CHUANHUAT GROUP
since 1957

CHUAN HUAT RESOURCES BERHAD

(290729-W)

ANNUAL
REPORT
2014

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YBHG TAN SRI DATO' SRI ABDUL AZIZ BIN ABDUL RAHMAN
LIM KAH POON
LEOW BOCK LIM
YAB DATO' LIM KHOON HENG

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
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E-mail : enquiries@chuanhuat.com.my

WEBSITE

http://www.chuanhuat.com.my

REGISTRAR

SECTRARS MANAGEMENT SDN. BHD.
Lot 9-7 Menara Sentral Vista,
No 150 Jalan Sultan Abdul Samad Brickfields
50470 Kuala Lumpur
Tel : +603-2276 6138
Fax : +603-2276 6131

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

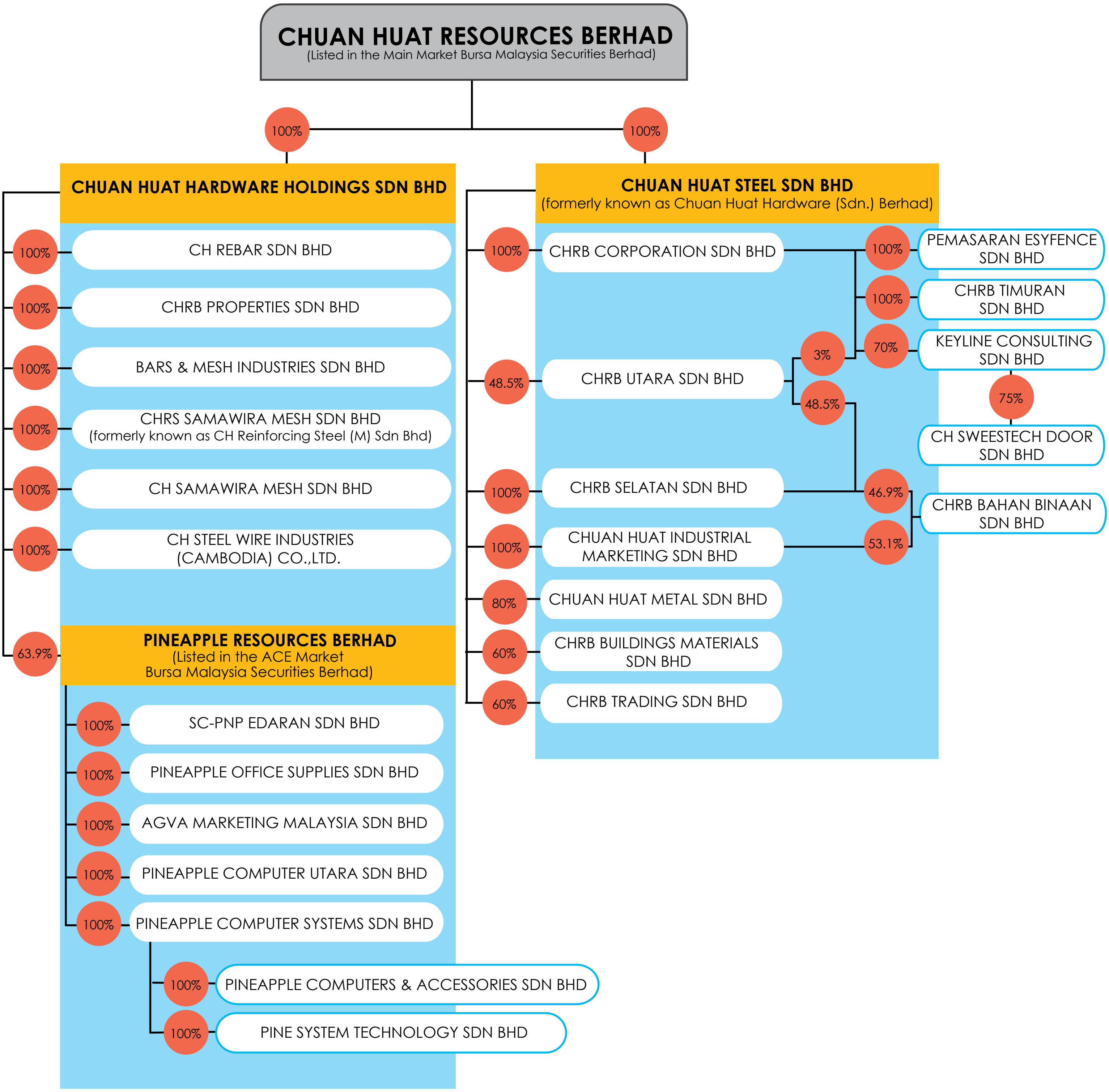
AUDITORS

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
(Trading/Services Sector)
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. **LIM KAH POON**
6. **DALI KUMAR @ DALI BIN SARDAR**
7. **LEOW BOCK LIM**

YBHG TAN SRI DATO' SRI ABDUL AZIZ BIN ABDUL RAHMAN

(Independent Non-executive Chairman)

69 years of age
Malaysian

Chairman and Director, holding a non-executive and independent position since 2 August 2013.

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 Islamic Bank Berhad, International Islamic University Malaysia, Tanah Makmur Berhad and Asian Healthcare Group Berhad.

He attended five out of five Board Meetings held in the financial year ended 31 December 2014.

YAB DATO' LIM KHOON HENG, PATRICK

(CEO/Group Managing Director)

62 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 Steel Sdn. Bhd. (formerly known as 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 Vice President of the Federation Of Asia Pacific Hardware Chambers and the Advisor of the Malaysia Hardware, Machinery & Building Materials Dealers' Association and 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 Khoon Heng is also the Non-Executive Chairman in Pineapple Resources Berhad. He attended four out of five Board Meetings held in the financial year ended 31 December 2014.

YAB DATO' LIM LOONG HENG, MARK

(Deputy Managing Director)

60 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 five out of five Board Meetings held in the financial year ended 31 December 2014.

NICHOLAS LIM KEAN HOONG

(Executive Director)

34 years of age
Malaysian

Director, holding an executive position since 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 CHRS Samawira Mesh Sdn Bhd (formerly known as CH Reinforcing Steel (M) Sdn Bhd), CH Samawira Mesh Sdn. Bhd, Bars & Mesh Industries Sdn Bhd and CH Steel Wire Industries (Cambodia) Co., Ltd. He holds a Bachelor's Degree in Computer Science and Management Studies (Hons) from Nottingham University.

Mr Nicholas Lim Kean Hoong attended four out of five Board Meetings held in the financial year ended 31 December 2014.

LIM KAH POON

(Independent Non-Executive Director)

66 years of age
Malaysian

Director, holding a non-executive and independent position and was appointed on 27 February 2015.

He is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Malaysian Institute of Accountants (MIA). Mr. Lim, a Chartered Accountant with a broad based business experience, spent the early part of his professional career with Ernst & Whinney in Dublin, Ireland and Price Waterhouse in Kuala Lumpur / Penang for approximately 12 years. Mr. Lim was the Branch Manager of Price Waterhouse, Penang when he left the firm in 1983.

He joined Malaysian Tobacco Company Berhad ("MTC") - a subsidiary of British American Tobacco Company Ltd ("BAT"), in June 1983, where he held various senior finance positions over a 15 year-period, including the position of Financial Controller from 1990 to June 1996. From July 1996, he assumed the Regional Audit role, responsible for facilitating and identifying the key business risks and evaluating the respective control environment in all the key BAT operations in the Asia Pacific Region with the top management and ensuring that the business risks and weaknesses in the control environment were properly addressed, managed or minimized.

In 1998, he joined a local company, also quoted on Bursa Malaysia Securities Berhad, as its Chief Financial Officer. His finance and regional audit portfolios in both MTC and the local company had provided him with the wide experience covering financial and management accounting and control, formulation of corporate policies and strategies, risks management, corporate governance, business and tax planning and the role of internal audit under the ever changing corporate environment.

He left his last company in September 2001 in order to focus on his business advisory and consultancy work. To-date, Mr. Lim has undertaken corporate exercises involving IPO, mergers & acquisitions, rights issue, project financing and others.

Mr. Lim Kah Poon is also an Independent Non-Executive Director in Pineapple Resources Berhad, Heveaboard Berhad and Imaspro Corporation Berhad. He did not attend any of the Board Meeting held in the financial year ended 31 December 2014 as he joined the Board on 27 February 2015.

DALI KUMAR @ DALI BIN SARDAR

(Independent Non-Executive Director)

56 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).

Mr 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 five out of five Board Meetings held in the financial year ended 31 December 2014.

LEOW BOCK LIM

(Independent Non-Executive Director)

72 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 five out of five Board Meetings held in the financial year ended 31 December 2014.

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.

“On behalf of the Board of Directors, I am pleased to present the Company’s Annual Report and the Audited Financial Statements for the financial year ended 31 December 2014”

Operation Review

It was indeed another challenging year for the domestic steel industry due to the decreasing price of commodities, such as iron ore, oil and the depreciating Ringgit Malaysia. The influx of cheaper imported steel into Malaysia also reduced the profit margin and the drop in the prices also resulted in the write down in the value of the inventories.

Despite a difficult trading environment, the Group managed to deliver a satisfactory set of results.

Financial Highlight

During the financial year under review, the Group achieved a revenue of RM708.7 million as compared to RM693.2 million in the previous year. Although the revenue was relatively unchanged, the Profit Before Tax (“PBT”) increased to RM24.2 million as compared to RM11.5 million in the previous year. This was mainly due to the changes in the fair value of investment properties amounting to RM18.6 million.

The earnings per share for the year increased to 12.78sen per share from 5.63sen per share in the year ended 31 December 2013.

The net assets per share has increased to RM1.46 per one ordinary share as compared to RM0.99 in the previous year, representing an increase of 47%, mainly due to the surplus arising from revaluation of the Group’s properties.

2015 Outlook

We are bracing ourselves for another challenging year ahead due to the continuing uncertainties carried forward from the previous year. With the announced infrastructure projects in the 2015 budget, such as the Light Rail Transit Line 3 (“LRT3”), the Damansara Shah Alam Elevated Expressway (“DASH”) and the second Mass Rapid Transit (“MRT”) line from Selayang to Putrajaya, the construction industry will remain to be buoyant.

To improve profit margins and lower logistic cost, the Group is now exploring to expand the steel service centers by setting up plants in the northern and southern region which should also contribute to the increase the sales and services respectively.

