 YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman

2 YAB Dato' Lim Khoon Heng

3 YAB Dato' Lim Loong Heng

4 Nicholas Lim Kean Hoong

5 Tai Keat Chai

6 Dali Kumar @ Dali Bin Sardar

7 Leow Bock Lim

Profile of Directors

YBHG TAN SRI DATO' SRI ABDUL AZIZ BIN ABDUL RAHMAN

(Independent Non-Executive Chairman and Director, member of the Nomination and Remuneration Committee)

*68 years of age
Malaysian*

Chairman and Director, appointed on 2 August 2013, and now holding a non-executive and independent position.

He graduated with a Bachelor of Commerce from University of New South Wales, Sydney, Australia. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

He has served as Chairman and Board member of several government institutions, agencies and public listed companies, both in Australia and Malaysia. At the corporate level he was with Price Waterhouse & Co. Sydney, Malaysia Airlines and Managing Director of Bank Rakyat Bhd before venturing into politics and public service as the Pahang State Assemblyman, State Executive Councillor and Deputy Chief Minister of Pahang. He was a Senator of Malaysian Parliament for a maximum period of two (2) terms. Presently he is a Board member of Affin Bank Berhad, Affin Islamic Bank Berhad, Director of Tanah Makmur Berhad, International Islamic University Malaysia and University Malaysia Pahang.

He attended two out of two Board Meetings held in the financial year ended 31 December 2013 subsequent to his appointment to the Board on 2 August 2013.

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YAB DATO' LIM KHOON HENG, PATRICK

(CEO/Group Managing Director and member of the Nomination and Remuneration Committee)

*61 years of age
Malaysian
DSSA*

Chief Executive Officer and Group Managing Director, holding an executive and non-independent position since 2 May 1997.

He is the Managing Director of Chuan Huat Hardware (Sdn.) Berhad since 14 December 1976. He is responsible for the operation management and strategic planning of the Chuan Huat Resources Berhad Group. He was conferred with the DSSA award which carries the title of "Dato" by the Sultan of Selangor on 13 March 1999. He has been appointed as the President of the Malaysia Hardware, Machinery & Building Materials Dealers' Association, Vice President of the Federation Of Asia Pacific Hardware Chambers and the Advisor of the Malaysia Steel and Metal Distributors' Association. He was awarded the Outstanding Entrepreneurship Award on 29 July 2010 in the Asia Pacific Entrepreneurship Awards 2010 (APEA 2010).

Dato' Lim Khoo Heng is also the Non-Executive Chairman in Pineapple Resources Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2013.

Profile Of Directors (cont'd)

YAB DATO' LIM LOONG HENG, MARK

(Deputy Managing Director)

59 years of age

Malaysian

DIMP

Deputy Managing Director, holding an executive and non-independent position since 2 May 1997.

He was attached to Schinger Ltd in UK as an Assistant Accountant for two years prior to his appointment to the Board of Directors of Chuan Huat Hardware Holdings Sdn Bhd. He currently takes charge of corporate planning matters of the Chuan Huat Resources Berhad Group. He was conferred with the DIMP award which carries the title of "Dato" by the Sultan of Pahang on 26 February 2005.

Dato' Lim Loong Heng is also the Managing Director in Pineapple Resources Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2013.

NICHOLAS LIM KEAN HOONG

(Executive Director)

33 years of age

Malaysian

Director, holding an executive position and was appointed on 25 February 2011.

He joined the Chuan Huat Group in June 2006 as the Manager responsible for the operation and marketing of the steel services centre division of Chuan Huat Group. He is an Executive Director of CH Reinforcing Steel (M) Sdn Bhd and Bars & Mesh Industries Sdn Bhd since July 2009. He holds a Bachelor's Degree in Computer Science and Management Studies (Hons) from Nottingham University.

Nicholas Lim Kean Hoong has attended five out of six Board Meetings held in the financial year ended 31 December 2013.

Profile Of Directors (cont'd)

TAI KEAT CHAI

(Independent Non-Executive Director, Chairman of the Audit Committee and member of the Nomination and Remuneration Committee)

60 years of age
Malaysian

Director, holding a non-executive and independent position since 29 June 2001.

He is qualified as a Fellow of the Institute of Chartered Accountants in England & Wales and is also a member of the Malaysian Institute of Accountants. He worked at KPMG, London as an Audit Senior between 1977 and 1978, after which he returned to Malaysia and commenced working with PwC in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad where he worked in corporate finance for 7 years before he ventured into stockbroking, during which time he worked in SJ Securities Sdn Bhd, A.A Anthony Securities Sdn Bhd and Kenanga Investment Bank Berhad. He is presently a director of Fiscal Corporate Services Sdn Bhd.

Mr. Tai Keat Chai is also an Independent Non-Executive Director in Cuscap Berhad, MIDF Amanah Investment Bank Berhad, SILK Holdings Berhad, Formis Resources Berhad and Microlink Solution Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2013.

DALI KUMAR @ DALI BIN SARDAR

(Independent Non-Executive Director, Chairman of the Nomination and Remuneration Committee and member of the Audit Committee)

55 years of age
Malaysian

Director, holding a non-executive and independent position since 15 July 1999.

He was with Citibank/Citicorp (NY/KL) from 1982 to 1996. Prior to his departure, he was the Managing Director of Citicorp Capital Sdn Bhd, a venture capital subsidiary of Citicorp. He left to become the CEO of Utama Merchant Bank Berhad. He left the position at the end of 1996 and set up DTA Capital Partners Sdn Bhd. DTA is a boutique corporate finance set-up. DTA now has two fully-owned subsidiaries managing two venture capital funds of Mavcap which is fully owned by the Ministry of Finance (MOF). He also served several terms as Chairman on the Malaysian Venture Capital and Private Equity (MVCA) and Treasurer of Asia Pacific Venture Capital and Private Equity Association (APVCA).

Encik Dali Kumar @ Dali Bin Sardar also serves as Director in M Development Ltd (listed on SGX main board) as well as numerous private companies. He attended six out of six Board Meetings held in the financial year ended 31 December 2013.

Profile Of Directors (cont'd)

LEOW BOCK LIM

(Independent Non-Executive Director, member of the Audit Committee and the Nomination and Remuneration Committee)

71 years of age

Malaysian

Director, holding a non-executive and independent position since 29 June 2001.

He is an associate of The Institute of Chartered Secretaries and Administrators and an associate of the Institute of Canadian Bankers. He is a retired banker who has had over 35 years of working experience in various local and foreign banks. He began his banking career with the OCBC Bank in 1960. In 1962, he left to join United Malayan Banking Corporation Berhad as an operations officer. Between 1966 and 1970, he held various operational and treasury positions in The Chase Manhattan Bank. In 1971 and 1972, he served as the chief operating officer of the Oriental Bank Berhad. Between 1973 and 1977, he was the treasury head of The Bank of Nova Scotia. He joined the Security Pacific Asian Bank in 1978 and was its country head for 12 years. In 1994, he joined Alliance Bank Berhad as its Senior Vice President and served as its head of treasury and international banking prior to his retirement in 2000.

Mr. Leow Bock Lim is also an independent Non-Executive Director in Pineapple Resources Berhad and Voir Holdings Berhad. He attended six out of six Board Meetings held in the financial year ended 31 December 2013.

Family Relationship

Except for YAB Dato' Lim Khoon Heng and YAB Dato' Lim Loong Heng who are brothers while Nicholas Lim Kean Hoong is the nephew to both YAB Dato' Lim Khoon Heng and YAB Dato' Lim Loong Heng, none of the other Directors are related to one another, nor with any major shareholders.

Conviction for Offences

None of the Directors have been convicted of any offences (excluding traffic offences) within the last 10 years.

Chairman's Statement



“ On behalf of the Board of Directors of Chuan Huat Resources Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements for the Company and the Group for the financial year ended 31 December 2013 “

OPERATION REVIEW

The overall construction industry did not improve from previous year and remains sluggish and challenging, and except for some ongoing mega infrastructure projects such as the Light Rail Transit (LRT) and the Mass Rapid Transit (MRT), the rest of the projects were slow to pick up.

The continuing global economic slowdown did not help to elevate the situation whilst prices of steel products did not rebound as expected.

However, on the hindsight, the Group managed to pull through this difficult period with a set of relatively unchanged results compared to previous year.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year was relatively unchanged at RM693.2 million as compared to RM708.3 million in the preceding year. Profit Before Tax was down to RM11.6 million as compared to RM16.3 million in the preceding year and this is mainly due to a change in the accounting policy where staff bonuses, amounting to approximately RM3.3 million were accrued during the year.

Earning per share for the year was 5.63 sen per share as compared to 7.29 sen per share in the previous year.

BUSINESS OUTLOOK

The challenging business environment is expected to continue during the year 2014 despite the recent announcement of a 6% growth in the domestic economy. The slowdown in the China economy will see the prices of steel products remaining weak for the rest of the year.

With the impending implementation of the 6% Goods and Service Tax (GST) effective 1 April 2015, the demand for building materials may see a rally during the last quarter of the year.

Chairman's Statement (cont'd)



DIVIDEND

The Board of Directors has recommended a first and final dividend of 1.5 sen (3%) gross per ordinary share in respect of the Financial Year ended 31 December 2013 to be approved by the shareholders at the forthcoming AGM.

APPRECIATION

On behalf of the Board of Directors, I would like to extend a great word of appreciation and thank you to the past Chairman, YAB Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, who has contributed a lot of his experience to guide the company to its success and at the same time, I would also like to thank the Board of Directors for appointing me as the new Chairman of the Board and the trusts in me to continue leading the company.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors and the management team, I would like to thank my fellow Board members for the contribution towards the financial results for the year and to our shareholders, customers, suppliers and financial institutions that have supported us in these challenging conditions.

YBHG TAN SRI DATO' SRI ABDUL AZIZ BIN ABDUL RAHMAN
Chairman

Statement On Corporate And Social Responsibility

The Group has long recognised and acknowledged the importance of a corporate culture that emphasises good corporate citizenship. As such the Group is committed and endeavours on ongoing basis, to integrate Corporate Social Responsibility ("CSR") practices into its day to day business operations. The Group aims not only to increase the stakeholder value through its core business but also of its responsibilities for the betterment of the community and the environment.

The CSR contributions of the Group includes:-

ENVIRONMENT

The Group complies to environmental laws and regulations. During the year, the Group was not penalised for any instance of non-compliance with environment laws and regulations.

COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community whenever the need arises. The Group is active and aware on community welfare by supporting needy social objectives in the communities in which its businesses operate and its employees live and work.

WORKPLACE

The Group recognises the importance of ensuring a conducive and safe environment for employees to work in. The Group has through its Occupational, Safety and Health committee is actively ensuring safety, health and welfare of all employees are not being compromised. Consistent education, training, counselling or industrial accident prevention programmes are being held to ensure a high level of awareness of safety requirements being disseminated to all employees at all levels.

The Group constantly upgrades the employees' skill, knowledge and experiences which would enhance the individual employee's competency. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

The Group have also organised out-door activities to promote teamwork and create a harmonious environment for employees and their family members. This includes activities such as social events, sports activities and company trips.

Statement On Corporate Governance

The Board of Directors of Chuan Huat Resources Berhad ("Board") is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescribed principles and best practices set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by the Securities Commission Malaysia and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board has directed and managed the business and affairs of the Group towards enhancing business prosperity, corporate responsibility, integrity and accountability and providing greater disclosure and transparency with the ultimate objective of realising long term shareholders' values whilst taking into account the interests of other stakeholders.

The Board is pleased to provide the following statements, which outlines the main corporate governance practices adopted by the Group throughout the financial year ended 31 December 2013.

A. BOARD OF DIRECTORS

(a) Board responsibilities

The Group is controlled and led by a dynamic Board. It has a balanced board composition with effective independent directors. The Board acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

(b) Division of roles and responsibilities between the Chairman and the Chief Executive Officer

There is a distinct and clear division of the roles and responsibilities between the Chairman of the Board and the Group Chief Executive Officer ("CEO") to ensure that there is a proper balance of power and authority. The Chairman is primarily responsible for the effective conduct of the Board and ensuring that all Directors have full and timely access to all relevant information necessary for informed decision making. The Chairman encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings in order to reflect the consensus of the whole Board and not the views of any individual or group. The Group CEO has overall responsibilities over the operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

(c) Board meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2013, the Board met on six (6) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, corporate proposals, the business plan and direction of the Group.

The attendance record of each Director was as follows :

Director	Numbers of Meeting attended
YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman (*appointed on 2 August 2013)	*2/2
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda (*resigned on 2 August 2013)	*2/4
YAB Dato' Lim Khoo Heng	6/6
YAB Dato' Lim Loong Heng	6/6
Nicholas Lim Kean Hoong	5/6
Tai Keat Chai	6/6
Dali Kumar @ Dali Bin Sardar	6/6
Leow Bock Lim	6/6

Statement On Corporate Governance (cont'd)

A. BOARD OF DIRECTORS (cont'd)

(c) Board meetings (cont'd)

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers providing updates on operational, financial and corporate developments as well as minutes of meetings of the Board which are circulated prior to the meeting are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting. The Board has full access to senior management and the advice and services of the Company Secretary, who are responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. In addition, the Directors may also seek independent professional advice, at the Company's expense, if required. The Directors may also consult with the Group Managing Director and other Board members prior to seeking any independent professional advice.

(d) Board balance

As at the date of this statement, the Board consists of seven (7) members; comprising one (1) CEO/Group Managing Director, one (1) Deputy Managing Director, one (1) Executive Director and four (4) Independent Non-Executive Directors. A brief profile of each Director can be found in the "Profile of Directors".

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Paragraph 1.01 of the MMLR of Bursa Securities. The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive director) and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group. The Board complies with Paragraph 15.02 of the MMLR which requires that at least two (2) directors or one-third of the Board, whichever is the higher, are independent directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the Executive Directors. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the deliberation.

The Board has yet to adopt a gender diversity policy. Board membership is dependent on each candidate's skills, experience, core competencies and other qualities as well as the needs of the Company for the time being, regardless of gender. The Board does not consider gender to be a bar to Board membership. While compliance with the Code is voluntary, the Board will continue to assess the needs to adopt a gender diversity policy.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Group.

Statement On Corporate Governance (cont'd)

A. BOARD OF DIRECTORS (cont'd)

(e) Tenure of Independent Directors

Mr. Tai Keat Chai, Mr. Dali Kumar @ Dali Bin Sardar and Mr. Leow Bock Lim are independent non-executive directors who have been serving in the Board for more than nine (9) years. The Board is satisfied that Mr. Tai Keat Chai, Mr. Dali Kumar @ Dali Bin Sardar and Mr. Leow Bock Lim have satisfactorily demonstrated that they are independent from management and free from any business or other relationships which may interfere with the exercise of their independent judgement, in line with the requirements of Chapter 1 of the MMLR of Bursa Securities. The Board considers that their continuing position as independent non-executive directors will enable them to be objective and clear in directing and reviewing the Group's business strategies and direction.

The Board has reviewed and was satisfied with the professional skills, contribution and independent judgement and advised that Mr. Tai Keat Chai, Mr. Dali Kumar @ Dali Bin Sardar and Mr. Leow Bock Lim should continue with their appointment in the Board. Therefore, the Board recommends and proposes that their re-appointment as Independent Non-executive Directors of the Company, be tabled for shareholders' approval at the forthcoming AGM.

(f) Supply of information

The members of the Board in their individual capacity have full and timely access to information with Board papers distributed in advance of meetings for the discharge of their duties and responsibilities. Prior to the meetings of the Board, Board papers which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, were circulated to all the directors. The Board meets, reviews and approves all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Securities. Besides direct access to management staff, external professional advisers as well as company secretary are also made available to render their independent views and advice to the Board.