Dividend

The Board of Directors has recommended a Single Tier First and Final Dividend of 0.565 sen (1.13%) gross per ordinary share in respect of the financial year ended 31 December 2014 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation to my ex-fellow Board member, Mr Tai Keat Chai who has resigned due to his other work commitments on the 13 January 2015, for all his contribution and guidance towards the company's success. He has been a member of the Board since the year 2001.

Welcome

Replacing Mr. Tai Keat Chai, we would like to welcome Mr. Lim Kah Poon who joined us on the 27 February 2015.

Acknowledgements

On behalf of the Board of Directors, I would like to thanks all my fellow Board members for their contribution in achieving the results for the year ended 31 December 2014, shareholders who have the trust in us, customers who have supported us, suppliers who have been supporting us with good products and services, bankers who have stood by us, and last but not least the whole management team who has held on firmly during this very challenging time.

YBHG TAN 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 an ongoing basis, to integrate Corporate Social Responsibility (”CSR”) practices into its day to day business operations. The Group aims not only to increases 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.

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 2014.

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 2014, the Board met on five (5) 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 are as follows:

Director	Numbers of Meeting attended
YBHG Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman	5/5
YAB Dato' Lim Khoon Heng	4/5
YAB Dato' Lim Loong Heng	5/5
Mr. Nicholas Lim Kean Hoong	4/5
Mr. Tai Keat Chai (Resigned on 13.01.2015)	5/5
Mr. Dali Kumar @ Dali Bin Sardar	5/5
Mr. Leow Bock Lim	5/5
Mr. Lim Kah Poon (Appointed on 27.02.2015)	* None

* Note :
Mr. Lim Kah Poon did not attend any of the Board Meeting held in the financial year ended 31 December 2014 as he joined the Board on 27 February 2015.

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.

(e) Tenure of Independent Directors

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. 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. 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.

A. BOARD OF DIRECTORS (cont'd)

(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 Committees

i. Audit and Risk Management Committee

The Audit and Risk Management ("ARM") Committee of the Board has been in place since 1997. Initially known as the Audit Committee but was later renamed as Audit and Risk Management Committee on 21 April 2015 so as to reflect the additional function added to the committee. It presently comprises three (3) Independent Non-Executive Directors. A brief report on the ARM Committee can be found in the "Audit and Risk Management Committee Report".

ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") of the Board has been in place since 2013. 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 2014.

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

The NRC will on an ongoing 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.

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.

A. BOARD OF DIRECTORS (cont'd)

(g) Board Committees (cont'd)

ii. Nomination and Remuneration Committee (cont'd)

Terms of Reference (cont'd)

- To assess the effectiveness of the Board and Board Committees, 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, 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 2014 are as follows:

Element of remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Salaries & other emoluments	1,975,948	-	1,975,948
Fees	45,000	196,000	241,000
	2,020,948	196,000	2,216,948

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

Band of remuneration	Executive Directors	Non-Executive Directors	Total
RM 50,000 and below	-	2	2
RM 50,001 – RM100,000	-	2	2
RM 150,000 – RM200,000	1	-	1
RM 750,000 – RM800,000	1	-	1
RM1,050,000 – RM1,100,000	1	-	1

A. BOARD OF DIRECTORS (cont'd)

(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 2014 include:-

- Advocacy Sessions on Corporate Disclosure for Directors conducted – Bursa Malaysia
- Malaysia Goods & Service Tax, The Impact on the Organisation – PKF Tax Services Sdn Bhd
- Implementation of the Enterprise Risk Management – PKF Advisory Sdn Bhd
- Updates on Key Risk Profiles – IA Essentials Sdn Bhd

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 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.

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's 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 ARM 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 ARM 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 2014 can be found from pages 35 to 98 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.

(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's 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. ACCOUNTABILITY AND AUDIT (cont'd)

(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 ARM Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before the audit commences. The ARM 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 ARM 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 2014, the ARM Committee met up twice with the external auditors in the absence of the Executive Director and Management.

E. COMPLIANCES STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board consider that the Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the MCCG 2012 has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCCG 2012, the MMLR and all applicable laws and regulations throughout the Financial year ended 31 December 2014.

ADDITIONAL COMPLIANCE INFORMATION

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

There is no material contracts subsisting as at 31 December 2014 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 25 May 2015.

(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 2014.

(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 2014. (2011: Renounceable Rights Issue of 41,789,066 Five (5)-year Warrants 2011/2016 were issued).

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

(f) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2014.

(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 2014.

This Statement was made in accordance with the resolution of the Board dated 21 April 2015.

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and The Malaysian Code on Corporate Governance 2012 ("the Code" or "MCCG 2012") which requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets, the Board of Directors ("the Board") of CHUAN HUAT RESOURCES BERHAD ("the Company") is pleased to present the following Statement on Risk Management and Internal Control.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for the Group's systems of risk management and internal control to safeguard the shareholders' investment, the interest of customers and the Group's assets as well as reviewing its effectiveness, adequacy and integrity.

The Board's responsibility in relation to the system of internal control extends to all subsidiaries of the Group. The system of internal control covers not only financial controls but operational and compliance controls.

Owing to the inherent limitations, the internal controls implemented are intended to reasonably manage but not expected to eliminate all risks of failure to achieve business and corporate objectives of the Group and can only provide reasonable and not absolute assurance against material misstatements, financial losses and fraud.

The Board confirms that through its Audit and Risk Management ("ARM") Committee, there is an ongoing process to regularly review the results of this process, including mitigating measures taken by Management to address areas of key risks identified for the Group which 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 AND INTERNAL CONTROL PROCESSES

The objective of risk management and internal control processes is to add maximum sustainable value to all the business activities in the Group. Risk management and internal control systems are in place to enhance the efficiency and effectiveness of the Group's operations. Such measures will help to minimise possible risks and uncertainties so that the Group will be able to achieve its set objectives and goals.

The Board recognises the importance of maintaining an adequate and effective risk management and internal control system and has implemented an Enterprise Risk Management (ERM) Framework, in line with Recommendation 6.1 of MCCG 2012. This framework includes a risk management process which is on-going and results in the compilation of a specific risk profile and action plans for mitigating the identified risks.

In this context, the risk management function is co-ordinated by the outsourced internal audit professional consultant whereby the process is integrated into the operation system of the respective subsidiaries within the Group with each manager and head of department assigned to ensure appropriate risk response actions are carried out in a timely manner.

The ARM Committee and the Board meet at least once every quarter to review the adequacy, effectiveness and integrity of the system of internal controls in the Group and to ensure relevant mitigating controls are carried out to mitigate the significant business risks faced by the Group.

The Board is of the view that the risk management and internal control system in place for the financial year under review is adequate and effective. Nevertheless, it will continuously be reviewed, enhanced and updated in line with changes in the operating environment.

INTERNAL AUDIT FUNCTION

The Group has engaged a professional consulting firm to provide outsourced internal audit services, which provides support to the ARM Committee in discharging it's duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the year under review, internal auditors carried out audit based on the internal audit plan approved by the ARM Committee. The audit findings are deliberated and resolved with the management. The ARM 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.

INTERNAL AUDIT FUNCTION (cont'd)

The internal audit function also ensures that the Management follows up in the implementation of action plans where control deficiencies were noted during the internal audits.

For the financial year ended 31 December 2014, the total cost incurred for the outsourced internal audit function was RM45,000 inclusive of reimbursed expenses.

KEY ELEMENTS OF INTERNAL CONTROL

In addition to the risk management and internal audits, the Board has put in place the following salient internal control systems regulating the Group's operations:

i. Monitoring and Reviewing

a. Scheduled operational, management as well as financial meetings are held with the Senior Management team to discuss, review and evaluate the business plans, budgets, financial and operational performances, Key Performance Indicators (KPIs) for the targets established, reports as well as to monitor the business development and resolve key operational and management issues of the Group;

b. The ARM Committee reviews the Group's quarterly financial statements containing key financial results and comparisons, which are subsequently presented to the Board for review; and

c. Management information systems have been established to enable transactions to be captured, compiled and reported in a timely and accurate manner.

ii. Policies and Procedures

a. Standing internal policies and operating procedures have been established to cover as far as possible any significant business processes of the Group and have been updated to reflect changing risks or to resolve operational deficiencies;

b. 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;

c. A documented delegation of authority with clear lines of responsibility has been established to provide the approving authority and the execution of various day-to-day transactions;

d. Information critical to the achievement of the Group's business objectives have been communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management attention are highlighted for review, deliberation and decision on a timely basis;

e. Employees have been briefed on Code of Ethics during induction. They are required to sign and adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct. Formal guidelines are also available to govern staff's termination and resignation; and

f. Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group.

WEAKNESSES IN INTERNAL CONTROLS

There were no material losses, contingencies or uncertainties during the financial year ended 31 December 2014 as a result of weaknesses in internal control that would require disclosure in the Group's Annual Report. The Board, in striving for continuous improvement, will continue to take appropriate measures and action plans, where necessary to comply with the Group's internal policies and best practices.

ASSURANCE FROM MANAGEMENT

In accordance with the Paragraph 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers by The Institute of Internal Auditors Malaysia ("IIAM"), the Board has received assurance from the Group Managing Director and Deputy Managing Director that to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material respects, based on the risk management and internal control framework adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to both to paragraph 15.23 of the MMLR of Bursa Securities and the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls and in all material aspects:

a. had not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers (IIAM); or

b. is factually inaccurate.

RPG 5 (Revised) does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon.

The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board is of the view that the Group has implemented an adequate and effective system of risk management and internal controls with a view to provide itself with effective measures to prevent or mitigate any possible negative effects arising from any challenging scenario which may occur that can impact the Group's performance.

The Board and the Management are also fully committed to ongoing improvements and enhancements and view such measures as both critical and necessary to the Group's operations. New procedures will be introduced in the course of time as well as changes and improvements will also be made to the existing systems of risk management and internal controls.

This Statement is made in accordance with the resolution of the Board dated 21 April 2015.

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 2014, 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 28 to 31 and the Financial Statements from pages 35 to 98 of this Annual Report.

This Statement was made in accordance with the resolution of the Board dated 21 April 2015.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

I. MEMBERSHIP

The present members of the Audit and Risk Management ("ARM") Committee comprise:

Name	Designation
Lim Kah Poon (Chairman) *(Appointed on 27.02.2015)*	Independent Non-Executive Director
Tai Keat Chai *(Resigned on 13.01.2015)*	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 2014, the ARM 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
Lim Kah Poon	*None
Tai Keat Chai	5/5
Dali Kumar @ Dali bin Sardar	5/5
Leow Bock Lim	5/5

* Note :

Mr Lim Kah Poon did not attend any of the ARM Committee Meeting held in the financial year ended 31 December 2014 as he was joined the ARM Committee on 27 February 2015.