(g) Board committee

i. Audit Committee

The Audit Committee of the Board has been in place since 1997. It presently comprises three (3) Independent Non-Executive Directors. A brief report on Audit Committee can be found in the "Audit Committee Report".

ii. Nomination and Remuneration Committee

The Nomination Committee and Remuneration Committee ("NRC") of the Board has been in place since 2012. The terms of references and the activities are aimed to enhance the effectiveness of the Board.

There was one (1) NRC meeting convened during the financial year ended 31 December 2013.

Members	Designation
Dali Kumar @ Dali Bin Sardar (Chairman)	Independent Non-Executive Director
YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman	Independent Non-Executive Chairman
Tai Keat Chai	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director
YAB Dato' Lim Khoon Heng	CEO / Group Managing Director

The NRC will on an on-going basis serves to assist the Board in the following responsibilities:-

- To nominate candidates for directorship on the Board, assessing the effectiveness of the Board, its Committees and the contribution of each individual Director;
- To review and recommend the appropriate remuneration package of the Executive Directors. The determination of the remuneration package of the Directors is a matter for the Board as a whole and individuals are required to abstain from discussing or deliberating on their own remuneration; and
- To assess the performance of directors of the Company.

Statement On Corporate Governance (cont'd)

A. BOARD OF DIRECTORS (cont'd)

(g) Board committee (cont'd)

ii. Nomination and Remuneration Committee (cont'd)

Terms of Reference

- To recommend to the Board, candidates for all directorships.
- To consider and in making its recommendations candidates for directorship proposed by the CEO/Group MD or Deputy MD and, within the bounds of practicability, by any other Director or Shareholder.
- To recommend to the Board, nominees to be appointed as members of the Board, its Committees and Senior Management.
- To assess the effectiveness of the Board and Board Committee, as well as capabilities of individual Members
- To review, assess and recommend, with or without other independent professional advice, remuneration packages of Directors and Senior Management.
- To ensure that the remuneration packages offered are sufficiently attractive to retain the best talents required to run the Company successfully.
- To structure component parts of the remuneration package so as to link rewards to corporate and individual performance.
- To assess the needs of the Company for talent at the Board-level at any particular time.

Activities

- Shall annually review and determine the required mix of skills, experience, core competencies and other qualities which Executive Directors should possess for recommendation to the Board.
- Shall assess on an annual basis the effectiveness of the Board as a whole and the Board Committees, and contributions of each Director.
- Shall conduct periodic reviews of the overall remuneration policies and packages for Executive for recommendation to the Board.
- Shall be entitled to services of the Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from directors, both for the Company's records and to meet statutory obligations.

Details of the directors' remuneration

The aggregate remuneration of directors who served during the financial year ended 31 December 2013 are as follows:

Element of remuneration	Executive Directors RM	Non-Executive Directors RM	Total RM
Salaries & other emoluments	2,225,596	-	2,225,596
Fees	45,000	160,333	205,333
	2,270,598	160,333	2,430,929

Statement On Corporate Governance (cont'd)

A. BOARD OF DIRECTORS (cont'd)

(g) Board committee (cont'd)

ii. Nomination and Remuneration Committee (cont'd)

Details of the directors' remuneration (cont'd)

The number of directors whose remuneration fall into the respective bands are as follows:

Band of remuneration RM	Executive Directors	Non-Executive Directors	Total
0 – 50,000	-	4	4
50,001 – 100,000	-	1	1
100,001 – 150,000	1	-	1
500,000 – 550,000	1	-	1
650,000 – 700,000	1	-	1

(h) Directors' training

All the Directors have completed the Mandatory Accreditation Programme and fulfilled the Continuous Education Programme as prescribed by Bursa Securities.

The Board recognises the need to broaden the Board's perspectives, skills and knowledge and to keep abreast with the development in the corporate environment. The training programme or seminars attended by some of the Directors and senior management of the Group for the financial year ended 31 December 2013 include:-

- Mergers and Acquisitions – by Bursatra
- Malaysia Goods and Services - by YYC & Co.
- Myanmar: The Golden Land. A guide on investing in Myanmar – by PwC
- Advocacy Session on Corporate Disclosure – By Bursa Malaysia

At the same time, the Board also benefited from various briefings on regulatory and legal developments by the Company Secretary and External Auditors during the Board meetings, with an intention to keep the Board updated with the MMLR, Companies Act, 1965, relevant accounting standards, regulatory and related legal developments.

The Board believes that continuous training for Directors is vital to the Board members to gain insight into the state of economy, investment opportunities (local and abroad), technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge to enable them to discharge their roles, duties and responsibilities effectively. As such every member of the Board is always evaluating their own training needs on a regular basis and actively identifying relevant seminars / courses / conferences to ensure that they are kept abreast on various issues pertaining to the constantly changing environment within which the business of the Group operates, particularly in areas of corporate governance and regulatory compliance.

(i) Retirement and Re-election

The Articles of Association provide that at least one-third of the Board, including the Group Managing Director, are subject to retirement by rotation at each Annual General Meeting. The directors to retire in each year are the directors who have been longest in office since their appointment or re-appointment. A retiring director is eligible for re-appointment.

The Articles of Association also provide that all Directors including the Group Managing Director who shall be elected from amongst the Board members shall also retire once at least in each three (3) years and shall be eligible for re-election. These provide an opportunity for the shareholders to renew their mandates. The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings' attendance and the shareholdings in the Company of each director standing for election are disclosed under the Directors' Profile and Statement of Shareholdings.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Statement On Corporate Governance (cont'd)

B. CODE OF CONDUCT

The Board observes the Code of Ethics of the Malaysian Companies Act, 1965 and the Code of Ethics for the Company Director issued by the Companies Commission of Malaysia ("CCM") – Regulatory Code of Ethics.

The CCM - Regulatory Code of Ethics provide the ground rules and guidance for proper standard of conduct and ethical behaviour for the Board based on the principals of sincerity, integrity, responsibility and corporate social responsible.

The Group has adopted a standard "CHRB Code of Ethics" relating to its operations for all it employees. New employees will be briefed on the CHRB Code of Ethics as documented in the CHRB Employee's Handbook upon joining.

C. SHAREHOLDERS

The Company recognises the importance of communicating with its shareholders and does this through the annual report, Annual General Meeting, Company's website and analyst meetings. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders a clear and complete picture of the Company's performance and position.

The key elements of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both private and institutional shareholders on all issues relevant to the Company at the Annual General Meeting. At the Annual General Meeting, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Additionally, a press conference may be held immediately after the Annual General Meeting where the Group Managing Director advises the press of the resolutions passed, and answers questions on the Group's operation. The Group Deputy Managing Director and the Executive Directors are also present at the press conference to clarify and explain any issue.

The Company also responds to fund managers, institutional investors, investment analysts and members of media upon request, to brief them on key events of the Company. Investors' and analysts' feedback are sought to ensure principal issues are being effectively communicated and shareholders' objectives are known.

D. ACCOUNTABILITY AND AUDIT

(a) Financial reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The quarterly financial results and audited financial statements are reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. The details of the Company and the Group's financial statements for the financial year ended 31 December 2013 can be found from pages 34 to 86 of this Annual Report.

(b) Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied, and selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement On Corporate Governance (cont'd)

D. ACCOUNTABILITY AND AUDIT (cont'd)

(c) Directors' responsibility statement in respect of the state of internal controls

The Board acknowledges its responsibility for the internal control system in the Company and the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business unit particular need and to manage the risks to which it is exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be completely eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal control in safeguarding the Company's assets.

(d) Relationship with the Auditors

The Board maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before the audit commences. The Audit Committee ensures that the management provides timely responses on all material queries raised by the external auditors after the audit in respect of the accounting records, financial accounts or systems of control.

It is a policy of the Audit Committee to meet up with the external auditors at least twice a year without the presence of the Executive Director and the Management to discuss on audit findings, audit plan and the Company's financial statements.

In 2013, the Audit Committee met up twice with the external auditors in the absence of the Executive Director and Management

ADDITIONAL COMPLIANCE INFORMATION

(a) Statement on material contracts involving directors' or major shareholders' interest

There is no material contracts subsisting as at 31 December 2013 or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interests of the Directors or major shareholders other than those disclosed under notes to the account on Related Party Transactions of revenue in nature.

The Company is also seeking shareholders' mandate on Recurrent Related Party Transactions of a revenue or trading nature for transactions to be entered by the Company or its subsidiaries with Related Parties in the ordinary course of business in the forthcoming Annual General Meeting. The details of Recurrent Related Party Transactions of a revenue or trading nature for transactions to be entered by the Company or its subsidiaries with Related Parties are included in the Circular dated 3 June 2014.

(b) Non-audit fee

As at the date of this statement, there was no non-audit fee incurred and paid to external auditors.

(c) Utilisation of Proceeds

There were no proceeds raised from any corporate proposals as at the date of this statement.

(d) Shares Buy-Back

There were no shares buy-back during the financial year ended 31 December 2013.

(e) Options, Warrants or Convertible Securities Exercised

The Company has not issued any options, warrants or convertible securities in respect of the financial year ended 31 December 2013. (2011: Renounceable Rights Issue of 41,789,066 Five (5)-year Warrants 2011/2016 were issued).

Statement On Corporate Governance (cont'd)

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

(f) American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”)

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2013.

(g) Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by any regulatory bodies.

(h) Profit Guarantee

The Company did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2013.

This Statement was made in accordance with the resolution of the Board dated 28 April 2014.

Statement on Risk Management and Internal Control

INTRODUCTION

Consistent with paragraph 15.26 (b) of and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in compliance with the Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia, the Board is pleased to provide the following statements on internal control of the Group with regards to the financial year under review.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management practices to good corporate governance. However, the Board recognizes that reviewing the effectiveness of the Group's system of internal control is a concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.

RISK MANAGEMENT FRAMEWORK

The Board is aware that a sound system of internal control should be embedded in the operations of the Group and form part of its culture. The system of internal control not only covers financial controls but also operational and compliance controls and risk management. It involves key management in each business, including the Board and is designed to meet the Group's particular needs, manage the risks they are exposed to and ensure compliance with the applicable laws and regulations. Key commercial and financial risks are reviewed together with other more general risks as those relating to compliance with laws and regulations. These monitoring, reviewing and reporting process have been and are aimed to give assurance that the structure of controls and operations is appropriate to the Group's operations and that there is an acceptable level of risks throughout the Group's business.

The above risk management framework facilitates the ability of the Board and management to manage risks within the risk parameters and risk standards. Continuous effort is made to improve policies, processes, people and structure within the Group. Besides improving the management of existing risks, the framework also manages potential risks in the light of changes in risk profile experience by the industry and the Group.

KEY PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal controls are as follows:

- An operational structure with defined lines of responsibility or delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- A documented delegation of authority with clear lines of responsibility in identifying the approving authority of various transactions.
- Detailed budgeting process established requiring all business units to prepare budget and business plan on an annual basis.
- Effective reporting systems which expose significant variances against budget and plan are in place to monitor performance, key variances are followed-up by the management and reported to the Board on a quarterly basis.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as staff utilization and cash flow performance.
- Regular visits to operating units by members of the Board and senior management.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT

The Group has engaged a professional consulting firm to provide outsourced internal audit services, which provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the year under review, internal auditor carried out audit based on the internal audit plan approved by the Audit Committee. The audit findings are deliberated and resolved with the management. The Audit Committee on behalf of the Board, reviews internal control issues identified and recommendations from reports by the internal and external auditors on a regular basis.

Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's Annual Report.

REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this annual report for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This Statement was made in accordance with the resolution of the Board dated 28 April 2014.

Statement of Directors' Responsibility in Relation to the Financial Statements

The Directors are required by the Companies Act, 1965 and Main Market Listing Requirements of Bursa Securities to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2013, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable Malaysian Financial Reporting Standards ("MFRS") have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable MFRS.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report on pages 27 to 30 and the Financial Statements from pages 34 to 86 of this Annual Report.

This Statement was made in accordance with the resolution of the Board dated 28 April 2014.

Audit Committee Report

I. MEMBERSHIP

The present members of the Audit Committee comprise:

Name	Designation
Tai Keat Chai (Chairman)	Independent Non-Executive Director
Dali Kumar @ Dali bin Sardar	Independent Non-Executive Director
Leow Bock Lim	Independent Non-Executive Director

II. MEETING AND ATTENDANCE

During the year ended 31 December 2013, the Committee held 5 meetings, which were appropriately structured through the use of agendas, and the attendance details of the members were as follows:

Name	No. of meetings attended
Tai Keat Chai	5/5
Dali Kumar @ Dali bin Sardar	5/5
Leow Bock Lim	5/5

The Company Secretary and the Finance General Manager were also present by invitation at all the meetings, whilst the internal and external auditors also attended when invited to do so.

III. SUMMARY OF ACTIVITIES

The main activities undertaken by the Committee during the year included the following:

- reviewed the quarterly reports of the Company prior to their submission to the Board and public release;
- reviewed the audited financial statements of the Company prior to their submission to the Board for its consideration and approval;
- reviewed the external auditor's scope of work and audit plans for the year;
- reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- reviewed and discussed on the internal audit reports to assess the effectiveness of the system of internal controls in the areas audited;
- reviewed the related party transactions entered into by the Group;
- evaluated and recommended the re-appointment of the external auditor.

IV. INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit functions to a professional services firm, which is tasked with the aim of assisting the Committee to discharge its duties and responsibilities.

The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control. Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's financial statements.

Audit Committee Report (cont'd)

v. TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee include the following:

- a) to safeguard the interests of all shareholders including the minority shareholders;
- b) to assist in discharging the responsibilities of the Board of Directors as they relate to the Company's management and internal controls, accounting policies and financial reporting; and
- c) to provide, by way of regular meetings, a line of communication between the Board, and the internal and external auditors.

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of no fewer than three members, none of whom shall be alternate directors.

All the audit committee members must be non-executive directors, with the majority of the members, including the Chairman of the Committee, shall be independent directors.

At least one member shall be a member of the Malaysian Institute of Accountants or a person approved under subparagraph 15.09(1)(c)(ii) of Bursa Malaysia Listing Requirements.

Any vacancy resulting in the non-compliance of subparagraph 15.09(1) of Bursa Malaysia Listing Requirements shall be filled within three months, and the Board shall review the terms of office and performance of the Committee and each of its members at least once every three years to determine whether they have carried out their duties in accordance with their terms of reference.

Authority

The Committee shall have the authority to investigate any matter within its terms of reference, and the resources required to perform its duties.

It shall also have full and unrestricted access to any information pertaining to the Company, and have direct communication channels with the external and internal auditors.

The Committee should be able to obtain independent professional or other advice, and be able to convene meetings with the external auditor, excluding the attendance of its executive members, whenever deemed necessary.

Meetings

The Committee shall meet at least four times a year, and as many times as it deems necessary.

The majority of members present shall be independent directors in order to form a quorum.

The Company Secretary of the Company shall act as the Secretary of the Committee, and shall draw up an agenda for circulation together with the relevant support papers at least one week prior to each meeting to the members.

The Company Secretary shall also be responsible for keeping the minutes of the meetings, which shall be circulated to the members of the Board as well.

The Committee shall meet at least twice a year with the management and the internal and external auditors in separate sessions without the presence of any executive Board member.

Audit Committee Report (cont'd)

v. TERMS OF REFERENCE (cont'd)

Functions

The functions of the Committee include the following:

1. To review, and report the same to the Board:
 - a) with the external auditor, the nature and scope of its audit plan, its evaluation of the system of internal controls and its audit report;
 - b) the assistance given by the Company's employees to the external auditor;
 - c) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - e) the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
 - f) any problems or reservations arising from the interim and final audits, and any matter which the external auditor may wish to discuss (in the absence of management where necessary);
 - g) the external auditor's management letter, and management's response;
 - h) any related party transactions and conflict of interests situation that may arise within the Company or Group including any transactions, procedures or course of conducts that raises questions of management integrity; and
 - i) the appointment of the external auditor, its audit fee and any questions of its dismissal or resignation.
2. To recommend the nomination of the external auditor.
3. To consider other matters as defined by the Board.

Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiary companies are shown in Note 6 to the financial statements.

There have been no significant changes in the activities of the Company and of its subsidiary companies during the financial year except as disclosed in Note 6 to the financial statements.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	10,050,485	2,488,103
Profit attributable to:		
Owners of the Company	9,408,990	2,488,103
Non-controlling interests	641,495	-
	<hr/>	<hr/>
	10,050,485	2,488,103

DIVIDEND

The Company paid a first and final dividend of 2.5 sen per ordinary share less income tax at 25% amounting to RM3,134,176 in respect of the financial year ended 31 December 2012 on 20 August 2013.

The Directors recommend the payment of a first and final dividend in respect of the financial year ended 31 December 2013 of 1.5 sen per ordinary share less income tax of 25% subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman (Appointed on 2.8.2013)
Dato' Sri Haji Wan Zaki Bin Haji Wan Muda (Resigned on 2.8.2013)
Dato' Lim Khoo Heng
Dato' Lim Loong Heng
Dali Kumar @ Dali Bin Sardar
Tai Keat Chai
Leow Bock Lim
Nicholas Lim Kean Hoong

Directors' Report (cont'd)

DIRECTORS

In accordance with the Company's Articles of Association, Nicholas Lim Kean Hoong and Tai Keat Chai retire by rotation at the forthcoming Annual General Meeting of the Company, and being eligible, offer themselves for re-election.

Pursuant to Section 129 of the Company Act 1965, Mr. Leow Bock Lim, being seventy years of age, retires at the forthcoming Annual General Meeting of the Company, and offers himself for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain Directors of the Company are also Directors and/or shareholders as disclosed in Note 30 to the financial statements.

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

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings and warrant holdings, the interests of Directors in office at the end of the financial year in shares in the Company at the end of the financial year were as follows:

	Number of Ordinary shares of RM0.50 each			
	As at 1.1.2013	Addition	Disposal	As at 31.12.2013
Direct Interests				
Dato' Lim Khoo Heng	17,801,186	-	-	17,801,186
Dato' Lim Loong Heng	17,801,182	-	-	17,801,182

Indirect Interests

Dato' Lim Khoo Heng #	11,997,621	-	-	11,997,621
Dato' Lim Loong Heng #	11,997,621	-	-	11,997,621

	Number of Warrants			As at 31.12.2013
	As at 1.1.2013	Bought	Disposed/ Exercised	
Direct Interests				
Dato' Lim Khoo Heng	4,693,000	-	-	4,693,000
Dato' Lim Loong Heng	4,693,000	-	-	4,693,000

Indirect Interests

Dato' Lim Khoo Heng #	3,932,945	-	-	3,932,945
Dato' Lim Loong Heng #	3,932,945	-	-	3,932,945

Indirect interest held through Lim Kim Chuan & Sons Holdings Sdn Bhd

Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

By virtue of the above Directors' interests in the shares of the Company, the abovementioned Directors are also deemed to have an interest in the shares of the subsidiary companies and its related companies to the extent that the Company has an interest.

Other than as disclosed above, the Directors of the Company do not have any other interest in shares of the Company or its related companies during and at the end of the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the statements of financial position and the statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that allowance for doubtful debts was not required; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount written off for bad debts inadequate to any substantial extent or which would render it necessary to make an allowance for doubtful debts in respect of these financial statements ; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) except as disclosed in the financial statements, 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 in respect of the Group and of the Company which has arisen since the end of the financial year.

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

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

In the opinion of the Directors:

- (a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2014.



DATO' LIM KHOON HENG
Director



DATO' LIM LOONG HENG
Director

Kuala Lumpur

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' LIM KHOON HENG and DATO' LIM LOONG HENG, being two of the Directors of CHUAN HUAT RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 34 to 86 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 to the financial statements have been prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2014.



DATO' LIM KHOON HENG
Director



DATO' LIM LOONG HENG
Director

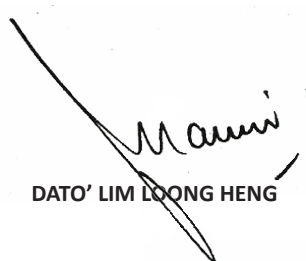
Kuala Lumpur

Statutory Declaration

Pursuant to Section 169(15) of the Companies Act, 1965

I, DATO' LIM LOONG HENG, being the Director primarily responsible for the financial management of CHUAN HUAT RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 34 to 86 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed DATO' LIM LOONG HENG at Kuala Lumpur in the Federal Territory on 28 April 2014.



DATO' LIM LOONG HENG

Before me



Officer 15-1 & 2, Medan Avenue 1,
No. 108, Jalan Tun Razak,
50400 Kuala Lumpur.
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report To The Members Of Chuan Huat Resources Berhad

Report on the Financial Statements

We have audited the financial statements of CHUAN HUAT RESOURCES BERHAD, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 86.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

B-10-1, MEGAN AVENUE 1, 189, JALAN TUN RAZAK,
50400 KUALA LUMPUR.
P.O.BOX 11077, 50734 KUALA LUMPUR.

TEL: 03-21630292 FAX: 03-21630316

Independent Auditors' Report To The Members Of Chuan Huat Resources Berhad (cont'd)

Report on Other Legal and Regulatory Requirements

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

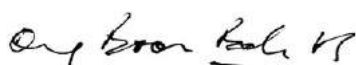
- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) we are satisfied that the accounts of the subsidiary companies that have been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

Other Reporting Responsibilities

The supplementary information set out in Note 41 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ONG BOON BAH & CO
AF: 0320
Chartered Accountants

Kuala Lumpur

28 April 2014



LIM KOK BENG
588/02/15(J)
Chartered Accountant

B-10-1, MEGAN AVENUE 1, 189, JALAN TUN RAZAK,
50400 KUALA LUMPUR.
P.O.BOX 11077, 50734 KUALA LUMPUR.

TEL: 03-21630292 FAX: 03-21630316

Statements of Financial Position

AS AT 31 DECEMBER 2013

		GROUP		COMPANY	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	82,506,012	69,167,182	3,331	1,440
Investment properties	5	13,241,935	13,646,764	-	-
Subsidiary companies	6	-	-	43,743,927	43,743,927
Investment securities	7	3,873,732	3,873,732	-	-
Goodwill	8	776,606	776,606	-	-
		100,398,285	87,464,284	43,747,258	43,745,367
Current assets					
Inventories	9	100,222,661	96,319,512	-	-
Trade receivables	10	190,455,824	179,221,288	-	-
Other receivables, deposits and prepayments	11	21,912,575	23,689,278	4,646	1,427
Amount due from subsidiary companies	12	-	-	46,116,140	44,230,316
Tax recoverable		3,267,304	3,241,200	-	-
Fixed deposits with licensed banks	13	1,424,231	2,624,805	-	-
Cash and bank balances		24,221,762	17,776,511	43,390	2,611,276
		341,504,357	322,872,594	46,164,176	46,843,019
TOTAL ASSETS		441,902,642	410,336,878	89,911,434	90,588,386
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	83,578,133	83,578,133	83,578,133	83,578,133
Reserves	15	22,601,137	22,488,707	565,554	565,554
Retained earnings	16	59,787,599	53,424,986	5,660,253	6,306,326
		165,966,869	159,491,826	89,803,940	90,450,013
Non-controlling interest		13,968,137	13,737,976	-	-
Total equity		179,935,006	173,229,802	89,803,940	90,450,013

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

Statements of Financial Position (cont'd)

AS AT 31 DECEMBER 2013

	Note	2013 RM	GROUP 2012 RM	2013 RM	COMPANY 2012 RM
Current liabilities					
Trade payables	17	40,601,894	32,425,250	-	-
Other payables, deposits received and accruals	18	8,130,120	9,511,481	92,076	89,750
Loans and borrowings	19	202,068,241	189,070,627	-	-
Tax liabilities		99,844	450,394	15,418	48,623
		250,900,099	231,457,752	107,494	138,373
Net current assets					
		90,604,258	91,414,842	46,056,682	46,704,646
Non-current liabilities					
Loans and borrowings	19	9,280,079	2,611,446	-	-
Deferred tax liabilities	20	1,787,458	3,037,878	-	-
		11,067,537	5,649,324	-	-
Total liabilities					
		261,967,636	237,107,076	107,494	138,373
TOTAL EQUITY AND LIABILITIES					
		441,902,642	410,336,878	89,911,434	90,588,386

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

Statements Of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Revenue	21	693,220,437	708,316,676	2,914,200	2,914,200
Other operating income		5,204,453	4,541,604	-	-
Changes in inventories		11,299,522	(5,539,377)	-	-
Purchases of finished goods		(534,775,928)	(519,442,464)	-	-
Raw materials and consumables used		(99,609,814)	(111,421,571)	-	-
Employee benefits expenses	22	(29,025,104)	(23,750,390)	(184,386)	(173,300)
Depreciation of property, plant and equipment		(6,809,232)	(6,496,851)	(389)	(180)
Administrative expenses		(19,196,434)	(20,600,570)	(160,106)	(141,118)
Profit from operations	23	20,307,900	25,607,057	2,569,319	2,599,602
Finance costs	24	(8,725,354)	(9,322,529)	-	-
Profit before tax		11,582,546	16,284,528	2,569,319	2,599,602
Tax expenses	25	(1,532,061)	(2,989,651)	(81,216)	(149,129)
Net profit for the financial year		10,050,485	13,294,877	2,488,103	2,450,473
Attributable to:					
Owners of the Company		9,408,990	12,190,224	2,488,103	2,450,473
Non-controlling interests		641,495	1,104,653	-	-
		10,050,485	13,294,877	2,488,103	2,450,473
Earning per share attributable to owners of the Company (sen per share)					
- Basic	26	5.63	7.29		
- Diluted	26	4.51	5.83		

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

Statements Of Comprehensive Income (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
Note		2013 RM	2012 RM	2013 RM	2012 RM
Net profit for the financial year		10,050,485	13,294,877	2,488,103	2,450,473
Other comprehensive income, net of tax					
Translation difference on net asset of a foreign subsidiary company and other movement		112,430	-	-	-
Total comprehensive income for the financial year		10,162,915	13,294,877	2,488,103	2,450,473
Attributable to:					
Owners of the Company		9,521,420	12,190,224	2,488,103	2,450,473
Non-controlling interests		641,495	1,104,653	-	-
		10,162,915	13,294,877	2,488,103	2,450,473

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

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

GROUP	Note	<----- Attributable to owners of the Company ----->					
		Non-distributable		Distributable		Non-controlling interests RM	Total equity RM
		Share capital RM	Reserve RM	Retained earnings RM	Total RM		
As at 1 January 2012		83,578,133	22,488,707	45,582,626	151,649,466	13,391,258	165,040,724
Total comprehensive income for the financial year		-	-	12,190,224	12,190,224	1,104,653	13,294,877
Acquisition of additional equity interests in subsidiary company		-	-	-	-	(780,564)	(780,564)
Difference arising on acquisition of equity interests in subsidiary company		-	-	39,985	39,985	22,629	62,614
Dividend	27	-	-	(4,387,849)	(4,387,849)	-	(4,387,849)
Balance at 31 December 2012		83,578,133	22,488,707	53,424,986	159,491,826	13,737,976	173,229,802

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

Statements Of Changes In Equity (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

<----- Attributable to owners of the Company ----->							
GROUP (cont'd)	Note	Non-distributable		Distributable		Non-controlling interests RM	Total equity RM
		Share capital RM	Reserve RM	Retained earnings RM	Total RM		
As at 1 January 2013		83,578,133	22,488,707	53,424,986	159,491,826	13,737,976	173,229,802
Total comprehensive income for the financial year		-	112,430	9,408,990	9,521,420	641,495	10,162,915
Acquisition of additional equity interests in subsidiary company		-	-	-	-	(327,334)	(327,334)
Difference arising on acquisition of equity interests in subsidiary company		-	-	89,080	89,080	-	89,080
Disposal of subsidiary company		-	-	(1,281)	(1,281)	-	(1,281)
Dividend	27	-	-	(3,134,176)	(3,134,176)	-	(3,134,176)
Dividend paid to non-controlling interests		-	-	-	-	(84,000)	(84,000)
Balance at 31 December 2013		83,578,133	22,601,137	59,787,599	165,966,869	13,968,137	179,935,006

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

Statements Of Changes In Equity (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

COMPANY	Note	Distributable			Total equity RM
		Share capital RM	Warrants reserve RM	Retained earnings RM	
Balance at 1 January 2012		83,578,133	565,554	8,243,701	92,387,388
Total comprehensive income for the financial year		-	-	2,450,473	2,450,473
Dividends	27	-	-	(4,387,848)	(4,387,848)
Balance at 31 December 2012		83,578,133	565,554	6,306,326	90,450,013
Total comprehensive income for the financial year		-	-	2,488,103	2,488,103
Dividend	27	-	-	(3,134,176)	(3,134,176)
Balance at 31 December 2013		83,578,133	565,554	5,660,253	89,803,940

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

Statements Of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 RM	2012 RM
GROUP			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11,582,546	16,284,528
Adjustments for non-cash items, interests and dividend	28(a)	13,652,010	14,995,259
Operating profit before changes in working capital		25,234,556	31,279,787
Increase in inventories		(3,916,424)	(3,177,048)
(Increase)/Decrease in trade and other receivables		(9,765,704)	4,583,855
Decrease in trade and other payables		6,796,283	4,460,031
Cash generated from operations		18,348,711	37,146,625
Tax paid		(3,170,004)	(3,902,192)
Interest paid		(7,490,493)	(7,631,698)
Interest received		1,584,995	1,514,669
Net cash inflow from operating activities		9,273,209	27,127,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		491,515	208,940
Proceeds from disposal of investment properties		410,000	170,000
Purchase of property, plant and equipment	28(b)	(10,542,630)	(2,309,678)
Purchase of investment properties		(9,171)	(141,659)
Purchase of quoted shares		-	(34,825)
Purchase of additional investment in subsidiary companies		(327,000)	(717,950)
Net cash inflow from acquisition of a subsidiary company	34(a)	87,213	-
Net cash inflow from disposal of a subsidiary company	35(a)	8,588	-
Interest paid		(845,665)	(1,099,392)
Interest received		158,814	152,639
Net cash outflow from investing activities		(10,568,336)	(3,771,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of term loans		(443,925)	(1,357,847)
Repayments of finance lease liabilities		(2,281,547)	(3,307,751)
Net proceeds from/(repayments to) short term borrowings		19,173,007	(11,650,878)
Decrease in fixed deposit pledged		574	3,892,597
Dividend paid to shareholder and non-controlling interest		(3,218,176)	(4,387,849)
Interest paid		(389,196)	(591,439)
Net cash inflow/(outflow) from financing activities		12,840,737	(17,403,167)
Effects of changes in exchange rates		112,430	-
Net increase in cash and cash equivalents		11,545,610	5,952,312
Cash and cash equivalents at beginning of the financial year		(1,827,614)	(7,779,926)
Cash and cash equivalents at end of the financial year	28(c)	9,830,426	(1,827,614)

The accompanying notes form an integral part of the financial statements

Statements Of Cash Flows (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	2013 RM	2012 RM
COMPANY			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,569,319	2,599,602
Adjustments for non-cash items, interests and dividend	28(a)	(2,553,811)	(2,554,020)
Operating profit before changes in working capital		15,508	45,582
(Increase)/Decrease in trade and other receivables		(3,219)	6,525
Increase/(Decrease) in other payables and accruals		2,326	(93,496)
Cash generated from/(used in) operations		14,615	(41,389)
Net of tax paid		(114,421)	(65,260)
Net cash outflow from operating activities		(99,806)	(106,649)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	28(b)	(2,280)	-
Advances to subsidiary companies		(1,885,824)	(582,856)
Dividend received		2,554,200	2,554,200
Net cash inflow from investing activities		666,096	1,971,344
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		(3,134,176)	(4,387,848)
Net cash outflow from financing activity		(3,134,176)	(4,387,848)
Net decrease in cash and cash equivalents		(2,567,886)	(2,523,153)
Cash and cash equivalents at beginning of the financial year		2,611,276	5,134,429
Cash and cash equivalents at end of the financial year	28(c)	43,390	2,611,276

The accompanying notes form an integral part of the financial statements

Notes To The Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in these summaries of significant accounting policies.