The Company Secretary and Group General Manager, Finance 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 ARM 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 auditors' 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 auditors.

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 ARM 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.

V. TERMS OF REFERENCE

Objectives

The primary objectives of the ARM 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 ARM 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 ARM committee members must be non-executive directors, with the majority of the members, including the Chairman of the ARM 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 ARM 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 ARM 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 ARM Committee should be able to obtain independent professional or other advice, and be able to convene meetings with the external auditors, excluding the attendance of its executive members, whenever deemed necessary.

Meetings

The ARM 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 ARM 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.

V. TERMS OF REFERENCE (cont'd)

Meetings (cont'd)

The ARM 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.

Functions

The functions of the ARM Committee include the following:

1. To review, and report the same to the Board:

   a) with the external auditors, 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 auditors;

   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 auditors may wish to discuss (in the absence of management where necessary);

   g) the external auditors' 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 auditors, their audit fees and any questions of its dismissal or resignation.

2. To recommend the nomination of the external auditors.

3. To consider other matters as defined by the Board.

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR END 31 DECEMBER 2014

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 2014.

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/(loss) for the financial year	21,973,099	(48,724)
Profit attributable to:		
Owners of the Company	21,367,116	(48,724)
Non-controlling interests	605,983	-
	21,973,099	(48,724)

DIVIDEND

The Company paid a first and final single tier dividend of 1.125 sen per ordinary share amounting to RM1,880,501 in respect of the financial year ended 31 December 2013 on 26 August 2014.

The Company had on 21.4.2015 proposed a single tier first and final dividend of 0.565 sen (1.13%) gross per ordinary share in respect of the financial year ended 31 December 2014 subject to the approval of the 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 of the Company in office since the date of the last report are:

Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman
Dato' Lim Khoon Heng
Dato' Lim Loong Heng
Dali Kumar @ Dali Bin Sardar
Leow Bock Lim
Nicholas Lim Kean Hoong
Lim Kah Poon *(Appointed on 27.2.2015)*
Tai Keat Chai *(Resigned on 13.1.2015)*

DIRECTORS (cont'd)

In accordance with the Company's Articles of Association, Dato' Lim Loong Heng and Dali Kumar @ Dali Bin Sardar 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 and warrants in the Company during and at the end of the financial year were as follows:

	Number of Ordinary shares of RM 0.50 each			
	As at 1.1.2014	**Addition**	**Disposal**	**As at 31.12.2014**
Direct Interests				
Dato' Lim Khoon Heng	17,801,186	200,000	-	18,001,186
Dato' Lim Loong Heng	17,801,182	-	-	17,801,182
Indirect Interests				
Dato' Lim Khoon Heng #	11,997,621	-	-	11,997,621
Dato' Lim Loong Heng #	11,997,621	-	-	11,997,621

	Number of Warrants			
	As at 1.1.2014	**Bought**	**Disposed/ Exercised**	**As at 31.12.2014**
Direct Interests				
Dato' Lim Khoon Heng	4,693,000	-	-	4,693,000
Dato' Lim Loong Heng	4,693,000	-	-	4,693,000
Indirect Interests				
Dato' Lim Khoon 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' 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 profit or loss and other 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 receivables and the making of allowance for doubtful receivables and had satisfied themselves that all known bad receivables had been written off and that allowance for doubtful receivables 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 receivables inadequate to any substantial extent or which would render it necessary to make an allowance for doubtful receivables 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.

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 21 April 2015.

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 35 to 98 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 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 21 April 2015.

DATO' LIM KHOON HENG
Director

DATO' LIM LOONG HENG
Director

Kuala Lumpur

STATUTORY DECLARATION

Pursuant to Section 169(16) 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 35 to 98 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 21 April 2015.

DATO' LIM LOONG HE

Before me

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 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash 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 35 to 98.

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 2014 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.

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P.O.BOX 11077, 50734 KUALA LUMPUR.
TEL: 03-21630292 FAX: 03-21630316

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements;

(c) 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;

(d) the audit report 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 40 on page 98 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	**LIM KOK BENG**
AF: 0320	**588/02/17(J)**
Chartered Accountants	**Chartered Accountant**

Kuala Lumpur

21 April 2015

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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	155,309,216	82,506,012	2,923	3,331
Investment properties	5	31,436,258	13,241,935	-	-
Subsidiary companies	6	-	-	43,743,927	43,743,927
Investments	7	2,757,102	3,873,732	-	-
Goodwill	8	776,606	776,606	-	-
		190,279,182	100,398,285	43,746,850	43,747,258
Current assets					
Inventories	9	139,800,234	100,222,661	-	-
Trade receivables	10	159,207,545	190,455,824	-	-
Other receivables, deposits and prepayments	11	6,961,499	21,912,575	109,021	4,646
Amounts due from subsidiary companies	12	-	-	44,055,639	46,116,140
Tax recoverable		2,051,387	3,267,304	14,660	-
Fixed deposits with licensed banks	13	2,403,663	1,424,231	-	-
Cash and bank balances		24,388,934	24,221,762	56,121	43,390
		334,813,262	341,504,357	44,235,441	46,164,176
TOTAL ASSETS		525,092,444	441,902,642	87,982,291	89,911,434
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	81,936,305	22,601,137	565,554	565,554
Retained earnings	16	79,274,214	59,787,599	3,731,028	5,660,253
		244,788,652	165,966,869	87,874,715	89,803,940
Non-controlling interest		14,596,874	13,968,137	-	-
Total equity		259,385,526	179,935,006	87,874,715	89,803,940

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

	Note	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
Current liabilities					
Trade payables	17	36,445,598	40,601,894	-	-
Other payables, deposits received and accruals	18	9,032,811	8,130,120	107,576	92,076
Loans and borrowings	19	185,683,953	202,068,241	-	-
Tax liabilities		85,629	99,844	-	15,418
		231,247,991	250,900,099	107,576	107,494
Net current assets		103,565,271	90,604,258	44,127,865	46,056,682
Non-current liabilities					
Loans and borrowings	19	20,272,134	9,280,079	-	-
Deferred tax liabilities	20	14,186,793	1,787,458	-	-
		34,458,927	11,067,537	-	-
Total liabilities		265,706,918	261,967,636	107,576	107,494
TOTAL EQUITY AND LIABILITIES		525,092,444	441,902,642	87,982,291	89,911,434

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
		2014	**2013**	**2014**	**2013**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	21	708,732,261	693,220,437	360,000	2,914,200
Other operating income		3,993,140	5,204,453	-	-
Changes in inventories		29,302,820	11,299,522	-	-
Purchases of finished goods		(560,972,804)	(534,775,928)	-	-
Raw materials and consumables used		(109,325,977)	(99,609,814)	-	-
Employee benefits expenses	22	(28,006,014)	(29,025,104)	(193,800)	(184,386)
Depreciation of property, plant and equipment		(7,943,845)	(6,809,232)	(408)	(389)
Changes in fair value of investment properties		18,678,323	-	-	-
Administrative expenses		(21,184,806)	(19,196,434)	(200,144)	(160,106)
Profit/(Loss) from operations	23	33,273,098	20,307,900	(34,352)	2,569,319
Finance costs	24	(9,079,030)	(8,725,354)	-	-
Profit/(Loss) before tax		24,194,068	11,582,546	(34,352)	2,569,319
Tax expenses	25	(2,220,969)	(1,532,061)	(14,372)	(81,216)
Net profit/(loss) for the financial year		21,973,099	10,050,485	(48,724)	2,488,103
Attributable to:					
Owners of the Company		21,367,116	9,408,990	(48,724)	2,488,103
Non-controlling interests		605,983	641,495	-	-
		21,973,099	10,050,485	(48,724)	2,488,103
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	26	12.78	5.63		
- Diluted	26	10.23	4.51		

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

	Note	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
Net profit/(loss) for the financial year		21,973,099	10,050,485	(48,724)	2,488,103
Other comprehensive income, net of tax					
Translation difference on net asset of a foreign subsidiary company and other movement		391,989	112,430	-	-
Revaluation reserves		58,943,179	-	-	
-					
		59,335,168	112,430	-	-
Total comprehensive income/ (expense) for the financial year		81,308,267	10,162,915	(48,724)	2,488,103
Attributable to:					
Owners of the Company		80,702,284	9,521,420	(48,724)	2,488,103
Non-controlling interests		605,983	641,495	-	-
		81,308,267	10,162,615	(48,724)	2,488,103

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

		Attributable to owners of the Company					
			Non-distributable	Distributable			
Group	**Note**	**Share capital RM**	**Reserves RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity 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)
Dividends 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.

		Attributable to owners of the Company					
		Non-distributable		Distributable			
Group	Note	Share capital RM	Reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
As at 1 January 2014		83,578,133	22,601,137	59,787,599	165,966,869	13,968,137	179,935,006
Total comprehensive income for the financial year		-	59,335,168	21,367,116	80,702,284	605,983	81,308,267
Acquisition of additional equity interests in subsidiary company		-	-	-	-	22,754	22,754
Dividend	27	-	-	(1,880,501)	(1,880,501)	-	(1,880,501)
Balance at 31 December 2014		83,578,133	81,936,305	79,274,214	244,788,652	14,596,874	259,385,526

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

COMPANY	Note	Share capital RM	Reserve RM	Distributable Retained earnings RM	Total equity RM
As at 1 January 2013		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
Total comprehensive expense for the financial year		-	-	(48,724)	(48,724)
Dividend	27	-	-	(1,880,501)	(1,880,501)
Balance at 31 December 2014		83,578,133	565,554	3,731,028	87,874,715

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

	Note	2014 RM	2013 RM
GROUP			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		24,194,068	11,582,546
Adjustments for non-cash items, interests and dividend	28(a)	(1,891,951)	13,652,010
Operating profit before changes in working capital		22,302,117	25,234,556
Increase in inventories		(39,598,641)	(3,916,424)
Decrease/(Increase) in trade and other receivables		45,136,246	(9,765,704)
(Decrease)/Increase/in trade and other payables		(3,253,605)	6,796,283
Cash generated from operations		24,586,117	18,348,711
Tax paid		(1,205,497)	(3,170,004)
Interest paid		(8,503,914)	(7,490,493)
Interest received		1,341,785	1,584,995
Net cash inflow from operating activities		16,218,491	9,273,209
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		249,801	491,515
Proceeds from disposal of investment properties		460,000	410,000
Purchase of property, plant and equipment	28(b)	(7,641,929)	(10,542,630)
Purchase of investment properties		-	(9,171)
Purchase of investment		20,000	-
Purchase of additional investment in subsidiary companies		-	(327,000)
Net cash inflow from acquisition of a subsidiary company		(10,000)	87,213
Net cash inflow from disposal of a subsidiary companies	35(a)	-	8,588
Interest paid		-	(845,665)
Interest received		176,102	158,814
Net cash outflow from investing activities		(6,786,026)	(10,568,336)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from/(repayments) of term loans		14,103,404	(443,925)
Repayments of finance lease liabilities		(1,021,068)	(2,281,547)
Net proceeds from/(repayments to) short term borrowings		(6,223,085)	19,173,007
(Increase)/Decrease in fixed deposit pledged		(129,432)	574
Dividend paid to shareholder and non-controlling interest		(1,880,501)	(3,218,176)
Interest paid		(575,116)	(389,196)
Net cash inflow from financing activities		4,274,202	12,840,737
Net increase in cash and cash equivalents		13,706,667	11,545,610
Effects of changes in exchange rates		391,989	112,430
Cash and cash equivalents at beginning of the financial year		9,830,426	(1,827,614)
Cash and cash equivalents at end of the financial year	28(c)	23,929,082	9,830,426

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

	Note	2014 RM	2013 RM
COMPANY			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(34,352)	2,569,319
Adjustments for non-cash items, interests and dividend	28(a)	408	(2,553,811)
Operating (loss)/profit before changes in working capital		(33,944)	15,508
Increase in trade and other receivables		(104,375)	(3,219)
Increase in other payables and accruals		15,500	2,326
Cash (used in)/ generated from operations		(122,819)	14,615
Net of tax paid		(44,450)	(114,421)
Net cash outflow from operating activities		(167,269)	(99,806)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	28(b)	-	(2,280)
Repayment from/(Advance to) subsidiary companies		2,060,501	(1,885,824)
Dividend received		-	2,554,200
Net cash inflow from investing activities		2,060,501	666,096
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,880,501)	(3,134,176)
Net cash outflow from financing activities		(1,880,501)	(3,134,176)
Net increase/(decrease) in cash and cash equivalents		12,731	(2,567,886)
Cash and cash equivalents at beginning of the financial year		43,390	2,611,276
Cash and cash equivalents at end of the financial year	28(c)	56,121	43,390

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

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 this summary of significant accounting policies and are in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM").

Adoption of New and Revised MFRSs

The Group and the Company adopted the followings new MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods beginning on or after 1 January 2014:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Joint Arrangements: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentations – 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 Interpretation 21	Levies

The adoption of these new MFRSs, Amendments to MFRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company have no significant effect on the financial performance or position of the Group and of the Company.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to MFRS 101 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee;
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual agreements; and
(iii) The voting rights of the Group and potential voting rights.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

(c) Business combination

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(i) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;
(ii) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and
(iii) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Business combination (cont'd)

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(i) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
(ii) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value (at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets). All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 1(g) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

(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 profit or loss 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(h).

Land and building is stated at revalued amount, which is the fair value at the date of revaluation less any impairment losses. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and building at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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	20%
Furniture and fittings and office equipment	10%
Yard establishment and renovation	10% - 20%
Cranes	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 profit or loss.

(e) Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement of disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investment properties (cont'd)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(f) Subsidiary companies

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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 subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(g) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. 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 amount 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(h).

(h) 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.

An impairment loss is recognised in the profit or loss 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 profit or loss in the year in which the reversals are recognised.

(i) 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 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 profit or loss 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) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale 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 available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses. 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 the profit or loss. Dividends on an available-for-sale equity instrument is recognised in the profit or loss when the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) 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 profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(j) 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 available-for-sale financial assets is recognised in the 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 available-for-sale 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.

(k) Inventories

Inventories of the Group 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 original purchase price plus costs incurred in bringing the inventories to their present location and conditions. Completed property for sale of the Group and of the Company are valued at the lower of cost and net realisable value. 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 activity.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Inventories (cont'd)

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

(l) 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 profit or loss 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 profit or loss 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.

(m) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in profit or loss 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Income taxes (cont'd)

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.

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 profit or loss 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.

Where there is a change in the carrying amount of asset arising from revaluation, the tax effects of the asset revaluation are credited to equity. Where amounts are transferred from revaluation surplus to retained earnings, the related deferred tax is also transferred. Upon the disposal of the related asset, the attributable portion of the tax effect arising from revaluation is credited or charged to the profit or loss.

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.

(n) 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 profit or loss 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.

(o) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Employee benefits (cont'd)

(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 profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

(p) 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 profit or loss 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 profit or loss. 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 profit or loss 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 profit or loss 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 profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Foreign currencies (cont'd)

(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 profit or loss 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:

	2014 RM	2013 RM
1 USD Dollar	3.4965	3.1598

(q) 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 profit or loss 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) Interest income

Interest income is recognised on an accrual basis using the effective yield method.

(vi) Sales of completed property units

Revenue is recognised when the agreements are executed.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) 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(i).

(s) 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.

(t) 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.

(u) 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 new MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective and have not been applied by the Group and the Company:

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

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

Effective for financial periods beginning on or after 1 January 2016:

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 116	Property, Plant and Equipment: Classification of Acceptable Methods of Depreciation and Amortisation

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

Amendments to MFRS 116	Property, Plant and Equipment: Agriculture - Bearer Plants
Amendments to MFRS 127	Consolidated Financial Statements: Equity Method in Separate Financial Statements
Amendments to MFRS 128	Investment in Associates: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 138	Intangible Assets: Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Expection
MFRS 10	Presentation of Financial Statements: Disclosure Initiative
Annual Improvements to MFRSs 2012 - 2014 Cycle	

Effective for financial periods beginning on or after 1 January 2017:

MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)

The Group and the Company have not adopted the new MFRSs and Amendments to MFRSs that have been issued but not yet effective and will adopts these standards when they become effective. 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

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

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

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

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principles by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contracts
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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 receivables

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

(d) Impairment of goodwill

The Group and the Company determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the financial year end is disclosed in Note 8.

(e) 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.

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

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(g) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group and the Company engages professional valuer to perform valuations on various assets as disclosed separately in the respective notes to the financial statements. These valuations reports had been tabled to the Audit Committee for approval, where applicable.

The Group and the Company measures these elements in the financial statements at fair value:
(i) Property, plant and equipment (freehold land and building), Note 4 to the financial statements;
(ii) Investment property, Note 5 to the financial statements;
(iii) Financial instruments, Note 37 to the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicle RM	Furniture and fittings, and office equipment RM	Capital work-in-progress RM	Total RM
2014					
COST/VALUATION					
At 1 January 2014	61,502,948	61,184,678	8,830,698	4,591,412	136,109,736
Additions	1,650,252	5,224,904	415,196	2,091,377	9,381,729
Disposals	-	(1,356,861)	(6,090)	-	(1,362,951)
Revaluation surplus	71,528,744	-	-	-	71,528,744
Reclassification	6,172,079	-	-	(6,172,079)	-
Elimination	(13,572,930)	-	-	-	(13,572,930)
Written off	-	(306,145)	(262,650)	-	(568,795)
At 31 December 2014	127,281,093	64,746,576	8,977,154	510,710	201,515,533
LESS: ACCUMULATED DEPRECIATION					
At 1 January 2014	13,121,730	34,721,561	5,760,433	-	53,603,724
Charge for the financial year	1,549,952	5,739,871	622,141	-	7,911,964
Elimination	(13,572,930)	-	-	-	(13,572,930)
Translation difference	9,660	21,702	519	-	31,881
Disposals	-	(1,228,163)	(2,152)	-	(1,230,315)
Written off	-	(296,631)	(241,376)	-	(538,007)
At 31 December 2014	1,108,412	38,958,340	6,139,565	-	46,206,317
CARRYING AMOUNTS					
At 31 December 2014	126,172,681	25,788,236	2,837,589	510,710	155,309,216
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

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

GROUP (cont'd)	Land and Buildings RM	Plant, machinery, cabin, renovation and motor vehicle RM	Furniture and fittings, and office equipment RM	Capital work-in-progress RM	Total RM
2013 (cont'd)					
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

Included in carrying amounts above are assets acquired under finance leases:

CARRYING AMOUNTS					
At 31 December 2014	-	6,111,360	-	-	6,111,360
At 31 December 2013	-	6,739,936	-	-	6,739,936

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

Analysis of land and buildings as follows:

GROUP (cont'd)	Leasehold Land RM	Freehold Land RM	Buildings RM	Total RM
2014 (cont'd)				
COST/VALUATION				
At 1 January 2014	13,570,270	15,615,668	32,317,010	61,502,948
Additions	-	-	1,650,252	1,650,252
Transfers	-	-	6,172,079	6,172,079
Elimination	(4,650,444)	-	(8,922,486)	(13,572,930)
Revaluation surplus	31,746,493	17,710,412	22,071,839	71,528,744
At 31 December 2014	40,666,319	33,326,080	53,288,694	127,281,093
LESS: ACCUMULATED DEPRECIATION				
At 1 January 2014	4,426,193	-	8,695,537	13,121,730
Charge for the financial year	448,503	-	1,101,449	1,549,952
Elimination	(4,650,444)	-	(8,922,486)	(13,572,930)
Translation difference	2,219	-	7,441	9,660
At 31 December 2014	226,471	-	881,941	1,108,412
CARRYING AMOUNTS				
At 31 December 2014	40,439,848	33,326,080	52,406,753	126,172,681
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

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

Analysis of land and buildings as follows: (cont'd)

GROUP (cont'd)	Leasehold Land RM	Freehold Land RM	Buildings RM	Total RM
2013 (cont'd)				
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

GROUP (cont'd) RM	Computer and software	Office equipment RM	Total RM
2014			
COST			
At 1 January/ 31 December 2014	4,080	4,500	8,580
LESS: ACCUMULATED DEPRECIATION			
At 1 January 2014	749	4,500	5,249
Charge for the financial year	408	-	408
At 31 December 2014	1,157	4,500	5,657
CARRYING AMOUNTS			
At 31 December 2014	2,923	-	2,923

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

Analysis of land and buildings as follows: (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

(a) Land and buildings of the Group are revalued in the financial year ended 31 December 2014 by the Directors based on a valuation exercise carried out in March 2014 by an independent professional valuer using the open market value basis.