The financial statements of the Group and of the Company comply in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

b) Basis of consolidation

(i) Subsidiary companies

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

Under the purchase method of accounting, the financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in statements of comprehensive income.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Basis of consolidation (cont'd)

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 1(f).

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of comprehensive income during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1(f).

Freehold land is not amortised as it has an infinite life. Leased assets are depreciated over shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives, at the following annual rates:

Buildings	2%
Plant, machinery and cabin	10% - 15%
Renovation	10% - 20%
Motor vehicles	10% - 20%
Furniture and fittings and office equipment	10%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of comprehensive income.

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Such properties are initially measured at cost, including transaction costs, and thereafter are stated at fair value, which is determined by Directors by reference to market evidence of transaction prices for similar properties. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost included expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis and carried at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the statements of comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any difference between the net disposal proceeds and the carrying amount is charged or credited to statements of comprehensive income in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 1(d) up to the date of change in use.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, investment properties that are measured of fair values are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. The goodwill acquired in a business combination is allocated to CGU that are expected to benefit from the synergies of the combination.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Impairment of non-financial assets (cont'd)

An impairment loss is recognised in the statements of comprehensive income if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the statements of comprehensive income in the year in which the reversals are recognised.

(g) Financial instruments

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale ("AFS") financial assets.

(i) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) AFS financial assets

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as AFS are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses which is recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest income using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument is recognised in profit or loss when the Company's right to receive payment is established.

All financial assets are subject to review for impairment as described in Note 1(h).

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

Financial liabilities

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

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

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

For other financial liabilities, gains and losses are recognised in statements of comprehensive income when the liabilities are derecognised, and through the amortisation process.

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

(h) Impairment of financial assets

All financial assets (except for investment in subsidiary companies) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

An impairment loss in respect of AFS financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an AFS financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined using the weighted average method. Cost of raw materials and consumables comprises purchase cost and in the case of finished goods and work-in-progress comprises an appropriate share of production overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except for property interest held under operating lease which is held to earn rental income or for capital appreciation on both, is classified as investment property. The policy for the recognition and measurement of investment property is in accordance with Note 1(e).

(ii) Finance leases

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 1(d).

(iii) Operating leases - the Group as lessee

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

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(k) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in statements of comprehensive income except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected amount of income taxes payable or receivable in respect of the taxable profit or loss for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Income taxes

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the statements of comprehensive income for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

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

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

Revenue, expense and asset are recognised net of the amount of sales tax except where receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statements of financial position.

(l) Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in the statements of comprehensive income in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(m) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

The Group's and the Company's contributions to defined contribution plans are charged to the statements of comprehensive income in the year to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's Functional Currency ("Foreign Currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary items are denominated in either the Functional Currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary items are denominated in a currency other than the Functional Currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- assets and liabilities are translated into RM at the rate of exchange ruling at the reporting date;
- income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2013 RM	2012 RM
1 USD Dollar	3.1598	3.0630

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company, and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of sales tax returns and discounts and is recognised in the statements of comprehensive income when significant risks and rewards of ownership has been transferred to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(iv) Management fees

Management fees are recognised when services are rendered.

(v) Sales of completed property units

Revenue is recognised when the agreements are executed.

(p) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy as described in Note 1(g).

(q) Share capital

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

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

(r) Contingencies

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other component. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation for issue of these financial statements, the following MFRSs, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial period beginning on or after 1 January 2014:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosures of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretations 21	Levies

Effective for financial period beginning on or after 1 July 2014:

Amendments to MFRS 2	Share-based payment *
Amendments to MFRS 3	Business Combinations * #
Amendments to MFRS 8	Operating Segments *
Amendments to MFRS 13	Fair Value Measurement #
Amendments to MFRS 116	Property, Plant and Equipment *
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures *
Amendments to MFRS 138	Intangible Assets *
Amendments to MFRS 140	Investment Property #

* Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

Effective for financial period yet to be confirmed:

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments - Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139
Amendments to MFRS 7 and MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group and the Company has not adopted the new and amended Malaysia Financial Reporting Standards and IC Interpretation that have been issued but not yet effective and will adopts these standards when they become effective.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (cont'd)

The adoption of the above standards and interpretations is not expected to have a material impact on the financial statements in the period of initial application, except as described below:

MFRS 9 Financial Instruments

MFRS 9 Financial instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. MFRS 9 was issued in November 2009 and October 2010. It replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Group and the Company will quantify the effect of adopting this standard when the full standard is issued.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year and ensures consistencies with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of property, plant and equipment may result in revision of future depreciation charges.

(b) Impairment of assets

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and change the recoverable amounts of assets and impairment losses needed.

(c) Impairment of loans and receivables

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

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(d) Deferred tax

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the Directors have concluded that investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, deferred taxes have not been recognised on changes in fair value of investment properties as no tax consequences would arise on disposal of the investment properties.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
2013					
COST					
At 1 January 2013	59,787,749	49,841,949	8,422,510	10,910	118,063,118
Additions	1,705,609	13,130,087	757,933	4,580,502	20,174,131
Disposals	9,590	(1,635,964)	(175,025)	-	(1,801,399)
Written off	-	(151,394)	(174,720)	-	(326,114)
At 31 December 2013	61,502,948	61,184,678	8,830,698	4,591,412	136,109,736
LESS: ACCUMULATED DEPRECIATION					
At 1 January 2013	11,955,962	31,537,775	5,402,199	-	48,895,936
Charge for the financial year	1,164,761	4,960,239	684,037	-	6,809,037
Translation difference	-	188	7	-	195
Disposals	1,007	(1,631,024)	(154,007)	-	(1,784,024)
Written off	-	(145,617)	(171,803)	-	(317,420)
At 31 December 2013	13,121,730	34,721,561	5,760,433	-	53,603,724
CARRYING AMOUNTS					
At 31 December 2013	48,381,218	26,463,117	3,070,265	4,591,412	82,506,012

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP (cont'd)	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
2012					
COST					
At 1 January 2012	64,236,604	49,074,914	8,798,573	1,179,383	123,289,474
Additions	2,255	2,132,152	736,472	1,721,510	4,592,389
Disposals	-	(1,163,015)	(6,458)	-	(1,169,473)
Written off	-	(202,102)	(1,106,077)	-	(1,308,179)
Transfers to investment properties (Note 5)	(6,660,480)	-	-	(680,613)	(7,341,093)
Reclassification	2,209,370	-	-	(2,209,370)	-
At 31 December 2012	59,787,749	49,841,949	8,422,510	10,910	118,063,118
LESS: ACCUMULATED DEPRECIATION					
At 1 January 2012	12,028,652	28,204,835	5,842,482	-	46,075,969
Charge for the financial year	1,138,270	4,698,041	660,540	-	6,496,851
Disposals	-	(1,163,008)	(963)	-	(1,163,971)
Written off	-	(202,093)	(1,099,860)	-	(1,301,953)
Transfer to investment properties (Note 5)	(1,210,960)	-	-	-	(1,210,960)
At 31 December 2012	11,955,962	31,537,775	5,402,199	-	48,895,936
LESS: ACCUMULATED IMPAIRMENT LOSSES					
At 1 January 2012	-	-	-	108,000	108,000
Transfer to investment properties (Note 5)	-	-	-	(108,000)	(108,000)
At 31 December 2012	-	-	-	-	-
CARRYING AMOUNTS					
At 31 December 2012	47,831,787	18,304,174	3,020,311	10,910	69,167,182
Included in carrying amounts above are assets acquired under finance leases:					
CARRYING AMOUNTS					
At 31 December 2013	-	6,739,936	-	-	6,739,936
At 31 December 2012	-	8,922,753	-	-	8,922,753

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Analysis of land and buildings as follow:

GROUP (cont'd)	Leasehold land RM	Freehold land RM	Buildings RM	Total RM
2013				
COST				
At 1 January 2013	11,911,813	15,615,668	32,260,268	59,787,749
Additions	1,658,457	-	47,152	1,705,609
Disposal	-	-	9,590	9,590
At 31 December 2013	13,570,270	15,615,668	32,317,010	61,502,948
LESS: ACCUMULATED DEPRECIATION				
At 1 January 2013	4,155,213	-	7,800,749	11,955,962
Charge for the financial year	270,980	-	893,781	1,164,761
Disposal	-	-	1,007	1,007
At 31 December 2013	4,426,193	-	8,695,537	13,121,730
CARRYING AMOUNTS				
At 31 December 2013	9,144,077	15,615,668	23,621,473	48,381,218
2012				
COST				
At 1 January 2012	15,205,655	15,983,868	33,047,081	64,236,604
Addition	-	-	2,255	2,255
Transfers to investment properties (Note 5)	(3,293,842)	(368,200)	(2,998,438)	(6,660,480)
Reclassification	-	-	2,209,370	2,209,370
At 31 December 2012	11,911,813	15,615,668	32,260,268	59,787,749
LESS: ACCUMULATED DEPRECIATION				
At 1 January 2012	4,361,183	-	7,667,469	12,028,652
Charge for the financial year	270,980	-	867,290	1,138,270
Transfers to investment properties (Note 5)	(476,950)	-	(734,010)	(1,210,960)
At 31 December 2012	4,155,213	-	7,800,749	11,955,962
CARRYING AMOUNTS				
At 31 December 2012	7,756,600	15,615,668	24,459,519	47,831,787

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Computer and software RM	Office equipment RM	Total RM
2013			
COST			
At 1 January/ 31 December 2013	1,800	4,500	6,300
Addition	2,280	-	2,280
At 31 December 2013	4,080	4,500	8,580
LESS: ACCUMULATED DEPRECIATION			
At 1 January 2013	360	4,500	4,860
Charge for the financial year	389	-	389
At 31 December 2013	749	4,500	5,249
CARRYING AMOUNTS			
At 31 December 2013	3,331	-	3,331
2012			
COST			
At 1 January/31 December 2012	1,800	4,500	6,300
LESS: ACCUMULATED DEPRECIATION			
At 1 January 2012	180	4,500	4,680
Charge for the financial year	180	-	180
At 31 December 2012	360	4,500	4,860
CARRYING AMOUNTS			
At 31 December 2012	1,440	-	1,440

The land and buildings of the Group and of the Company were revalued in 1997 by the Directors based on independent valuation report carried out by a firm of professional surveyors and valuers on an open market value basis.

The Directors have apply the transitional provisions of MFRS 116 Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the land and buildings to be stated at their 1997 valuations less depreciation.

The issuance of title deed of a freehold land and buildings of the Group is pending from relevant authorities as at 31 December 2013.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. INVESTMENT PROPERTIES

GROUP	Freehold land and buildings RM	Leasehold land and buildings RM	Capital work-in- progress RM	Total RM
2013				
AT COST				
At 1 January 2013	5,475,559	7,641,319	705,671	13,822,549
Addition	9,171	-	-	9,171
Disposal	(353,625)	-	-	(353,625)
Reclassification	(185,304)	185,304	-	-
At 31 December 2013	4,945,801	7,826,623	705,671	13,478,095
LESS: ACCUMULATED IMPAIRMENT LOSS				
At 1 January 2013	21,785	100,000	54,000	175,785
Charge for the financial year	-	-	54,000	54,000
Disposal	6,375	-	-	6,375
At 31 December 2013	28,160	100,000	108,000	236,160
CARRYING AMOUNTS				
At 31 December 2013	4,917,641	7,726,623	597,671	13,241,935
2012				
AT COST				
At 1 January 2012	5,093,759	2,710,000	-	7,803,759
Effects of adoption of MFRS 140	368,200	5,081,319	572,614	6,022,133
As restated	5,461,959	7,791,319	572,614	13,825,892
Additions	13,600	-	133,057	146,657
Disposal	-	(150,000)	-	(150,000)
At 31 December 2012	5,475,559	7,641,319	705,671	13,822,549
LESS: ACCUMULATED IMPAIRMENT LOSSES				
At 1 January 2012	1,785	100,000	-	101,785
Charge for the financial year	20,000	-	54,000	74,000
At 31 December 2012	21,785	100,000	54,000	175,785
CARRYING AMOUNTS				
At 31 December 2012	5,453,774	7,541,319	651,671	13,646,764

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. INVESTMENT PROPERTIES (cont'd)

	GROUP	
	2013 RM	2012 RM
At 1 January	13,646,764	7,701,974
Additions resulting from subsequent expenditure	9,171	146,657
Disposals	(360,000)	(150,000)
Impairment losses	(54,000)	(74,000)
Transfers from property, plant and equipment (Note 4)	-	6,022,133
At 31 December	13,241,935	13,646,764
Analysed as:		
At cost:		
Freehold land and buildings	4,917,641	5,453,774
Freehold land and building under construction	359,594	413,594
At fair value:		
Leasehold land and buildings	7,726,623	7,541,319
Leasehold land and buildings under construction	238,077	238,077
	13,241,935	13,646,764

Investment properties are state at fair value, which has been determined by Directors by reference to market evidence of transaction prices for similar properties.

As disclosed in Note 23(a), the rental income earned by the Group for the financial year ended 31 December 2013 from its investment properties amounted to RM1,359,266 (2012: RM509,615). Direct operating expenses (including repairs and maintenance) arising from investment properties that generate rental income and from investment properties that did not generate rental income are RM164,652 (2012: RM87,296) and RM42,562 (2012: RM47,722) respectively.

The issuance of title deed of a leasehold land of its subsidiary company is pending from the relevant authorities as at 31 December 2013.

The title deeds and strata titles of certain investment properties of the Group have not been issued in the name of its subsidiary companies as at 31 December 2013.

6. SUBSIDIARY COMPANIES

	COMPANY	
	2013 RM	2012 RM
Unquoted shares, at cost	43,743,927	43,743,927

The subsidiary companies are as follows:

Name of Company	Country of incorporation	Holding in Equity		Principal activities
		2013 %	2012 %	
Chuan Huat Hardware Holdings Sdn Bhd ("CHHH")	Malaysia	100.0	100.0	Investment holding

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

6. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows (cont'd):

Name of Company	Country of incorporation	Holding in Equity		Principal activities
		2013 %	2012 %	
Chuan Huat Hardware (Sdn) Berhad ("CHH")	Malaysia	100.0	100.0	Hardware merchants, suppliers of steel and iron products, building and construction materials of all kinds importers and exporters, marketing and holding of securities for investments
Pineapple Resources Berhad ("PRB")	Malaysia	63.9	63.9	Distribution of printing consumables, computers and computers accessories and investment holding
Bars & Mesh Industries Sdn Bhd	Malaysia	100.0	100.0	Trading of steel wire products
CH Reinforcing Steel (M) Sdn Bhd	Malaysia	100.0	100.0	Processing and trading of steel wire products
CH Rebar Sdn Bhd	Malaysia	100.0	100.0	Cutting and bending of steel bars
CHRB Properties Sdn Bhd	Malaysia	100.0	100.0	Trading in properties
CH Samawira Mesh Sdn Bhd	Malaysia	100.0	100.0	Manufacture and sale of welded wire mesh and hard drawn steel wires
CH Steel Wire Industries (Cambodia) Co Ltd	Cambodia	100.0	100.0	To manufacture and supply steel wire products for the construction industries.
Subsidiary companies of PRB				
SC-PNP Edaran Sdn Bhd	Malaysia	100.0	100.0	Retailers and suppliers of computer hardware, software, accessories and services

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

6. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows (cont'd):

Name of Company	Country of incorporation	Holding in Equity		Principal activities
		2013	2012	
		%	%	
Subsidiary companies of PRB (cont'd)				
Pineapple Office Supplies Sdn Bhd	Malaysia	100.0	100.0	Trading of computers and related accessories
Pineapple Computer Systems Sdn Bhd ("PCS")	Malaysia	100.0	92.2	Retailing in computers and related accessories
Great Eat Sdn Bhd (formerly known as Esy Ink Technology Sdn Bhd)	Malaysia	-	100.0	Ceased operations
Pineapple Computer Utara Sdn Bhd	Malaysia	100.0	100.0	Retailing and distribution of full range of computer peripherals and accessories. The Company cease operation during the year
AGVA Marketing Malaysia Sdn Bhd	Malaysia	100.0	100.0	Trading of multimedia storage products
Subsidiary companies of PCS				
Pineapple Computers & Accessories Sdn Bhd	Malaysia	100.0	100.0	Retailing in computers and related accessories
Pine System Technology Sdn Bhd	Malaysia	100.0	100.0	Dealers of computer hardware, software and related products
Subsidiary companies of CHH				
Chuan Huat Industrial Marketing Sdn Bhd	Malaysia	100.0	100.0	Trading as hardware merchant, retailers, importers and exporters and suppliers of building and construction materials of all kinds
CHRB Selatan Sdn Bhd	Malaysia	100.0	100.0	Hardware merchants, retailers and suppliers of building and construction materials of all kinds

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

6. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows (cont'd):

		Holding in Equity		
		2013	2012	
Name of Company	Country of incorporation	%	%	Principal activities
Subsidiary companies of CHH (cont'd)				
CHRB Utara Sdn Bhd	Malaysia	100.0	100.0	Trading in building materials
CHRB Corporation Sdn Bhd ("CHRB Corp")	Malaysia	100.0	100.0	Investment holding
CHRB Bahan Binaan Sdn Bhd	Malaysia	100.0	100.0	Trading in building materials
Chuan Huat Metal Sdn Bhd	Malaysia	80.0	80.0	Trading in building materials
CHRB Building Materials Sdn Bhd	Malaysia	60.0	60.0	Trading in building materials
CHRB Trading Sdn Bhd	Malaysia	55.0	-	Trading in building materials
Subsidiary companies of CHRB Corp				
CHRB Timuran Sdn Bhd	Malaysia	100.0	100.0	Dealing and marketing in building materials
Pemasaran Esysence Sdn Bhd	Malaysia	100.0	100.0	Supply and installation of welded fencing
Keyline Consulting Sdn Bhd	Malaysia	70.0	70.0	Trading and retailing of ironmongery products and architectural hardware

On 18 December 2013, the Group acquired the remaining 7.84% equity interest in PCS for a cash consideration of RM327,000. As a result of the acquisition, PCS became a wholly-owned subsidiary company of the Group. The difference between the consideration and the book value of the interest acquired are RM89,080.

7. INVESTMENT SECURITIES

	GROUP	
	2013 RM	2012 RM
Non-current AFS financial assets		
Unquoted shares, at cost	588,001	588,001
Accumulated impairment losses	(583,300)	(583,300)
	4,701	4,701
Quoted shares in Malaysia, at cost	3,743,542	3,743,542
Club membership, at cost	125,489	125,489
Total investment securities	3,873,732	3,873,732
Market value of quoted shares	2,606,914	2,859,196

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

8. GOODWILL

	GROUP	
	2013 RM	2012 RM
Goodwill on consolidation:		
At 1 January	1,196,434	1,196,434
Addition (Note 34(a))	1,533	-
Written off (Note 23)	(1,533)	-
At 31 December	1,196,434	1,196,434
Accumulated impairment loss	(419,828)	(419,828)
	776,606	776,606

Goodwill acquired in business combination is allocated, at acquisition, to cash-generating units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the steel operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 5 years based on estimated growth rate of 8% per annum. The discount rate used is 6.55% per annum.

9. INVENTORIES

	GROUP	
	2013 RM	2012 RM
At cost:		
Raw materials	5,792,425	13,138,858
Finished goods	75,268,406	65,643,995
Work-in-progress	3,369,291	1,742,081
Consumables	83,736	146,501
Completed properties	11,977,399	12,774,625
Goods in transit	3,781,569	2,687,017
	100,272,826	96,133,077
Allowance for inventories obsolescence - finished goods	(222,106)	(425,655)
	100,050,720	95,707,422
At net realisable value:		
Finished goods	171,941	612,090
	100,222,661	96,319,512

As at 31 December 2013, the strata titles of the certain completed properties have not been registered in the name of the subsidiary company.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

10. TRADE RECEIVABLES

	GROUP	
	2013 RM	2012 RM
Trade receivables	214,875,776	203,333,369
Allowance for impairment losses	(24,419,952)	(24,112,081)
	<u>190,455,824</u>	<u>179,221,288</u>

Trade receivables are non-interest bearing except for 1.5% impose on overdue account and are generally on 7 days to 90 days. (2012: 7 days to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	GROUP	
	2013 RM	2012 RM
Neither past due nor impaired	144,136,247	134,382,620
1 to 90 days past due not impaired	33,689,655	36,873,952
91 to 180 days past due not impaired	5,892,554	4,806,232
More than 181 days past due not impaired	6,737,368	3,158,484
	<u>46,319,577</u>	<u>44,838,668</u>
Impaired	24,419,952	24,112,081
	<u>214,875,776</u>	<u>203,333,369</u>

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

The Group has trade receivables amounting to RM46,319,577 (2012: RM44,838,668) that are past due at the reporting date but not impaired are unsecured in nature.

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	GROUP	
	2013 RM	2012 RM
At 1 January	24,112,081	23,270,291
Charge for the financial year	1,777,419	2,508,436
Reversal of impairment losses	(1,469,548)	(1,569,393)
Written off	-	(97,253)
	<u>24,419,952</u>	<u>24,112,081</u>

Included in trade receivables of the Group is an amount of RM5,230,946 (2012: RM10,804,237) due from a company in which a Director of its subsidiary company have interest.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	17,797,023	19,057,289	-	-
Deposits	1,954,662	2,142,934	1,000	1,000
Prepayments	2,160,890	2,489,055	3,646	427
	21,912,575	23,689,278	4,646	1,427

Included in other receivables of the Group are deposits amounting to RM16.1 million (2012: RM16.5 million) paid to a supplier to secure the supply of finished goods.

12. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies which arose mainly from inter-company transactions, advances and payments made on behalf is unsecured, interest free and is repayable in cash on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

The deposits of the Group carry interest rates ranging from 2.35% to 3.20% (2012: 2.35% to 3.20%) per annum and have maturity periods range from 7 days to 365 days (2012: 7 days to 450 days).

The Group's fixed deposits with carrying value of RM724,231 (2012: RM724,805) have been pledged to licensed banks for banking facilities and banking guarantee granted to its certain subsidiary companies.

14. SHARE CAPITAL

	GROUP AND COMPANY			
	2013		2012	
	Number of Shares RM	Amount RM	Number of shares RM	Amount RM
Authorised:				
Ordinary shares of RM0.50 each	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	167,156,266	83,578,133	167,156,266	83,578,133

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

15. RESERVES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable:				
Capital reserve	21,923,153	21,923,153	-	-
Warrant reserve	565,554	565,554	565,554	565,554
Exchange translation reserve	112,430	-	-	-
	<u>22,601,137</u>	<u>22,488,707</u>	<u>565,554</u>	<u>565,554</u>

The nature and movements of the reserves of the Group as at 31 December are as follows:

- (i) The movements in the capital reserves of the Group during the financial year were:

	GROUP	
	2013 RM	2012 RM
Accretion arising from change in equity interest in subsidiary companies	73,154	73,154
Capitalisation of bonus issue by subsidiary companies	21,849,999	21,849,999
	<u>21,923,153</u>	<u>21,923,153</u>

- (ii) The movements in the capital reserves of the Group during the financial year were:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Warrants reserve arising from:				
Public issue	835,781	835,781	835,781	835,781
Listing expenses	(270,227)	(270,227)	(270,227)	(270,227)
	<u>565,554</u>	<u>565,554</u>	<u>565,554</u>	<u>565,554</u>

Warrant reserve is pertaining to the issuance of 41,789,066 five (5) years warrants at an issue price of RM0.02 per warrant and net of listing expense incurred in relation to listing exercise on the basis of one (1) warrant ("CHRB Warrants") for every four (4) CHRB Shares held after the Proposed Bonus Issue.

No CHRB Warrants were converted into new CHRB Shares during the financial year. As at 31 December 2013, the total number of warrants which remained unexercised amounted to 41,789,066 warrants. Any warrant which has not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

- (iii) The exchange reserve is used to record exchange difference arising from the translation of the financial statement of a foreign operation whose functional currency is different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in a foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

16. RETAINED EARNINGS

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2013 and 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2013 and 2012, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

17. TRADE PAYABLES

The normal trade credit terms granted to the Group for trade purchase range from 7 days to 90 days. (2012: 7 days to 90 days)

Included in trade payables of the Group is an amount of RM579,370 (2012: RM651,285) due to a company in which the Group has indirect interest through its subsidiary company.

18. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	1,738,853	5,140,441	8,800	12,000
Deposits received	438,778	437,658	-	-
Accruals	5,952,489	3,933,382	83,276	77,750
	8,130,120	9,511,481	92,076	89,750

Included in accruals of the Group and of the Company is Directors' fee amounting to RM73,333 (2012: RM65,000).

19. LOANS AND BORROWINGS

	GROUP	
	2013 RM	2012 RM
Current		
Secured:		
Bank overdrafts	15,091,336	21,504,125
Bankers' acceptance	184,415,175	165,242,168
Finance lease liabilities (Note 29)	1,340,767	2,129,430
Term loans	1,220,963	194,904
	202,068,241	189,070,627
Non-current		
Secured:		
Finance lease liabilities (Note 29)	2,132,255	1,843,638
Term loans	7,147,824	767,808
	9,280,079	2,611,446
Total loans and borrowings		
Bank overdrafts (Note 28(c))	15,091,336	21,504,125
Bankers' acceptance	184,415,175	165,242,168
Finance lease liabilities (Note 29)	3,473,022	3,973,068
Term loans	8,368,787	962,712
	211,348,320	191,682,073

Maturity of loans and borrowings (excluding finance lease liabilities) as at reporting date are as follows:

	GROUP	
	2013 RM	2012 RM
Within one year	200,727,474	186,941,197
From one to two years	1,274,344	194,904
From two to five years	5,873,480	572,904
	207,875,298	187,709,005

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

19. LOANS AND BORROWINGS (cont'd)

Short term borrowings of the Group are secured by way of:

- (a) corporate guarantee executed by the Company;
- (b) fixed deposits with a licensed bank; and
- (c) first fixed charge over unquoted shares of its subsidiary company

Short term borrowings of the Group carry interest rates ranging from 3.95% to 8.35% (2012: 2.96% to 8.35%) per annum.

Term loans of the Group are secured by corporate guarantee executed by the Company and carry interest rates ranging from 2.72% to 5.40% (2012: 5.52%) per annum.

20. DEFERRED TAX LIABILITIES

	GROUP	
	2013 RM	2012 RM
At 1 January	3,037,878	3,495,470
Net recognised in profit and loss (Note 25)	(1,250,420)	(457,592)
At 31 December	1,787,458	3,037,878

The Group's movements in deferred tax liabilities and assets during the financial year prior to offsetting comprise the following:

GROUP	Accelerated capital allowance Deferred tax liabilities RM
Deferred tax liabilities	
At 1 January 2012	(3,637,548)
Recognised in profit and loss	457,592
At 31 December 2012	(3,179,956)
Recognised in profit and loss	1,250,420
At 31 December 2013	(1,929,536)

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2012	129,236	12,842	142,078
Recognised in profit and loss	-	-	-
At 31 December 2012	129,236	12,842	142,078
Recognised in profit and loss	-	-	-
At 31 December 2013	129,236	12,842	142,078

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

20. DEFERRED TAX LIABILITIES (cont'd)

The Group's movements in deferred tax liabilities and assets during the financial year prior to offsetting comprise the following (cont'd):

	RM
At 31 December 2013	
Net recognised in profit and loss	(1,250,420)
Net deferred tax liabilities	1,787,458
At 31 December 2012	
Net recognised in profit and loss	(457,592)
Net deferred tax liabilities	3,037,878

	2013 RM	GROUP 2012 RM
Deferred tax assets not accounted for:		
- Unutilised tax losses	993,942	1,606,187
- Unabsorbed capital allowances	174,383	290,521
	1,168,325	1,896,708
The tax effect on deferred tax assets not accounted for	292,081	474,177

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

21. REVENUE

	2013 RM	GROUP 2012 RM	2013 RM	COMPANY 2012 RM
Sale of goods	691,260,881	706,391,850	-	-
Rental income	1,323,564	1,255,891	-	-
Sales of completed properties	635,992	668,935	-	-
Dividend income from a subsidiary company	-	-	2,554,200	2,554,200
Management fees from a subsidiary company	-	-	360,000	360,000
	693,220,437	708,316,676	2,914,200	2,914,200

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

22. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, wages and bonuses	24,540,845	19,764,537	-	-
Defined contribution plans	2,368,038	2,144,495	-	-
Other benefits	2,116,221	1,841,358	184,386	173,300
	29,025,104	23,750,390	184,386	173,300

Included in employee benefits expenses of the Group and of the Company are Directors' remuneration as disclosed in Note 23(b).

23. PROFIT FROM OPERATIONS

(a) Profit from operations is arrived at:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
After charging:				
Auditors' remuneration:				
- current year	128,816	134,200	8,800	8,800
- prior year	(1,000)	(150)	-	-
Depreciation of property, plant and equipment	6,809,232	6,496,851	-	-
Directors' remuneration (Note 23(b))	2,430,929	1,662,766	181,333	173,000
Rental of premises	1,457,441	1,136,959	-	-
Rental of credit card machine	11,180	5,820	-	-
Bad debts written off	-	25,799	-	-
Loss on foreign exchange				
- realised	23,667	23,018	-	-
Property, plant and equipment written off	8,694	6,225	-	-
Impairment losses on:				
- trade receivables	1,777,419	2,508,436	-	-
- non-trade	-	5,500	-	-
- investment properties	54,000	74,000	-	-
Management fee	-	179,000	-	-
Allowance for inventories obsolescence	13,275	16,058	-	-
Goodwill written off (Note 8)	1,533	-	-	-
Inventories written off	2,249	-	-	-
And crediting:				
Rental income from:				
- sublease receipts (Note 5)	1,359,266	509,615	-	-
- others	-	1,316,948	-	-
Interest income from:				
- fixed deposits	138,172	135,225	-	-
- repo	20,642	17,414	-	-
- others	1,584,995	1,514,669	-	-
Gain on disposal of:				
- property, plant and equipment	474,140	203,438	-	-
- investment property	50,000	20,000	-	-
Reversal of impairment losses on trade receivables	1,469,548	1,569,393	-	-
Reversal of allowance for inventory obsolescence	-	2,249	-	-
Dividend income received from subsidiary company	-	-	2,554,200	2,554,200
Management fee received from subsidiary company	-	-	360,000	360,000

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. PROFIT FROM OPERATIONS (cont'd)

- (b) The aggregate amount of remuneration receivable by Directors of the Group and the Company during the financial year were categorised as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive Directors:				
Salaries and other emoluments	2,043,946	1,294,825	-	-
Fees	45,000	45,000	45,000	45,000
Defined contributions plans	181,650	146,941	-	-
Non-executive Directors:				
Fees	160,333	176,000	136,333	128,000
	2,430,929	1,662,766	181,333	173,000

24. FINANCE COSTS

	GROUP	
	2013 RM	2012 RM
Interest expenses on:		
- bankers' acceptance	7,407,370	7,559,766
- bank overdrafts	928,788	1,171,144
- term loans	139,420	63,921
- finance lease liabilities	249,776	527,518
- others	-	180
	8,725,354	9,322,529

25. TAX EXPENSES

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Statements of comprehensive income:				
Current tax:				
- current year	3,205,791	4,796,426	82,473	83,455
- prior years	(423,310)	(1,349,183)	(1,257)	65,674
	2,782,481	3,447,243	81,216	149,129
Deferred tax (Note 20):				
- origination and reversal of temporary differences	(1,250,420)	(457,592)	-	-
	1,532,061	2,989,651	81,216	149,129

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

25. TAX EXPENSES (cont'd)

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

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	11,582,546	16,284,528	2,569,319	2,599,602
	%	%	%	%
Applicable tax rate	25	25	25	25
Expenses not deductible for tax purposes	3	4	3	3
Income not subject to tax	-	-	(25)	(24)
Prior years	(4)	(8)	-	2
Change in unrecognised temporary differences	(11)	(3)	-	-
Average effective tax rate	13	18	3	6

Income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2013 has reflected these changes.