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Leasehold land	8,182,390	9,144,077	-	-
Freehold land	16,537,153	15,615,668	-	-
Buildings	21,785,475	23,621,473	-	-
	46,505,018	48,381,218	-	-

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

(b) The fair value of land and buildings (at valuation) of the Group are categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM
Group				
2014				
Leasehold land	-	28,988,648	-	28,988,648
Freehold land	-	16,983,995	-	16,983,995
Buildings	-	24,618,000	-	24,618,000
	-	70,590,643	-	70,590,643
2013				
Leasehold land	-	7,485,620	-	7,485,620
Freehold land	-	29,289,588	-	29,289,588
Buildings	-	23,648,651	-	23,648,651
	-	60,423,859	-	60,423,859

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.

(ii) Level 2 fair value of land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the land and buildings (at valuation) of the Group on an annual basis.

5. INVESTMENT PROPERTIES

GROUP	Freehold Land and Buildings RM	Leasehold Land and Buildings RM	Capital work-in-progress RM	Total RM
2014				
VALUATION				
At 1 January 2014	4,945,801	7,826,623	705,671	13,478,095
Addition	-	-	-	-
Disposal	(210,000)	(220,000)	-	(430,000)
Revaluation surplus	471,359	18,206,964	-	18,678,323
At 31 December 2014	5,207,160	25,813,587	705,671	31,726,418
LESS: ACCUMULATED IMPAIRMENT LOSS				
At 1 January 2014	28,160	100,000	108,000	236,160
Charge for the financial year	-	-	54,000	54,000
Disposal	-	-	-	-
At 31 December 2014	28,160	100,000	162,000	290,160
CARRYING AMOUNTS				
At 31 December 2014	5,179,000	25,713,587	543,671	31,436,258
2013				
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

5. INVESTMENT PROPERTIES (cont'd)

GROUP (cont'd)	Freehold Land and Buildings RM	Leasehold Land and Buildings RM	Capital work-in-progress RM	Total RM
2013 (cont'd)				
CARRYING AMOUNTS				
At 31 December 2013	4,917,641	7,726,623	597,671	13,241,935

	GROUP 2014 RM	GROUP 2013 RM
At 1 January	13,241,935	13,646,764
Additions resulting from subsequent expenditure	-	9,171
Disposals	(430,000)	(360,000)
Impairment losses	(54,000)	(54,000)
Change in fair value recognised in profit or loss	18,678,323	-
At 31 December	31,436,258	13,241,935
Analysed as:		
At cost:		
Freehold land and building under construction	305,594	359,594
Leasehold land and buildings under construction	238,077	238,077
At fair value:		
Freehold land and buildings	5,179,000	4,917,641
Leasehold land and buildings	25,713,587	7,726,623
	31,436,258	13,241,935

(a) As disclosed in Note 21, the rental income earned by the Group for the financial year ended 31 December 2014 from its investment properties amounted to RM555,812 (2013: RM1,323,564).

5. INVESTMENT PROPERTIES (cont'd)

(b) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	GROUP 2014 RM	GROUP 2013 RM
Insurance	18,348	27,367
Repairs and maintenance	27,153	37,969
Quit rent and assessment	54,668	99,316
	100,169	164,652

(c) Land and buildings of the Group are revalued in the financial year ended 31 December 2014 by the Directors based on a valuation exercise carried out in March 2014 by an independent professional valuer using the open market value basis.

The issuance of title deed of a leasehold land of its subsidiary company is pending from the relevant authorities as at 31 December 2014.

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 2014.

(d) The fair value of investment properties of the Group are categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM
Group				
2014				
Freehold land and buildings	-	5,179,000	-	5,179,000
Leasehold land and buildings	-	25,713,587	-	25,713,587
	-	30,892,587	-	30,892,587
2013				
Freehold land and buildings	-	4,917,641	-	4,917,641
Leasehold land and buildings	-	7,726,623	-	7,726,623
	-	12,644,264	-	12,644,264

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.

(ii) Investment properties at Level 2 fair value were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

6. SUBSIDIARY COMPANIES

	COMPANY 2014 RM	COMPANY 2013 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 2014 %	Holding in Equity 2013 %	Principal activities
Subsidiary companies of the Company				
Chuan Huat Hardware Holdings Sdn Bhd ("CHHH")	Malaysia	100	100	Investment holding
Chuan Huat Steel Sdn Bhd (formerly known as ("F.K.A") Chuan Huat Hardware (Sdn) Berhad) ("CHS")	Malaysia	100	100	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
Subsidiary companies of the CHHH				
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	100	Trading of steel wire products
CHRS Samawira Mesh Sdn Bhd (F.K.A. CH Reinforcing (M) Sdn Bhd)	Malaysia	100	100	Processing and trading of steel wire products
CH Rebar Sdn Bhd	Malaysia	100	100	Cutting and bending of steel bars
CHRB Properties Sdn Bhd	Malaysia	100	100	Trading in properties
CH Samawira Mesh Sdn Bhd	Malaysia	100	100	Manufacture and sale of welded wire mesh and hard drawn steel wires
CH Steel Wire Industries (Cambodia) Co Ltd*	Cambodia	100	100	To manufacture and supply steel wire products for the construction industries.

6. SUBSIDIARY COMPANIES (cont'd)

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

Name of company	Country of incorporation	Holding in Equity		Principal activities
		2014	2013	
		%	%	
Subsidiary companies of the PRB				
SC-PNP Edaran Sdn Bhd	Malaysia	100	100	Suppliers of computer hardware, software, accessories and services
Pineapple Office Supplies Sdn Bhd	Malaysia	100	100	Trading of computers and related accessories
Pineapple Computer Systems Sdn Bhd ("PCS")	Malaysia	100	100	Retailing in computers and related accessories
Pineapple Computer Utara Sdn Bhd	Malaysia	100	100	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	100	Trading of multimedia storage products
Subsidiary companies of the PCS				
Pineapple Computers & Accessories Sdn Bhd	Malaysia	100	100	Retailing in computers and related accessories
Pine System Technology Sdn Bhd	Malaysia	100	100	Dealers of computer hardware, software and related products. The company ceased operations during the financial year.
Subsidiary companies of the CHS				
Chuan Huat Industrial Marketing Sdn Bhd	Malaysia	100	100	Trading as hardware merchant, retailers, importers and exporters and suppliers of building and construction materials of all kinds
CHRB Selatan Sdn Bhd	Malaysia	100	100	Hardware merchants, retailers and suppliers of building and construction materials of all kinds
CHRB Utara Sdn Bhd	Malaysia	100	100	Trading in building materials
CHRB Corporation Sdn Bhd ("CHRB Corp")	Malaysia	100	100	Investment holding
CHRB Bahan Binaan Sdn Bhd	Malaysia	100	100	Trading in building materials
Chuan Huat Metal Sdn Bhd	Malaysia	80	80	Trading in building materials
CHRB Building Materials Sdn Bhd	Malaysia	60	60	Trading in building materials
CHRB Trading Sdn Bhd ("CHRB Trading")	Malaysia	60	55	Trading in building materials

6. SUBSIDIARY COMPANIES (cont'd)

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

Name of company	Country of incorporation	Holding in Equity 2014	Holding in Equity 2013	Principal activities
		%	%	
Subsidiary companies of the CHRB Corp				
CHRB Timuran Sdn Bhd	Malaysia	100	100	Dealing and marketing in building materials
Pemasaran Esyfence Sdn Bhd	Malaysia	100	100	Supply and installation of welded fencing
Keyline Consulting Sdn Bhd ("Keyline")	Malaysia	70	70	Trading and retailing of ironmongery products and architectural hardware

* The financial statements of the subsidiary company as at 31 December 2014 not audited by Ong Boon Bah & Co.

7. INVESTMENTS

	GROUP 2014 RM	GROUP 2013 RM
Non-current Available For Sale financial assets		
Unquoted shares, at cost	588,000	588,001
Accumulated impairment losses	(583,300)	(583,300)
	4,700	4,701
Quoted shares in Malaysia, at fair value/cost	2,606,913	3,743,542
Club membership, at cost	145,489	125,489
Total investment securities	2,757,102	3,873,732
Market value of quoted shares	2,606,913	2,606,914

8. GOODWILL

	GROUP 2014 RM	GROUP 2013 RM
Goodwill on consolidation:		
At 1 January	1,196,434	1,196,434
Addition (Note 34)	32,754	1,533
Written off (Note 23)	(32,754)	(1,533)
At 31 December	1,196,434	1,196,434
Accumulated impairment loss	(419,828)	(419,828)
	776,606	776,606

8. GOODWILL (cont'd)

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	
	2014	**2013**
	RM	**RM**
At cost:		
Raw materials	38,073,346	5,792,425
Finished goods	78,978,098	75,268,406
Work-in-progress	2,721,110	3,369,291
Consumables	273,396	83,736
Properties under construction	499,800	-
Completed properties	11,756,930	11,977,399
Goods in transit	7,564,728	3,781,569
	139,867,408	100,272,826
Allowance for inventories obsolescence - finished goods	(201,038)	(222,106)
	139,666,370	100,050,720
At net realisable value:		
Finished goods	133,864	171,941
	139,800,234	100,222,661

As at 31 December 2014, the strata titles of certain completed properties in total amounting to RM2,905,413 have not been registered in the name of the subsidiary company.

10. TRADE RECEIVABLES

	GROUP	
	2014 RM	**2013 RM**
Trade receivables	183,774,842	214,875,776
Allowance for impairment losses	(24,567,297)	(24,419,952)
	159,207,545	190,455,824

Trade receivables are non-interest bearing except for 1.5% impose on overdue account and are generally on 7 days to 90 days (2013: 7 days to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

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

	GROUP	
	2014 RM	**2013 RM**
Neither past due nor impaired	128,027,448	144,136,247
1 to 90 days past due not impaired	26,871,377	33,689,655
91 to 180 days past due not impaired	2,271,928	5,892,554
More than 181 days past due not impaired	2,036,792	6,737,368
	31,180,097	46,319,577
Impaired	24,567,297	24,419,952
	183,774,842	214,875,776

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 RM31,180,097 (2013: RM46,319,577) that are past due at the reporting date but not impaired are unsecured in nature.

Included in trade receivables of the Group is an amount of RM8,183,972 (2013: RM5,230,946) due from a company in which a Director of its subsidiary company have interest.

10. TRADE RECEIVABLES (cont'd)

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

	GROUP	
	2014	**2013**
	RM	**RM**
At 1 January	24,419,952	24,112,081
Charge for the financial year	1,386,018	1,777,419
Reversal of impairment losses	(1,238,673)	(1,469,548)
At 31 December	24,567,297	24,419,952

During the financial year, the Company reverse the impairment losses amounting to RM15,000 and subsequently write off the debt.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Other receivables	2,074,704	17,797,023	70,272	-
Deposits	1,914,527	1,954,662	38,100	1,000
Prepayments	2,972,268	2,160,890	649	3,646
	6,961,499	21,912,575	109,021	4,646

Included in other receivables of the Group are deposits amounting to RM Nil (2013: RM16.1 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 3.30% (2013: 2.35% to 3.20%) per annum and have maturity periods range from 5 days to 365 days (2013: 7 days to 365 days).