The Company has an estimated tax exempt account amounting to RM359,000 (2012: RM359,000) available for the distribution of tax exempt dividends. These amounts are subject to agreement with the tax authority.

26. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2013 RM	2012 RM
Profit for the financial year attributable to owners of the Company (RM)	9,408,990	12,190,224
Weighted average number of ordinary shares (basic)	167,156,266	167,156,266
Effect of warrant issue	41,789,066	41,789,066
	208,945,332	208,945,332
Basic earnings per share (sen)	5.63	7.29
Diluted earnings per share (sen)	4.51	5.83

27. DIVIDEND

	GROUP AND COMPANY	
	2013 RM	2012 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final dividend for 2.5 sen (2012: 3.5 sen)		
per ordinary share, less income tax at 25%	3,134,176	4,387,849

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

28. STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items, interests and dividends

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Bad debts written off	-	25,799	-	-
Depreciation of property, plant and equipment	6,809,232	6,496,851	389	180
Dividend income	-	-	(2,554,200)	(2,554,200)
Interest income	(1,743,809)	(1,667,308)	-	-
Interest expenses	8,725,354	9,322,529	-	-
Property, plant and equipment written off	8,694	6,225	-	-
Reversal of impairment losses on trade receivables	(1,469,548)	(1,569,393)	-	-
Allowance for inventories obsolescence	13,275	16,058	-	-
Impairment losses on:				
- trade receivables	1,777,419	2,508,436	-	-
- non-trade	-	5,500	-	-
- investment properties	54,000	74,000	-	-
Gain on disposal of:				
- property, plant and equipment	(474,140)	(203,438)	-	-
- investment property	(50,000)	(20,000)	-	-
Reversal of allowance for inventories obsolescence	-	(2,249)	-	-
Negative goodwill	-	-	-	-
Inventories written off	-	2,249	-	-
Goodwill written off	1,533	-	-	-
	13,652,010	14,995,259	(2,553,811)	(2,554,020)

(b) Purchase of property, plant and equipment

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Aggregate cost	20,174,131	4,592,389	2,280	-
Acquired by means of finance leases	(1,781,501)	(1,320,000)	-	-
Acquired by means of term loans	(7,850,000)	(962,711)	-	-
Cash payments made to purchase property, plant and equipment	10,542,630	2,309,678	2,280	-

(c) Cash and cash equivalents at end of the financial year

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks	1,424,231	2,624,805	-	-
Cash and bank balances	24,221,762	17,776,511	43,390	2,611,276
Bank overdrafts (Note 19)	(15,091,336)	(21,504,125)	-	-
	10,554,657	(1,102,809)	43,390	2,611,276
Fixed deposits pledged (Note 13)	(724,231)	(724,805)	-	-
	9,830,426	(1,827,614)	43,390	2,611,276

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

29. FINANCE LEASE LIABILITIES

	GROUP	
	2013 RM	2012 RM
Minimum lease payments:		
- within one year	1,293,248	2,341,777
- between one and five years	2,488,482	1,974,189
	3,781,730	4,315,966
Finance charges	(308,708)	(342,898)
	3,473,022	3,973,068
Portion due within one year (Note 19)	(1,340,767)	(2,129,430)
	2,132,255	1,843,638
Non-current portion (Note 19)		

The present value of payments are repayable as follows:

	GROUP	
	2013 RM	2012 RM
Within one year	1,340,767	2,129,430
Between one and five years	2,132,255	1,843,638
	3,473,022	3,973,068

The finance lease liabilities of the Group carry interest rates ranging from 2.61% to 8.12% (2012: 2.61% to 7.42) per annum.

30. RELATED PARTY TRANSACTIONS

The related parties of the Group and of the Company comprise the following:

- related parties being companies in which Directors of the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.
- key management personnel includes the Company's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Executive and Non-Executive Directors compensation is disclosed in Note 23(b).

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place at terms agreed between the parties during the financial year:

	GROUP	
	2013 RM	2012 RM
(a) Sale of goods		
Related party:		
- Ahmad Zaki Sdn Bhd	7,168,314	15,615,298
(b) Purchase of goods		
Related party:		
- Amalgamated Industrial Steel Berhad	1,499,730	1,636,023

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

30. RELATED PARTY TRANSACTIONS (cont'd)

	COMPANY	
	2013 RM	2012 RM
(c) Others		
Dividend income received from a subsidiary company:		
- Chuan Huat Hardware (Sdn) Berhad	2,544,200	2,554,200
Management fees received from a subsidiary company:		
- Chuan Huat Hardware (Sdn) Berhad	360,000	360,000

Ahmad Zaki Sdn Bhd is company in which Dato' Sri Haji Wan Zaki Bin Haji Wan Muda, a Director of its subsidiary company, has a substantial financial interest.

Amalgamated Industrial Steel Berhad is a company in which, the Company has indirect interest through Chuan Huat Hardware Holdings Sdn Bhd, a wholly owned subsidiary company of the Company.

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are not more favourable than those arranged with independent third parties.

31. CAPITAL COMMITMENT

The Group has the following commitments:

	GROUP	
	2013 RM	2012 RM
Capital expenditure for property, plant and equipment		
- approved and contracted for	3,125,673	456,939

32. CONTINGENT LIABILITIES

	COMPANY	
	2013 RM	2012 RM
Unsecured:		
Guarantees in respect of banking facilities granted to subsidiary companies	286,792,000	275,590,000
Corporate guarantees given to suppliers for supply of goods to subsidiary companies	36,900,000	33,900,000
	323,692,000	309,490,000

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The hardware and building materials segment is a hardware merchant supplier of steel and iron products, building and construction materials of all kinds.
- The technology related products segment includes distribution of printing consumables and retailers and suppliers of computer hardware, software accessories and related services.
- The property segment is in the business of trading and leasing out residential and commercial properties.
- The corporate segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. SEGMENT INFORMATION (cont'd)

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director and the Financial Controller. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director and the Financial Controller. Hence no disclosure is made on segment liability.

2013

	Hardware and building materials RM	Technology related products RM	Property RM	Corporate RM	Eliminations RM	Consolidated RM	Notes
REVENUE							
External customers	638,619,580	52,641,301	1,649,992	309,564	-	693,220,437	
Inter-segment	204,643,359	28,019,756	36,000	961,200	(233,660,315)	-	A
Total revenue	843,262,939	80,661,057	1,685,992	1,270,764	(233,660,315)	693,220,437	
RESULTS							
Interest income	1,620,268	123,541	-	-	-	1,743,809	
Dividend income	-	-	-	2,554,200	(2,554,200)	-	
Depreciation	5,408,707	656,931	292	743,302	-	6,809,232	
Impairment of non-financial assets	-	-	-	54,000	-	54,000	
Other non-cash expenses	9,578,201	42,019	-	946,780	-	10,567,000	B
Segment profit/(loss)	12,042,187	976,836	726,681	(2,163,158)	-	11,582,546	C
ASSETS							
Additions to non-current assets	18,547,315	1,586,235	320	49,432	-	20,183,302	D
Segment assets	301,520,522	27,452,953	12,142,740	388,142	-	341,504,357	E

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. SEGMENT INFORMATION (cont'd)

2012

	Hardware and building materials RM	Technology related products RM	Property RM	Corporate RM	Eliminations RM	Consolidated RM	Notes
REVENUE							
External customers	648,260,252	58,131,598	1,626,791	298,035	-	708,316,676	
Inter-segment	227,147,176	22,445,951	36,000	901,200	(250,530,327)	-	A
Total revenue	875,407,428	80,577,549	1,662,791	1,199,235	(250,530,327)	708,316,676	
RESULTS							
Interest income	1,586,593	82,733	263	-	(2,281)	1,667,308	
Dividend income	-	-	-	2,914,200	(2,914,200)	-	
Depreciation	5,231,954	547,369	276	717,252	-	6,496,851	
Impairment of non-financial assets	20,000	-	-	54,000	-	74,000	
Other non-cash expenses	10,713,404	30,783	-	1,174,752	-	11,918,939	B
Segment profit/(loss)	16,634,219	1,308,442	707,457	(2,365,590)	-	16,284,528	C
ASSETS							
Additions to non-current assets	1,674,984	1,335,299	-	1,728,763	-	4,739,046	D
Segment assets	439,030,671	29,849,563	13,184,631	74,935,794	(234,128,065)	322,872,594	E

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2013 RM	2012 RM
Interest expenses	8,725,354	9,322,529
Property, plant and equipment written off	8,694	6,225
Impairment losses on:		
- trade receivables	1,777,419	2,508,436
- non-trade	-	5,500
- investment properties	54,000	74,000
Inventories written off	-	2,249
Goodwill written off	1,533	-
	10,567,000	11,918,939

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. SEGMENT INFORMATION (cont'd)

C The following items are added to/(deducted from) segment profit to arrive at "Profit from operations" presented in the consolidated statement of comprehensive income:

	NOTE	2013 RM	2012 RM
Finance costs	24	8,725,354	9,322,529

D Additions to non-current assets consist of:

	NOTE	2013 RM	2012 RM
Property, plant and equipment	4	20,174,131	4,592,389
Investment properties	5	9,171	146,657
		20,183,302	4,739,046

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	NOTE	2013 RM	2012 RM
Goodwill	8	776,606	776,606

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

34. ACQUISITION OF A SUBSIDIARY COMPANY

During the financial year, on 1 March 2013, the Group entered into Shareholders' Agreement with Lawrence Hiew, Yeo Eng Hiong and Dennis Justin Tan Swee Liang for the subscription of 110,000 Ordinary shares of RM1.00 each in CHRB Trading Sdn Bhd representing 55% of the total issued and paid-up share capital of CHRB Trading at par value of RM1.00 each for cash consideration of RM110,000.

(a) Details of net assets acquired at the date of the above acquisition are as follows:

	GROUP 2013 RM
Cash at bank	(110,000)
Payables	1,533
Fair value of net assets acquired	(108,467)
Goodwill on acquisition (Note 8)	(1,533)
Purchase consideration	(110,000)
Less: Cash and cash equivalents of subsidiary acquired	197,213
Net cash inflow on acquisition	87,213

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

34. ACQUISITION OF A SUBSIDIARY COMPANY (cont'd)

- (b) The effects of the acquisition of a subsidiary company on the financial results of the Group during the financial year were as follows:

	2013 RM
Revenue	1,891,076
Change in inventories	23,391
Purchase of merchandise	(1,817,473)
Employee benefits expenses	(97,025)
Depreciation of property, plant and equipment	(1,002)
Administrative expenses	(60,188)
Profit before tax	(61,221)
Tax expense	-
Net profit for the financial year	<u>(61,221)</u>

- (c) The effects of the acquisition of a subsidiary company on the financial position of the Group at the end of the financial year were as follows:

	2013 RM
Property, plant and equipment	9,613
Inventories	23,391
Receivables	1,069,895
Cash and bank balances	22,662
Payables	(989,569)
Increase in Group's net assets	<u>135,992</u>

35. DISPOSAL OF A SUBSIDIARY COMPANY

On 31 January 2013, the Group disposed of its entire equity interest in a subsidiary company, Great Eat Sdn Bhd (formerly known as Ezy Ink Technology Sdn Bhd ("ESYT")) for a consideration of RM50,000.

- (a) The fair value of net assets of the subsidiary company disposed of was as follows:-

	2013 RM
Tax recoverable	10,869
Cash and bank balances	41,412
Other payables	(1,000)
Non-controlling interest	-
Net assets disposed	51,281
Proceeds from disposal	(50,000)
Loss on disposal to the Group	<u>1,281</u>
Proceeds from disposal	50,000
Less: Cash and cash equivalents of subsidiary disposed	(41,412)
Net cash inflow to the Group	<u>8,588</u>

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

35. DISPOSAL OF A SUBSIDIARY COMPANY (cont'd)

- b) The disposal of subsidiary company had the following effect on the Group financial results for the year:

	2013 RM
Net profit for the financial year	-

- (c) The disposal had the following effect on the financial position of the Group at the end of the financial year:-

	2013 RM
Tax recoverable	10,869
Cash and bank balance	41,412
Other payables	(1,000)
Minority interest	-
Net assets disposal	51,281

36. CORPORATE INFORMATION

- (a) The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.
- (b) The registered office and principal place of business of the Company are both located at Wisma Lim Kim Chuan, Lot 50A, Jalan 1/89B, 3½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur.
- (c) The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiary companies are shown in Note 6 to the financial statements.
- (d) The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2014.

37. FINANCIAL INSTRUMENTS

Financial risk management objectives and 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 and the Company are exposed to financial risk from operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, market price risk and liquidity risk.

The Board of Directors reviews and agree policies and procedures for the management of these risks, which are executed by the Executive Directors and the Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies other than its functional currency entered into by the Group. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and the Group does not hedge its foreign currency risk.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks. (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their borrowings as disclosed in Note 19. The interest rates of finance lease liabilities which are fixed at the inception of the financing arrangements are disclosed in Note 29. Under the current interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's profit or loss.

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables were held constant, the Group's profit net of tax would have been RM9,033 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate of loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and the Company's exposure to credit risk arises primarily from loans and advances to subsidiary companies and financial guarantees given. For other financial assets (including investment securities, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies. As at end of the reporting date, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly. As at the end of the reporting date, the maximum exposure to credit risk is represented by its carrying amounts in the statements of financial position.

As at the end of the reporting date, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiary companies. Nevertheless, these advances have been overdue for less than a year.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks. (cont'd)

(d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad. These instruments are classified as AFS financial assets. The Group does not have exposure to commodity price risk.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMVKLCI).

A 10 percent strengthening in FBMVKLCI at the end of the reporting period would have increased equity by RM374,354 and post-tax profit or loss by RM374,354. A 10 percent weakening in FBMVKLCI would have had equal but opposite effect on equity and profit or loss respectively.

(e) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of reporting date based on undiscounted contractual payments.

	Carrying amount RM	Contractual cash flows RM	Within one year RM	From two to five years RM
GROUP				
2013				
Financial liabilities:				
Trade and other payables	42,779,525	42,779,525	42,779,525	-
Bank overdraft	15,091,336	15,091,336	15,091,336	-
Banker's acceptance	184,415,175	184,415,175	184,415,175	-
Term loan	8,368,787	8,368,787	1,220,963	7,147,824
Finance lease liabilities	3,473,022	3,473,022	1,340,767	2,132,255
Total undiscounted financial liabilities	254,127,845	254,127,845	244,847,766	9,280,079
2012				
Financial liabilities:				
Trade and other payables	38,003,349	38,003,349	38,003,349	-
Bank overdraft	21,504,125	21,504,125	21,504,125	-
Banker's acceptance	165,242,168	165,242,168	165,242,168	-
Term loan	962,712	962,712	194,904	767,808
Finance lease liabilities	3,973,068	3,973,068	2,129,430	1,843,638
Total undiscounted financial liabilities	229,685,422	229,685,422	227,073,976	2,611,446

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks. (cont'd)

(e) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of reporting date based on undiscounted contractual payments. (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	From two to five years RM
COMPANY				
2013				
Financial liabilities:				
Other payables	8,800	8,800	8,800	-
Total undiscounted financial liabilities	8,800	8,800	8,800	-
2012				
Financial liabilities:				
Other payables	12,000	12,000	12,000	-
Total undiscounted financial liabilities	12,000	12,000	12,000	-

Determination of fair values

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximated their fair values except as set out below:

	Note	2013 Carrying Amount RM	2013 Fair Value RM	2012 Carrying Amount RM	2012 Fair Value RM
GROUP					
Financial asset					
AFS financial assets	7	3,743,542	2,606,914	3,743,542	2,859,196
Financial liabilities					
Finance lease liabilities	29	3,473,022	3,542,778	3,973,068	3,193,782

* Market value as at financial year end

No disclosure is made for unquoted shares because of the lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values (cont'd)

(a) Financial instruments carried at amortised cost (cont'd)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Deposits, cash and bank balances

The carrying amounts of cash and cash equivalents approximate fair values due to the relatively short term maturity of these instruments.

(ii) Quoted equity instrument

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting date or estimated by discounting expected future cash flows at estimated average cost of borrowing rate.

(iii) Trade and other receivables and payables

The carrying amounts of trade receivables and payables subject to normal trade credit terms approximate their fair values. The carrying amounts of other receivables and payables is reasonable approximation of fair values due to their short-term nature.

(iv) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting. The carrying amount of long term floating rate loans approximates their fair value as the loans will be repriced to market interest rate on or near reporting date.

The fair values of current loans and borrowings is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(v) Amounts due from subsidiary companies

The carrying amounts of the amounts due from subsidiary companies is a reasonable approximation of fair values due to its short maturity.

(b) Financial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 31 December 2013 are as follows:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unabsorbed inputs).

The Group do not have any financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 December 2012.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

37. FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values (cont'd)

(b) Financial instruments carried at fair value (cont'd)

The table below analyses the financial instruments measured at fair value at the reporting date, according to the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM
2013				
Financial assets:				
Investment securities	3,743,542	-	-	3,743,542

38. CAPITAL MANAGEMENT

The Group's primary objective in managing its capital is to maximise the Group's value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. The Group targets a capital structure of an optimal mix of debt and equity in order to achieve an efficient cost of capital vis-à-vis maintaining financial flexibility for its business requirement and investing for future growth. The Group regularly reviews and manages its capital structure in accordance to the changes in economic conditions, its business plans and future.

The Group uses the debt to equity ratio, which is total debt dividend by total equity attributable to equity holders of the Company, as the key measurement for its capital structure management. The debt-to-equity ratio as at 31 December 2013 and 2012 were as follows:

	GROUP	
	2013 RM	2012 RM
Total loans and borrowings (Note 19)	211,348,320	191,682,073
Less: Cash and cash equivalents	(24,921,762)	(19,676,511)
Net debt	186,426,558	172,005,562
Total equity	179,935,006	173,229,802
Debt-to-equity ratio	1.04	0.99

The Group did not breach any gearing requirements during the financial years ended 31 December 2013 and 31 December 2012.

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the years ended 31 December 2013 and 31 December 2012.

Notes To The Financial Statements (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

39. SIGNIFICANT EVENTS

During the financial year, the Group:

- (a) on 31 January 2013 entered into a Sale and Purchase Agreement ("SPA") with Chen Thiam Kwee @ Tan Thiam Kwee and Pua Kah Ho to dispose the entire stake in Great Eat Sdn Bhd (formerly known as Ezy Ink Technology Sdn Bhd ("EITSB")) for RM50,000. The exercise involved the disposal of 50,000 ordinary shares of RM1.00 each in the capital of EITSB. Subsequent to the completion of the SPA, EITSB will no longer a subsidiary of the Company.
- (b) on 1 March 2013 entered into Shareholders' Agreement with Lawrence Hiew, Yeo Eng Hiong and Dennis Justin Tan Swee Liang for the subscription of 110,000 Ordinary shares of RM1.00 each in CHRB Trading Sdn Bhd representing 55% of the total issued and paid-up share capital of CHRB Trading at par value of RM1.00 each for cash consideration of RM110,000.
- (c) on 18 December 2013 entered into a SPA with Pua Kah Ho to purchase the remaining 7.84% equity interest in PCS for a cash consideration of RM327,000. Subsequent to the completion of the SPA, PCS became a wholly-owned subsidiary company of the Group.

40. COMPARATIVE FIGURES

The following comparative figures of the Group have been reclassified to conform with current year's presentation:

GROUP	As restated	Adjustment	As previously reported
STATEMENT OF COMPREHENSIVE INCOME			
Purchases of finished goods	(519,442,464)	48,956,303	(568,398,767)
Raw materials and consumables used	(111,421,571)	(48,960,031)	(62,461,540)
Employee benefits expenses	(23,750,390)	(1,373)	(23,749,017)
Administrative expenses	(20,600,570)	5,101	(20,605,671)

41. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earning or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013 and 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings:				
- Realised	61,529,047	56,485,280	5,660,253	6,306,326
- Unrealised	(1,441,448)	(2,760,294)	-	-
	60,087,599	53,724,986	5,660,253	6,306,326
Consolidation adjustments	(300,000)	(300,000)	-	-
Retained earnings as per statements of financial positions	59,787,599	53,424,986	5,660,253	6,306,326

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Statement of Shareholdings

AS AT 12 May 2014

Authorised Share Capital	:	RM500,000,000.00 divided into 1,000,000,000 shares of 50 sen each
Issued and Paid-Up Capital	:	RM 83,578,133.00 divided into 167,156,266 shares of 50 sen each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	On show of hands - one (1) vote
	:	On a poll - one (1) vote for each share held

ANALYSIS OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less Than 100	109	4.75	4,141	-
100 - 1,000	66	2.88	31,677	0.02
1,001 - 10,000	1,377	60.05	6,828,578	4.09
10,001 - 100,000	660	28.78	19,129,196	11.44
100,001 - Less Than 5% Of Issue Share	75	3.27	49,658,508	29.71
5% And Above Of Issued Share	6	0.26	91,504,166	54.74
Total	2,293	100.00	167,156,266	100.00

SUBSTANTIAL SHAREHOLDERS

Names	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
YAB Dato' Lim Khoo Heng	18,001,186	10.77	25,773,579 ^(A)	15.42
YAB Dato' Lim Loong Heng	17,801,182	10.64	25,773,579 ^(A)	15.42
YAB Datin Cheong Yoke Ha	17,801,182	10.64	-	-
YAB Dato' Sri Haji Wan Zaki Bin Haji Wan Muda	14,118,067	8.45	-	-
Hew Kwee Won	13,775,958	8.24	-	-
Lim Kim Chuan & Sons Holdings Sdn Bhd	11,997,621	7.18	-	-
Nik Awang @ Wan Azmi Bin Wah Hamzah	10,671,216	6.38	-	-

DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
YAB Dato' Lim Khoo Heng	18,001,186	10.77	25,773,579 ^(A)	15.42
YAB Dato' Lim Loong Heng	17,801,182	10.64	25,773,579 ^(A)	15.42
YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman	-	-	-	-
Dali Kumar @ Dali Bin Sardar	-	-	-	-
Tai Keat Chai	-	-	-	-
Leow Bock Lim	-	-	-	-

Note: ^A Deemed interest by virtue of their interests in Lim Kim Chuan & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of their mother's Hew Kwee Won shareholding in Chuan Huat Resources Berhad.

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 12 MAY 2014

NO	NAME	No. of Shares Held	%
1	LIM KHOON HENG	18,001,186	10.77
2	CHEONG YOKE HA	17,801,182	10.65
3	LIM LOONG HENG	17,801,182	10.65
4	WAN ZAKI BIN WAN MUDA	14,118,067	8.45
5	HEW KWEE WON	13,775,958	8.24
6	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	10,006,591	5.99
7	CHONG MOAN LAM @ CHEONG MOON LAM	7,856,639	4.70
8	W MOHAMED @ NIK AZAM BIN WAN HAMZAH	7,024,917	4.20
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @ WAN AZMI BIN WAN HAMZAH (E-KPG/JRL)	6,578,947	3.94
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @ WAN AZMI BIN WAN HAMZAH	4,092,269	2.45
11	AU WENG KEONG	1,958,493	1.17
12	EMINENT OASIS SDN. BHD.	1,866,666	1.12
13	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	1,804,364	1.08
14	KHONG CHOOK CHONG	1,665,000	1.00
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	1,091,933	0.65
16	ANG ENG THAI	811,233	0.49
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG YONG LAI	570,000	0.34
18	CHOO WENG WAH	560,000	0.34
19	NG CHIN CHONG	550,000	0.33
20	HENG YONG LAI	540,000	0.32
21	KHONG OW CHONG	500,066	0.30
22	YAP KIM THIAM	430,000	0.26
23	LEE KOING @ LEE KIM SIN	420,000	0.25
24	LIM GUAT POH	403,333	0.24
25	LEE KOK HIN	377,200	0.23
26	KHONG TSEE CHONG @ KHONG HOO CHONG	333,700	0.20
27	YAP SUE MEI	330,000	0.20
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG YONG LAI (E-IMO)	320,000	0.19
29	LOO WAN YONG	308,000	0.18
30	HEW CHEE WAH	301,626	0.18

132,198,552	79.09
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Statement of Warrantholdings

AS AT 12 May 2014

Number of outstanding Warrants :	41,789,066
Exercise period :	7 January 2011 to 6 January 2016
Exercise price :	RM0.50
Warrant entitlement :	Each warrant entitles the holder during the exercise period to subscribe for one new ordinary share of RM0.50 each at the exercise price.

ANALYSIS OF WARRANTHOLDERS

Size of Warrantholdingss	No. of Warrantholders	%	No. of Warrants Held	%
Less Than 100	5	0.70	231	-
100 - 1,000	211	29.43	188,999	0.45
1,001 - 10,000	338	47.14	1,239,250	2.97
10,001 - 100,000	134	18.69	4,696,741	11.24
100,001 - Less Than 5% Of Issued Warrant	22	3.07	8,196,399	19.61
5% And Above Of Issued Warrant	7	0.98	27,467,446	65.73
Total	717	100.00	41,789,066	100.00

DIRECTORS' WARRANTHOLDINGS

Names	Direct Interest		Deemed Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Lim Khoon Heng	4,693,000	11.23	7,564,784 ^(^)	17.73
Dato' Lim Loong Heng	4,693,000	11.23	7,564,784 ^(^)	17.73
Nicholas Lim Kean Hoong	-	-	-	-
Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman	-	-	-	-
Dali Kumar @ Dali Bin Sardar	-	-	-	-
Tai Keat Chai	-	-	-	-
Leow Bock Lim	-	-	-	-

Note: ^ Deemed interest by virtue of their interests in Lim Kim Chuan & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of their mother's Hew Kwee Won shareholding in Chuan Huat Resources Berhad.

LIST OF 30 LARGEST WARRANTHOLDERS

AS AT 12 MAY 2014

NO	Name of Warrantholders	No. of Warrants Held	%
1	CHEONG YOKE HA	4,693,000	11.23
2	LIM KHOON HENG	4,693,000	11.23
3	LIM LOONG HENG	4,693,000	11.23
4	WAN ZAKI BIN WAN MUDA	3,678,124	8.80
5	HEW KWEE WON	3,631,839	8.69
6	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	3,410,679	8.16
7	NIK AWANG @ WAN AZMI BIN WAN HAMZAH	2,667,804	6.38
8	CHONG MOAN LAM @ CHEONG MOON LAM	1,372,500	3.28
9	KENANGA NOMINEES (TEMPATAN) SDN BHD KOH BOON POH (EM1-D88)	1,020,000	2.44
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	836,600	2.00
11	AU WENG KEONG	484,700	1.16
12	LIM KIM CHUAN & SONS HOLDINGS SDN BHD	475,600	1.14
13	EMINENT OASIS SDN. BHD.	466,666	1.12
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN (8109660)	443,100	1.06
15	KHONG CHOOK CHONG	410,000	0.98
16	KENANGA NIMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TIAM MING (008)	394,700	0.94
17	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN	338,900	0.81
18	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	311,733	0.75
19	ONG CHAI HOCK	259,200	0.62
20	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN MEI FONG MARY	192,400	0.46
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GUAT POH (E-BWK)	169,500	0.41
22	CHIAH SIEW LEAN	150,000	0.36
23	LIM ENG HOCK	150,000	0.36
24	NG SAI MAN	150,000	0.36
25	ANG CHO KOK	133,000	0.32
26	KHONG OW CHONG	120,000	0.29
27	LEE CHEN CHOI	107,800	0.26
28	KUAN MIN HUEY	105,500	0.25
29	TEH AH KAU @ TEH HUAN CHEW	104,500	0.25
30	DOONG AMOOI @ DOONG CHONG LIAN	100,000	0.24

35,763,845	85.58
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LIST OF TOP 10 PROPERTIES

No.	Location	Year of Acquisition	Description of Property/ Usage	Tenure / Approx. age of building	Land area/ Build up area (in sq. metre)	Net Book Value as of 31.12.13 (RM)
1	Lot 10464, 5th Mile, Jalan Nenas, Off Jalan Bukit Kemuning, Kg Jawa, 41000 Klang	2013	Industrial land with factory, warehouse & office	Freehold / 10	40,646 / 13,397	23,925,076
2	Lot 31381, Jalan Puchong Mesra 2, Batu 7 1/2, Off Jalan Puchong, 58200 Kuala Lumpur	1994	Industrial land with factory, warehouse & office	Freehold / 5	13,533 / 6,175	14,221,772
3	Lot 7401, PT 1888, Nilai Industrial Area, Phase II, 71800 Nilai	1997	Industrial land with factory, warehouse & office	Leasehold for 99 years expiring in 2091 / 19	28,420 / 12,600	10,128,120
4	Lot 718 (PT 1651), Nilai Industrial Area, Phase II, 71800 Nilai	1997	Industrial land with factory, warehouse & office	Leasehold for 99 years expiring in 2090 / 19	15,570 / 6,462	5,991,897
5	Lot 120,121,122,123,124 & 175, Jalan Pudu, Kuala Lumpur	2005	6 lots of commercial land	Freehold / NA	1,422	4,788,465
6	Lot P2-073, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia	2013	Industrial land with factory, warehouse & office	Leasehold for 50 years expiring in 2062	9,703	4,787,405
7	Lot P204, Bukit Minyak Industrial Area, Mukim 13, Bukit Mertajam, Penang	1997	Industrial land with warehouse & office	Leasehold for 60 years expiring in 2058 / 2	14,164 / 2,080	3,612,931
8	C43, Block C, Lot 1566, Nilai Industrial Area, 71800 Nilai	1998	Industrial land with factory, warehouse & office	Leasehold for 99 years expiring in 2089 / 24	16,820 / 2,358	3,163,215
9	19, Lorong Tiara 1B, Bandar Baru Klang, 41150 Klang	1999	4 storey shop office	Leasehold for 99 years expiring in 2093 / 20	307 / 1,228	2,200,000
10	Unit No.C-36-5E, Level 36, Type Duplex, Kiara 9, Mont Kiara	2008	1 unit duplex condominium	Freehold / 3	250	2,156,441
						74,975,323

Recurrent Related Party Transactions of A Revenue or Trading Nature

At the Annual General Meeting held on 25 June 2013, the Company had obtained shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Group.