The Group's fixed deposits with carrying value of RM853,663 (2013: RM724,231) have been pledged to licensed banks for banking facilities and banking guarantee granted to its certain subsidiary companies.

14. SHARE CAPITAL

	GROUP AND COMPANY			
	2014		2013	
	Number of shares	Amount RM	Number of shares	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.

15. RESERVES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable:				
Capital reserve	21,923,153	21,923,153	-	-
Warrant reserve	565,554	565,554	565,554	565,554
Exchange translation reserve	504,419	112,430	-	-
Revaluation reserve	58,943,179	-	-	-
	81,936,305	22,601,137	565,554	565,554

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

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

	GROUP	
	2014 RM	2013 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
	21,923,153	21,923,153

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 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)
	565,554	565,554	565,554	565,554

15. RESERVES (cont'd)

(ii) The movements in the warrant reserves of the Group during the financial year were (cont'd) :

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 2014, 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.

(iv) Revaluation reserve of the Group arising from revaluation surplus of land and buildings net of deferred taxation.

16. RETAINED EARNINGS

Retained earnings and capital reserves represent distributable reserves and are distributable by way of dividends.

Under the single-tier system which is fully effective from 1 January 2014, the Company is allowed to distribute in full its retained earnings and capital reserves. Dividend paid under the single-tier system is tax exempt in the hands of the shareholders.

17. TRADE PAYABLES

The normal trade credit terms granted to the Group for trade purchase range from 7 days to 120 days. (2012: 7 days to 90 days)

Included in trade payables of the Group is an amount of RM202,413 (2013: RM579,370) due to a company in which the Group has indirect interest through its subsidiary company.

18. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	2,695,679	1,738,853	8,800	8,800
Deposits received	586,322	438,778	-	-
Accruals	5,750,810	5,952,489	98,776	83,276
	9,032,811	8,130,120	107,576	92,076

Included in accruals of the Group and of the Company is Directors' fee amounting to RM85,000 (2013: RM73,333).

19. LOANS AND BORROWINGS

	GROUP	
	2014 RM	2013 RM
Current		
Secured:		
Bank overdrafts	2,009,852	15,091,336
Bankers' acceptance	177,827,999	184,415,175
Trust receipt	364,091	-
Finance lease liabilities (Note 29)	1,187,667	1,340,767
Term loans	4,294,344	1,220,963
	185,683,953	202,068,241
Non-current		
Secured:		
Finance lease liabilities (Note 29)	2,094,287	2,132,255
Term loans	18,177,847	7,147,824
	20,272,134	9,280,079
Total loans and borrowings		
Bank overdrafts (Note 28(c))	2,009,852	15,091,336
Bankers' acceptance	177,827,999	184,415,175
Trust receipt	364,091	-
Finance lease liabilities (Note 29)	3,281,954	3,473,022
Term loans	22,472,191	8,368,787
	205,956,087	211,348,320

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

	GROUP	
	2014 RM	2013 RM
Within one year	184,496,286	200,727,474
From one to two years	4,347,725	1,274,344
From two to five years	13,830,122	5,873,480
	202,674,133	207,875,298

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 8.50% (2013: 3.95% 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 6.03% (2013: 2.72% to 5.40%) per annum.

20. DEFERRED TAX LIABILITIES

	GROUP 2014 RM	GROUP 2013 RM
At 1 January	1,787,458	3,037,878
Net recognised in profit and loss (Note 25)	(186,230)	(1,250,420)
Net recognised in fair value reserve	12,585,565	-
At 31 December	14,186,793	1,787,458

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

GROUP Deferred tax liabilities	Accelerated capital allowances RM
At 1 January 2013	(3,179,956)
Recognised in profit and loss	1,250,420
At 31 December 2013	(1,929,536)
Recognised in profit and loss	186,230
Recognised in fair value reserve	(12,585,565)
At 31 December 2014	(14,328,871)

Deferred tax assets	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2013	129,236	12,842	142,078
Recognised in profit and loss	-	-	-
At 31 December 2013	129,236	12,842	142,078
Recognised in profit and loss	-	-	-
At 31 December 2014	129,236	12,842	142,078

At 31 December 2014	RM
Net recognised in profit and loss	(186,230)
Net recognised in fair value reserve	12,585,565
Net deferred tax liabilities	14,186,793
At 31 December 2013	
Net recognised in profit and loss	(1,250,420)
Net deferred tax liabilities	1,787,458

20. DEFERRED TAX LIABILITIES (cont'd)

	GROUP	
	2014 RM	2013 RM
Deferred tax assets not accounted for:		
- Unutilised tax losses	858,314	993,942
- Unabsorbed capital allowances	141,521	174,383
	999,835	1,168,325
The tax effect on deferred tax assets not accounted for	249,959	292,081

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	707,879,249	691,260,881	-	-
Rental income	555,812	1,323,564	-	-
Sales of completed properties	297,200	635,992	-	-
Dividend income from a subsidiary company	-	-	-	2,554,200
Management fees from a subsidiary company	-	-	360,000	360,000
	708,732,261	693,220,437	360,000	2,914,200

22. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries, wages and bonuses	23,411,176	24,540,845	-	-
Defined contribution plans	2,583,456	2,368,038	-	-
Other benefits	2,011,382	2,116,221	193,800	184,386
	28,006,014	29,025,104	193,800	184,386

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

23. PROFIT/(LOSS) FROM OPERATIONS

(a) Profit/(Loss) from operations is arrived at:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
After charging:				
Auditors' remuneration:				
- current year	138,016	128,816	12,000	8,800
- prior year	11,005	(1,000)	-	-
Depreciation of property, plant and equipment	7,943,845	6,809,232	-	-
Directors' remuneration (Note 23(b))	2,216,948	2,430,929	193,000	181,333
Rental of premises	1,365,637	1,457,441	-	-
Rental of credit card machine	9,700	11,180	-	-
Bad debts written off	5,964	-	-	-
Loss on foreign exchange				
- realised	7,382	23,667	-	-
Property, plant and equipment written off	30,788	8,694	-	-
Impairment losses on:				
- trade receivables	1,386,018	1,777,419	-	-
- quoted investment	1,136,629	-	-	-
- investment properties	54,000	54,000	-	-
Allowance for inventories obsolescence	-	13,275	-	-
Goodwill written off (Note 8)	32,754	1,533	-	-
Inventories written off	21,068	2,249	-	-
And crediting:				
Rental income from:				
- others	555,812	1,323,564	-	-
Interest income from:				
- fixed deposits	110,313	138,172	-	-
- repo	65,789	20,642	-	-
- others	1,341,785	1,584,995	-	-
Gain on disposal of:				
- property, plant and equipment	117,165	474,140	-	-
- investment property	30,000	50,000	-	-
Reversal of impairment losses on trade receivables	1,238,673	1,469,548	-	-
Dividend income received from subsidiary company	-	-	-	2,554,200
Management fee received from subsidiary company	-	-	360,000	360,000

23. PROFIT/(LOSS) 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 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
Executive Directors:				
Salaries and other emoluments	1,718,932	2,043,946	-	-
Fees	45,000	45,000	45,000	45,000
Defined contributions plans	257,016	181,650	-	-
Non-executive Directors:				
Fees	196,000	160,333	148,000	136,333
	2,216,948	2,430,929	193,000	181,333

24. FINANCE COSTS

	GROUP 2014 RM	GROUP 2013 RM
Interest expenses on:		
- bankers' acceptance	7,852,965	7,407,370
- bank overdrafts	650,949	928,788
- term loans	387,010	139,420
- finance lease liabilities	188,106	249,776
	9,079,030	8,725,354

25. TAX EXPENSES

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
Profit or loss:				
Current tax:				
- current year	2,655,579	3,205,791	14,380	82,473
- prior years	(248,380)	(423,310)	(8)	(1,257)
	2,407,199	2,782,481	14,372	81,216
Deferred tax (Note 20):				
- origination and reversal of temporary differences	(186,230)	(1,250,420)	-	-
	2,220,969	1,532,061	14,372	81,216

25. TAX EXPENSES (cont'd)

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before tax	24,194,068	11,582,546	(34,352)	2,569,319
	%	%	%	%
Applicable tax rate	25	25	(25)	25
Expenses not deductible for tax purposes	5	3	25	3
Income not subject to tax	(19)	-	(42)	(25)
Prior years	(1)	(4)		-
Change in unrecognised temporary differences	(1)	(11)	-	-
Average effective tax rate	9	13	(42)	3

Income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2014 has reflected these changes.

The Company has an estimated tax exempt account amounting to RM359,000 (2013: 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	
	2014 RM	2013 RM
Profit for the financial year attributable to owners of the Company (RM)	21,367,116	9,408,990
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)	12.78	5.63
Dilluted earnings per share (sen)	10.23	4.51

27. DIVIDEND

	GROUP AND COMPANY	
	2014	2013
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final single tier dividend of 1.125 sen per ordinary share	1,880,501	-
- First and final dividend for 2.5 sen per ordinary share, less income tax at 25%	-	3,134,176

28. STATEMENTS OF CASH FLOWS

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Depreciation of property, plant and equipment	7,943,845	6,809,232	408	389
Dividend income	-	-	-	(2,554,200)
Interest income	(1,517,887)	(1,743,809)	-	-
Interest expenses	9,079,030	8,725,354	-	-
Property, plant and equipment written off	30,788	8,694	-	-
Reversal of impairment losses on trade receivables	(1,238,673)	(1,469,548)	-	-
Bad debts written off	5,964	-	-	-
Allowance for inventories obsolescence	-	13,275	-	-
Impairment losses on:				
- trade receivables	1,386,018	1,777,419	-	-
- quoted investment	1,136,629	-	-	-
- investment properties	54,000	54,000	-	-
Investment written off	1	-	-	-
Gain on disposal of:				
- property, plant and equipment	(117,165)	(474,140)	-	-
- investment property	(30,000)	(50,000)	-	-
Gain on fair value of investment property	(18,678,323)	-	-	-
Inventories written off	21,068	-	-	-
Goodwill written off	32,754	1,533	-	-
	(1,891,951)	13,652,010	408	(2,553,811)

(b) Purchase of property, plant and equipment

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM	RM	RM	RM
Aggregate cost	9,381,729	20,174,131	-	2,280
Acquired by means of finance leases	(830,000)	(1,781,501)	-	-
Acquired by means of term loans	-	(7,850,000)	-	-
Acquired by contra against trade receivables	(909,800)	-	-	-
Cash payments made to purchase property, plant and equipment	7,641,929	10,542,630	-	2,280

28. STATEMENTS OF CASH FLOWS (cont'd)

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

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits with licensed banks	2,403,663	1,424,231	-	-
Cash and bank balances	24,388,934	24,221,762	56,121	43,390
Bank overdrafts (Note 19)	(2,009,852)	(15,091,336)	-	-
	24,782,745	10,554,657	56,121	43,390
Fixed deposits pledged (Note 13)	(853,663)	(724,231)	-	-
	23,929,082	9,830,426	56,121	43,390

29. FINANCE LEASE LIABILITIES

	GROUP	
	2014 RM	2013 RM
Minimum lease payments:		
- within one year	1,326,024	1,293,248
- between one and five years	2,235,661	2,488,482
	3,561,685	3,781,730
Finance charges	(279,731)	(308,708)
	3,281,954	3,473,022
Portion due within one year (Note 19)	(1,187,667)	(1,340,767)
Non-current portion (Note 19)	2,094,287	2,132,255

The present value of payments are repayable as follows:

	GROUP	
	2014 RM	2013 RM
Within one year	1,187,667	1,340,767
Between one and five years	2,094,287	2,132,255
	3,281,954	3,473,022

The finance lease liabilities of the Group carry interest rates ranging from 2.61% to 8.12% (2013: 2.61% to 8.12%) 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	
	2014 RM	2013 RM
(a) Sale of goods		
Related party:		
- Ahmad Zaki Sdn Bhd	13,298,836	7,168,314
(b) Purchase of goods		
Related party:		
- Amalgamated Industrial Steel Berhad	1,124,101	1,499,730

	COMPANY	
	2014 RM	2013 RM
(a) Others		
Dividend income received from a subsidiary company:		
- Chuan Huat Steel Sdn Bhd (F.K.A. Chuan Huat Hardware (Sdn) Berhad)	-	2,554,200
Management fees received from a subsidiary company:		
- Chuan Huat Steel Sdn Bhd (F.K.A. 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 2014 RM	GROUP 2013 RM
Capital expenditure for property, plant and equipment		
- approved and contracted for	1,064,562	3,125,673

32. CONTINGENT LIABILITIES

	COMPANY 2014 RM	COMPANY 2013 RM
Unsecured:		
Guarantees in respect of banking facilities granted to subsidiary companies	302,792,000	286,792,000
Corporate guarantees given to suppliers for supply of goods to subsidiary companies	64,400,000	36,900,000
	367,192,000	323,692,000

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:

(i) The hardware and building materials segment is a hardware merchant supplier of steel and iron products, building and construction materials of all kinds.

(ii) The technology related products segment includes distribution of printing consumables and retailers and suppliers of computer hardware, software accessories and related services.

(iii) The property segment is in the business of trading and leasing out residential and commercial properties.

(iv) The corporate segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

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.

33. SEGMENT INFORMATION (cont'd)

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.

2014

	Hardware and building materials RM	Technology related products RM	Property RM	Corporate RM	Eliminations RM	Consolidated RM	Notes
REVENUE							
External customers	657,878,106	49,493,974	1,042,368	317,813	-	708,732,261	
Inter-segment	209,822,216	24,727,627	30,800	667,200	(235,247,843)	-	A
Total revenue	867,700,322	74,221,601	1,073,168	985,013	(235,247,843)	708,732,261	
RESULTS							
Interest income	1,432,785	84,330	-	772	-	1,517,887	
Dividend income	-	-	-	-	-	-	
Depreciation	6,344,883	743,291	309	855,362	-	7,943,845	
Gain on fair value of investment properties	13,489,944	-	-	5,188,379	-	18,678,323	
Impairment of non-financial assets	-	-	-	-	-	-	
Other non-cash expenses	11,583,310	65,327	-	91,650	-	11,740,287	B
Segment profit/(loss)	20,161,791	656,276	721,166	2,654,835	-	24,194,068	C
ASSETS							
Additions to non-current assets	99,376,443	212,353	-	-	-	99,588,796	D
Segment assets	293,565,359	27,220,513	13,441,537	585,853	-	334,813,262	E

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	-	-	-	-	-	-	
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

33. SEGMENT INFORMATION (cont'd)

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:

	2014 RM	2013 RM
Interest expenses	9,079,030	8,725,354
Property, plant and equipment written off	30,788	8,694
Impairment losses on:		
- trade receivables	1,386,018	1,777,419
- quoted investment	1,136,629	-
- investment properties	54,000	54,000
Inventories written off	21,068	-
Goodwill written off	32,754	1,533
	11,740,287	10,567,000

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	2014 RM	2013 RM
Finance costs	24	9,079,030	8,725,354

D Additions to non-current assets consist of:

	Note	2014 RM	2013 RM
Property, plant and equipment	4	80,910,473	20,174,131
Investment properties	5	18,678,323	9,171
		99,588,796	20,183,302

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

	Note	2014 RM	2013 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

(i) During the financial year, on 9 April 2014 the Group entered into Sales of Shares Agreement with Lawrence Hiew to acquire a total of 10,000 ordinary shares of RM1.00 each in CHRB Trading for a total cash consideration of RM10,000 representing 5% equity interests in CHRB Trading. Subsequent to the acquisition, the Group holds 120,000 ordinary shares, representing 60% of the total issued and paid-up share capital of CHRB Trading.

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

	GROUP 2014 RM
Cash at bank	(10,000)
Payables	32,754
Fair value of net assets acquired	22,754
Goodwill on acquisition (Note 8)	(32,754)
Net cash outflow on acquisition	(10,000)

(ii) During the previous 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 outflow on acquisition	87,213

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

(ii) During the previous 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. (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	(61,221)

(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	135,992

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 (F.K.A. Esy 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	1,281
Proceeds from disposal	50,000
Less: Cash and cash equivalents of subsidiary disposed	(41,412)
Net cash inflow to the Group	8,588

(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 (cont'd)

(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 21 April 2015.

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 it foreign currency risk.

(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 discloses 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 RM15,286 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.

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(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.

(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 available-for-sale 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 (FBMKLCI).

A 10 percent strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM260,691 and post-tax profit or loss by RM260,691. A 10 percent weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(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.

GROUP	Carrying amount RM	Within one year RM	From two to five years RM
2014			
Financial liabilities:			
Trade and other payables	39,727,599	39,727,599	-
Bank overdraft	2,009,852	2,009,852	-
Banker's acceptance	177,827,999	177,827,999	-
Term loan	22,472,192	4,294,344	18,177,848
Finance lease liabilities	3,281,954	1,187,667	2,094,287
Total undiscounted financial liabilities	245,319,596	225,047,461	20,272,135
2013			
Financial liabilities:			
Trade and other payables	42,779,525	42,779,525	-
Bank overdraft	15,091,336	15,091,336	-
Banker's acceptance	184,415,175	184,415,175	-
Term loan	8,368,787	1,220,963	7,147,824
Finance lease liabilities	3,473,022	1,340,767	2,132,255
Total undiscounted financial liabilities	254,127,845	244,847,766	9,280,079

COMPANY	Carrying amount RM	Contractua cash flows RM	Within one year RM	From two to five years
2014				
Financial liabilities:				
Other payables	8,800	-	8,800	-
Total undiscounted financial liabilities	8,800	-	8,800	-

37. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

(e) Liquidity risk (cont'd)

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

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:

		2014		2013	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
GROUP					
Financial asset					
Available-for-sale financial assets	7	2,606,913	2,606,913	3,743,542	2,606,914
Financial liabilities					
Finance lease liabilities	29	3,281,954	3,286,153	3,473,022	3,542,778

* 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.

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.

37. FINANCIAL INSTRUMENTS (cont'd)

Determination of fair values (cont'd)

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

(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 2014 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 2014.

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
Financial assets: Investment securities				
2014	2,606,913	-	-	2,606,913
2013	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 2014 and 2013 were as follows:

	GROUP	
	2014 **RM**	**2013** **RM**
Total loans and borrowings (Note 19)	205,956,087	211,348,320
Less: Cash and cash equivalents	(25,938,934)	(24,921,762)
Net debt	180,017,153	186,426,558
Total equity	259,385,526	179,935,006
Debt-to-equity ratio	0.69	1.04

The Group did not breach any gearing requirements during the financial years ended 31 December 2014 and 31 December 2013.

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 2014 and 31 December 2013.

39. SUBSEQUENT EVENTS

(a) The Group on 14 January 2015 entered into a Sale and Purchase Agreement ("SPA") with Sanumurni Development Sdn Bhd to purchase one (1) unit of a three (3) Storey Semi-Detached House held under master title known as H.S.(D) 144294, PT No. 70006, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan for a total consideration of Ringgit Malaysia One Million (RM1,000,000).

(b) Keyline, a 70%-owned subsidiary, has on 16 December 2014 entered into a Memorandum of Understanding with Swees-Tech Global Pte. Ltd. ("STG") for a strategic alliance between the parties to design, manufacture, market and development of fire rated doors and other related products in Malaysia. Subsequently, Keyline and STG had on 28 March 2015 entered into a Shareholders' Agreement for the setup of a joint venture company viz. CH Sweestech Door Sdn Bhd ("CHSD"). In line with the Shareholders' Agreement, on 14 April 2015, STG subscribed for 25,000 new Ordinary Shares of RM1.00 each in CHSD which represents twenty-five percent (25%) of the total issued and paid-up share capital of CHSD. At the same time Keyline subscribed for 74,998 new Ordinary Shares of RM1.00 each and acquired 2 Ordinary Shares of RM1.00 each in CHSD which resulted Keyline holding a total of 75,000 Ordinary Shares of RM1.00 each in CHSD which represents seventy-five percent (75%) of the total issued and paid-up share capital of CHSD. Hence CHSD is a subsidiary of Keyline.

40. 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 2014 and 2013, into realised and unrealised profits, pursuant to the directive, is as follows:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings:				
- Realised	75,198,110	61,529,047	3,731,028	5,660,253
- Unrealised	4,376,104	(1,441,448)	-	-
	79,574,214	60,087,599	3,731,028	5,660,253
Consolidation adjustments	(300,000)	(300,000)	-	-
Retained earnings as per statements of financial positions	79,274,214	59,787,599	3,731,028	5,660,253

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.