In accordance with paragraph 10.09(2)(b) of the Listing Requirements of Bursa Securities, the details of the recurrent related party transactions conducted during the financial year ended 31 December 2013 pursuant to the shareholders' mandate are disclosed as follows:

Recurrent Transactions involving trading in hardware, building materials and ironmongery products

no	CHRB Group	Nature of transactions	Aggregate Value (RM'000)	Interested related parties
1	CHIM	Sales of steel bars and building materials to AZSB	6,710	Dato' Sri Haji Wan Zaki Bin Haji Wan Muda is a director and has 100% direct and indirect interests in AZSB. Dato' Sri is also a director of CHH.
		Sales of steel bars and building materials to Keyline CHRB BM CHM	- 956 5,107	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest of these subsidiary companies. Dato' Lim Khoon Heng is also director of CHRB BM, Keyline and CHM.
2	CHH	Sales of steel bars and building materials CHM CHRB BM	7 25	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest of these subsidiaries. Dato' Lim Khoon Heng is also director of CHRB BM and CHM.
		Purchase of steel pipes from AISB	1,500	Dato' Lim Khoon Heng and Dato' Lim Loong Heng has 7.39% indirect interest in AISB.
3	CHRS	Sales of steel bars and building materials to CHM	-	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and shareholders of CHRB, thus deemed interested by virtue of its indirect interest in CHM. Dato' Lim Khoon Heng is also director of CHM
4	Keyline	Sales of ironmongery products to CHRB Utara CHIM CHRB Selatan CHRB BM CHRB Timuran CHRB BB	70 600 51 164 90 -	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiaries. Dato' Lim Khoon Heng is also director of Keyline and CHRB BM.

Recurrent Related Party Transactions of A Revenue or Trading Nature (cont'd)

no	CHRB Group	Nature of transactions	Aggregate Value (RM'000)	Interested related parties
5	CHRB BM	Purchase of building materials from Esysence BMI	116 -	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiaries. Dato' Lim Khoon Heng is also director of CHRB BM and CHM.
		Sales of steel bars and building materials to CHRB Utara CHM CHRB Selatan	18 170 384	
6	CHM	Sales of steel bars and or steel related products and building materials to CHRB BM CHRB Selatan CHH CHIM CHRB Timuran CHRB BB	491 - - - 150 -	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiaries. Dato' Lim Khoon Heng is also director of CHM and CHRB BM.
		Purchase of building materials from Esysence BMI	- 847	
7	CHRB Trading	Sales of steel bars and or steel related products and building materials to Esysence BMI Keyline CHM CHRB BM CHIM CHH	30 208 - - 235 - -	Dato' Lim Khoon Heng and Dato' Lim Loong Heng, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiaries. Dato' Lim Khoon Heng is also director of CHM, CHRB BM and CHRB Trading.

Abbreviations:

AISB	-	Amalgamated Industrial Steel Berhad
AZSB	-	Ahmad Zaki Sdn Bhd
BMI	-	Bars & Mesh Industries Sdn Bhd
CHH	-	Chuan Huat Hardware (Sdn) Berhad
CHIM	-	Chuan Huat Industrial Marketing Sdn Bhd
CHM	-	Chuan Huat Metal Sdn Bhd
CHRB BB	-	CHRB Bahan Binaan Sdn Bhd
CHRB BM	-	CHRB Building Materials Sdn Bhd
CHRB Selatan	-	CHRB Selatan Sdn Bhd
CHRB Timuran	-	CHRB Timuran Sdn Bhd
CHRB Trading	-	CHRB Trading Sdn Bhd.
CHRB Utara	-	CHRB Utara Sdn Bhd
CHRS	-	CH Reinforcing Steel (M) Sdn Bhd
Esysence	-	Pemasaran Esysence Sdn Bhd
Keyline	-	Keyline Consulting Sdn Bhd

The shareholdings of the respective interested related parties as shown above are based on the information disclosed in the Circular to Shareholders dated 3 June 2013 in relation to the proposed shareholders' mandate for recurrent related party transactions.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting (“AGM”) of Chuan Huat Resources Berhad will be held at Bukit Jalil Golf & Country Resort, Langkawi Room, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 26 June 2014 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1) | |
| 2. | To approve the payment of a first and final dividend of 1.5 sen gross per ordinary share less income tax at 25% for the financial year ended 31 December 2013. | Resolution 1 |
| 3. | To approve the payment of Directors’ Fees for the financial year ended 31 December 2013. | Resolution 2 |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Article 63 of the Company’s Articles of Association : -

(a) Tai Keat Chai
(b) Nicholas Lim Kean Hoong | Resolution 3
Resolution 4 |
| 5. | To re-elect the following Director who was appointed during the year and retires in accordance with Article 68 of the Articles of Association of the Company:

• YBHG Tan Sri Dato’ Sri Abdul Aziz Bin Abdul Rahman | Resolution 5 |
| 6. | To consider and if thought fit, to pass the following Resolution :

“THAT Leow Bock Lim, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next AGM of the Company.” | Resolution 6 |
| 7. | To re-appoint Messrs. Ong Boon Bah & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

- | | | |
|-----|---|--------------|
| 8. | To consider and if thought fit, to pass the following Resolutions: | |
| 8.1 | ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 (“THE ACT”)

“THAT subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, pursuant to Section 132D of the Act, the Directors be and are hereby authorised to issue shares in the Company from time to time, upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.” | Resolution 8 |

Notice of Annual General Meeting (cont'd)

AS SPECIAL BUSINESS (cont'd)

8. To consider and if thought fit, to pass the following Resolutions (cont'd):

8.2 ORDINARY RESOLUTION

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Resolution 9

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company's subsidiaries to enter into recurrent transactions with the Related Parties of a revenue or trading nature as set out in Paragraph 3.3 of the Circular to Shareholders dated 3 June 2014, which are necessary for its day-to-day operations and are in the ordinary course of business and are on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders of the Company for:

- Recurrent related party transactions entered into by either of BMI, CHH, CHM, CHIM, CHRB BB, Esysence, CHRB Selatan, CHRB Utara, CHRB Timuran, CHRS, CHRB BM, Keyline, CHRB Trading and CHR with one another; and
- Recurrent related party transactions entered into by CHH with AISB.

THAT the approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which the ordinary resolution is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

8.3 ORDINARY RESOLUTION

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Resolution 10

"THAT subject always to the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company's subsidiary to enter into recurrent transactions with the Related Parties of a revenue or trading nature as set out in Paragraph 3.3 of the Circular to Shareholders dated 3 June 2014, which are necessary for its day-to-day operations and are in the ordinary course of business and are on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders of the Company for:

- Recurrent related party transactions entered into by CHIM, CHH and Keyline with AZSB

Notice of Annual General Meeting (cont'd)

AS SPECIAL BUSINESS (cont'd)

8.3 ORDINARY RESOLUTION (cont'd)

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (cont'd)

THAT the approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which the ordinary resolution is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

8.4 ORDINARY RESOLUTION

AUTHORITY TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT authority be and are hereby given to the following Directors to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance 2012."

- (a) Tai Keat Chai
- (b) Dali Kumar @ Dali Bin Sardar
- (c) Leow Bock Lim

Resolution 11
Resolution 12
Resolution 13

- 9. To transact any other ordinary business of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Twentieth Annual General Meeting to be held on 26 June 2014, a First and Final Dividend of 1.5 sen gross per ordinary share less income tax at 25% in respect of the financial year ended 31 December 2013, will be paid on 26 August 2014.

The entitlement date shall be fixed on 6 August 2014 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m on 6 August 2014 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

Foo Siew Loon
(MAICSA 7006874)
Secretary

Kuala Lumpur
3 June 2014

Notice of Annual General Meeting (cont'd)

Notes:

1. The Agenda item 1 is meant for discussion only as the provision of Section 169(1) of the Act, does not require a formal approval of the shareholders and hence, is not put forward for voting.
2. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or an officer duly authorised. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member appoints more than one (1) proxy (subject to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of the omnibus account.
6. To be valid, this proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Lim Kim Chuan, Lot 50A, Jalan 1/89B, 3½ Miles, Off Jalan Sungai Besi, 57100 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
7. Only a depositor whose name appears on the Record of Depositors as at 18 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes To Special Business:

(i) Resolution 8

The proposed Resolution under item 8.1 of the Agenda, is a renewal mandate of the previous general mandate obtained from the shareholders at the Nineteenth AGM held on 3 June 2013, which is expiring at the conclusion of the Twentieth AGM. The proposed Resolution, if passed will avoid any delay and cost involved in convening a general meeting and will empower the Directors to issue up to 10% of the issued share capital of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, the Directors have not utilised the mandate granted to the Directors at the last AGM held on 25 June 2013 and the said mandate will lapse at the conclusion of the Twentieth AGM.

The renewal of this mandate will provide flexibility to the Company to undertake any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions at any time to such persons in their absolute discretion without convening a general meeting.

(ii) Resolutions 9 and 10

The proposed Resolutions under items 8.2 and 8.3 of the Agenda, if passed, will allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day to day operations which shall expire at the next AGM.

The class of related parties, the nature of the transactions, the rationale and the methods of determining the transaction prices with the related parties, are detailed out in the Circular to Shareholders dated 3 June 2014.

(iii) Resolutions 11, 12 and 13

The proposed Resolutions under item 8.4 of the Agenda, if passed, will allow the named directors to continue to act as independent directors notwithstanding that they have served a cumulative term of over nine (9) years as independent directors.

(a) Tai Keat Chai

Mr Tai Keat Chai was appointed Independent Non-Executive Director of the Company on 29 June 2001 and has therefore served for more than nine (9) years. As at the date of the notice of the AGM, he has served the Company for twelve (12) years. Mr Tai has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and the Board considers him to be independent and recommends that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

Notice of Annual General Meeting (cont'd)

Notes:

Explanatory Notes To Special Business (cont'd):

(iii) Resolutions 11, 12 and 13 (cont'd)

(b) Dali Kumar @ Dali Bin Sardar

Mr Dali Kumar was appointed Independent Non-Executive Director of the Company on 15 July 1999 and has therefore served for more than nine (9) years. As at the date of the notice of the AGM, he has served the Company for fourteen (14) years. Mr Dali has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and the Board considers him to be independent and recommends that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

(c) Leow Bock Lim

Mr Leow Bock Lim was appointed Independent Non-Executive Director of the Company on 29 June 2001 and has therefore served for more than nine (9) years. As at the date of the notice of the AGM, he has served the Company for twelve (12) years. Mr Leow has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and the Board considers him to be independent and recommends that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

Statement Accompanying Notice Of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities

Director appointed during the year and retires in accordance with Article 68 of the Articles of Association of the Company and standing for election:-

YBHG TAN SRI DATO' SRI ABDUL AZIZ BIN ABDUL RAHMAN

PROFILE

Chairman and Director, appointed on 2 August 2013, and now holding a non-executive and independent position.

He graduated with a Bachelor of Commerce from University of New South Wales, Sydney, Australia. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

He has served as Chairman and Board member of several government institutions, agencies and public listed companies, both in Australia and Malaysia. At the corporate level he was with Price Waterhouse & Co. Sydney, Malaysia Airlines and Managing Director of Bank Rakyat Bhd before venturing into politics and public service as the Pahang State Assemblyman, State Executive Councillor and Deputy Chief Minister of Pahang. He was a Senator of Malaysian Parliament for a maximum period of two (2) terms. Presently he is a Board member of Affin Bank Berhad, Affin Islamic Bank Berhad, Director of Tanah Makmur Berhad, International Islamic University Malaysia and University Malaysia Pahang.

He attended two out of two Board Meetings held in the financial year ended 31 December 2013 subsequent to his appointment to the Board on 2 August 2013.

The Directors' Shareholdings in the Company are disclosed under the Statement of Shareholdings.



Chuan Huat Resources Berhad
(Company No. 290729-W)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

No. of Shares Held	
CDS Account no.	

I/We _____ (Full Name in Capital Letters)
 NRIC No./Passport No./Company No. _____
 CDS Account No./Name of beneficial owner* _____
 Of _____ (Full Address)
 being a member(s) of **Chuan Huat Resources Berhad**, hereby appoint _____ (Full Name in Capital Letters)
 NRIC No./Passport No./Company No _____
 Of _____ (Full Address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Bukit Jalil Golf & Country Resort, Langkawi Room, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 26 June 2014 at 11.00 a.m. and at every adjournment thereof in the manner as indicated below:

RESOLUTIONS	FOR	AGAINST
Resolution 1	To approve first and final dividend	
Resolution 2	To approve payment of Directors' fees	
Resolution 3	To re-elect Director – Tai Keat Chai	
Resolution 4	To re-elect Director – Nicholas Lim Kean Hoong	
Resolution 5	To re-elect Director – YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman	
Resolution 6	To re-appoint Leow Bock Lim pursuant to Section 129(6) of the Companies Act, 1965	
Resolution 7	To re-appoint Messrs Ong Boon Bah & Co. as auditors of the Company	
Resolution 8	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965	
Resolution 9	Proposed Renewal of Existing and New Shareholders' Mandate for <ul style="list-style-type: none"> Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by either of BMI, CHH, CHM, CHIM, CHRB BB, Esysence, CHRB Selatan, CHRB Utara, CHRB Timuran, CHRS, CHRB BM, Keyline, CHRB Trading and CHR with one another; and Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHH with AISB 	
Resolution 10	Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHIM, CHH and Keyline with AZSB	
Resolution 11	Authority for Tai Keat Chai to continue in office as an Independent Non-Executive Director	
Resolution 12	Authority for Dali Kumar @ Dali Bin Sardar to continue in office as an Independent Non-Executive Director	
Resolution 13	Authority for Leow Bock Lim to continue in office as an Independent Non-Executive Director	

* To be completed by authorised nominees.

Please indicate with an "X" in the appropriate box above as to how you wish your vote to be cast. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit. However, if more than one proxy is appointed, please specify in the table below the number of shares represented by each proxy, failing which the appointment shall be invalid.

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

Dated this ____ day of _____, 2014.

Notes:-

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	No. shares & % of shares
Name of proxy 1:	
Name of proxy 2:	
Total	

(FRONT)

Please send me a copy of the CHUAN HUAT RESOURCES BERHAD Annual Report 2013.

Sila hantar satu salinan Laporan Tahunan 2013 CHUAN HUAT RESOURCES BERHAD kepada saya.

Name>Nama : _____

Address/Alamat : _____

NRIC No./No. K.P. : _____

Company No./No. Syarikat : _____

Signature of Shareholder/Tandatangan Pemegang Saham

ANNUAL REPORT 2013

The Annual Report 2013 is in a CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the verbal or written request.

The request must be directed to:

Chuan Huat Resources Berhad

Wisma Lim Kim Chuan
Lot 50A, Jalan 1/89B,
3½ Miles Off Jalan Sungai Besi,
57100 Kuala Lumpur.

Contact person	:	Mr Simon Lee or Ms Carmen Chan
Telephone No.	:	+603-7983 3333
Facsimile No.	:	+603-7980 3333
E-mail	:	enquiries@chuanhuat.com.my

Affix
stamp
here

CHUAN HUAT RESOURCES BERHAD (290729-W)

WISMA LIM KIM CHUAN
LOT 50A, JALAN 1/89B,
3½ MILES OFF JALAN SUNGAI BESI,
57100 KUALA LUMPUR,
MALAYSIA



: **WISMA LIM KIM CHUAN**
Lot 50A, Jalan 1/89B
3½ Miles, Off Jalan Sungai Besi
57100 Kuala Lumpur
MALAYSIA



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: **www.chuanhuat.com.my**