STATEMENTS OF SHAREHOLDINGS
AS AT 5 MAY 2015

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	131	5.95	4,883	-
100 - 1,000	70	3.18	35,477	0.02
1,001 - 10,000	1,317	59.78	6,583,226	3.94
10,001 - 100,000	600	27.24	17,577,672	10.52
100,001 - Less Than 5% Of Issue Share	79	3.59	51,450,842	30.78
5% And Above Of Issued Share	6	0.27	91,504,166	54.74
Total	2,203	100.00	167,156,266	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Names	No. of Shares	%	No. of Shares	%
Dato' Lim Khoon Heng	18,001,186	10.77	25,773,579(^)	15.42
Dato' Lim Loong Heng	17,801,182	10.64	25,773,579(^)	15.42
Datin Cheong Yoke Ha	17,801,182	10.64	-	-
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

	Direct Interest		Deemed Interest	
Names	No. of Shares	%	No. of Shares	%
Dato' Lim Khoon Heng	18,001,186	10.77	25,773,579(^)	15.42
Dato' Lim Loong Heng	17,801,182	10.64	25,773,579(^)	15.42
Nicholas Lim Kean Hoong	-	-	-	-
Tan Sri Dato' Sri Abdul Aziz Bin Abdul Rahman	-	-	-	-
Dali Kumar @ Dali Bin Sardar	-	-	-	-
Lim Kah Poon	-	-	-	-
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 SHAREHOLDERS
AS AT 5 MAY 2015

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	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR 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	1,764,000	1.06
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	1,091,933	0.65
16	ANG ENG THAI	681,233	0.41
17	WIE HOCK KIONG	565,000	0.34
18	KHONG OW CHONG	560,066	0.34
19	CHOO WENG WAH	540,000	0.32
20	HENG YONG LAI	540,000	0.32
21	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG YONG LAI	520,000	0.31
22	LIM AH SENG	515,000	0.31
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN WAN SIEW (471222)	450,000	0.27
24	TEE AH SWEE	446,300	0.27
25	YAP KIM THIAM	430,000	0.26
26	LIM GUAT POH	411,333	0.25
27	LIM SOK HORNG	399,000	0.24
28	GHO TIAN SIA	395,000	0.24
29	NG CHIN CHONG	380,000	0.23
30	LEE KOK HIN	377,200	0.23
		132,752,526	**79.42**

STATEMENTS OF WARRANTHOLDINGS
AS AT 5 MAY 2015

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 Shareholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less Than 100	9	1.35	399	-
100 - 1,000	193	29.02	173,533	0.42
1,001 - 10,000	282	42.41	1,139,280	2.73
10,001 - 100,000	148	22.26	5,253,409	12.57
100,001 - Less Than 5% Of Issued Warrant	26	3.91	7,854,999	18.80
5% And Above Of Issued Warrant	7	1.05	27,367,446	65.49
Total	665	100.00	41,789,066	100.00

DIRECTORS' WARRANTHOLDINGS

	Direct Interest		Deemed Interest	
Names	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	-	-	-	-
Lim Kah Poon	-	-	-	-
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 5 MAY 2015

No.	Name	No. of Warrants Held	%
1	LIM KHOON HENG	4,693,000	11.23
2	LIM LOONG HENG	4,693,000	11.23
3	CHEONG YOKE HA	4,593,000	10.99
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	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	516,100	1.24
10	CHUAH POO CHAI	500,000	1.20
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	KOAY BOON BIOH	432,800	1.04
15	LAW KIM	427,700	1.02
16	ONG CHAI HOCK	362,400	0.87
17	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	311,733	0.75
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GUAT POH (E-BWK)	239,500	0.57
19	KOH HAN FOO	236,000	0.56
20	LEE CHEN CHOI	227,100	0.54
21	KHONG CHOOK CHONG	220,000	0.53
22	INTER-PACIFIC EQUITY NOMINEE (TEMPATAN) PLEDGED SECURITIES ACCOUNT FOR KOAY BOON BIOH (AK0018)	200,000	0.48
23	YAP CHEE KUAN	161,300	0.39
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN (8109660)	148,100	0.35
25	LEE CHUN HSIN	140,600	0.34
26	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHEK CHEW HUAT	135,000	0.32
27	LIM GUAT POH	129,300	0.31
28	KHONG OW CHONG	120,000	0.29
29	LIM KENG JIN	114,000	0.27
30	DOONG AMOOI @ DOONG CHONG LIAN	100,000	0.26

34,898,545	**83.51**

LIST OF TOP 10 PROPERTIES

AS AT 31.12.2014

No.	Location	Year of Acquistion	Status	Description of Property/ Usage	Tenure/ Approx. age of building	Land area/ Build up area (in sq.metre)	Net Book Value as os 31.12.14 (RM)
1	Lot 31381, Jalan Puchong Mesra 2, Batu 7 1/2, Off Jalan Puchong, 58200 Kuala Lumpur	1994	Own use	Industrial land with factory, warehouse & office	Freehold / 6	13,533 / 6,175	31,423,529
2	Lot 10464, 5th Mile, Jalan Nenas, Off Jalan Bukit Kemuning, Kg Jawa, 41000 Klang	2013	Own use	Industrial land with factory, warehouse & office	Freehold / 11	40,646 / 13,397	27,939,146
3	Lot 7401, PT 1888, Nilai Industrial Area, Phase II, 71800 Nilai	1997	Own use	Industrial land with factory, warehouse & office	Leasehold for 99 years expiring in 2091 / 20	28,420 / 12,600	19,500,000
4	Lot 718, PT 1651, Nilai Industrial Area, Phase II, 71800 Nilai	1997	Own use	Industrial land with factory, warehouse & office	Leasehold for 99 years expiring in 2090 / 20	15,570 / 6,462	14,979,231
5	Lot 50, Jalan 1/89B, Batu 3 1/2, Off Jalan Sungai Besi, 57100 Kuala Lumpur	1997	Own use	Industrial land with warehouse & office	Leasehold for 42 years expiring in 2017 (approval for extension up to 2075) / 23	4,921/ 3,257	13,661,996
6	No. 302A, Jalan Tiga, Off Jalan Sungai Besi, Kuala Lumpur	1997	Vacant	Industrial land	Leasehold for 60 years expiring in 2070 / NA	4,049 / -	13,000,000
7	Lot 135, Jalan 1/89B, Batu 3 1/2, Off Jalan Sungai Besi, 57100 Kuala Lumpur	1997	Own use	Industrial land with warehouse & office	Leasehold for 42 years expiring in 2017 (approval for extension up to 2075) / 10	3,334 / 2,052	9,796,253
8	Lot P204, Bukit Minyak Industrial Area, Mukim 13, Bukit Mertajam, Penang	1997	Own use	Industrial land with warehouse & office	Leasehold for 60 years expiring in 2058 / 3	14,164 / 2,080	8,307,696
9	Lot P2-073, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia	2013	Own use	Industrial land with factory, warehouse & office	Leasehold for 50 years expiring in 2062 / 1	9,703 / 4,479	8,089,892
10	C43, Block C, Lot 1566, Nilai Industrial Area, 71800 Nilai	1998	Rented	Industrial land with factory, warehouse & office	Leasehold for 99 years expiring in 2089 / 25	16,820 / 2,358	7,700,000
							154,397,743

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting held on 26 June 2014, 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 2014 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 or related products and building materials to AZSB	12,916	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 CHS.
		Sales of steel bars or steel related products and building materials to Keyline CHRB BM CHM CHRB Trading	 - 861 743 28	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, 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, CHM and CHRB Trading.
2	CHS	Sales of steel bars or steel related products and building materials CHM CHRB BM AZSB CHRB Trading	 207 533 383 -	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, 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, CHM and CHRB Trading.
		Purchase of steel pipes from AISB	1,124	Dato' Lim Khoon Heng and Dato' Lim Loong Heng has 7.39% indirect interest in AISB.
3	CHRS SM	Sales of steel bars or steel related products to CHM	-	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, 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 CHM CHRB Trading AZSB CHS	 191 1,480 4 230 16 - 1 - - 1	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, 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, CHRB BM, CHM and CHRB Trading.

5	CHRB BM	Purchase of building materials from Esyfence BMI CHR	 848 201 1,281	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, being the directors and/or shareholders of CHRB, thus deemed interested by virtue of its indirect interest in these subsidiaries.
		Sales of steel bars and building materials to CHRB Utara CHM CHRB Selatan CHS CHRB Trading	 59 142 424 - 36	Dato' Lim Khoon Heng is also director of CHRB BM, CHM and CHRB Trading.
6	CHM	Sales of steel bars or steel related products and building materials to CHRB BM CHRB Selatan CHS CHIM CHRB Timuran CHRB BB CHRB Trading	 160 - - 45 140 - 124	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, 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.
		Purchase of building materials from Esyfence BMI CHR	 - 1,148 905	
7	CHRB Trading	Sales of steel bars or steel related products and building materials to Esyfence BMI CHM CHRB BM Keyline CHIM CHS	 - - - 235 - - -	Dato' Lim Khoon Heng, Dato' Lim Loong Heng and Nicholas Lim Kean Hoong, 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
		Purchase of building materials from BMI	 346	

Abbreviations:

AISB - Amalgamated Industrial Steel Berhad
AZSB - Ahmad Zaki Sdn Bhd
BMI - Bars & Mesh Industries Sdn Bhd
CHS - Chuan Huat Steel Sdn Bhd
(formerly known as 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 SM - CHRS Samawira Mesh Sdn Bhd
(formerly known as CH Reinforcing Steel (M) Sdn Bhd)
Esyfence - Pemasaran Esyfence 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 25 May 2015 in relation to the proposed shareholders' mandate for recurrent related party transactions.

NOTICE IS HEREBY GIVEN THAT the Twenty-First 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 Wednesday, 17 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1)

2. To approve the payment of a single tier first and final dividend of 0.565 sen gross per ordinary share in respect of the financial year ended 31 December 2014. — Resolution 1

3. To approve the payment of Directors' Fees for the financial year ended 31 December 2014 of RM241,000 (2013 : RM205,333). — 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 : -

   - YAB Dato' Lim Loong Heng — Resolution 3
   - Dali Kumar @ Dali Bin Sardar — Resolution 4

5. To re-elect the following Director who was appointed during the year and retires in accordance with Article 68 of the Company's Articles of Association:

   - Lim Kah Poon — 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") — Resolution 8

"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."

AS SPECIAL BUSINESS (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 25 May 2015, 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 CHS, CHM, CHIM, CHRB BB, CHRS SM, CHR, CHRB BM, Keyline, and CHSD with one another; and

- Recurrent related party transactions entered into by CHS 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 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 25 May 2015, 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, CHS and Keyline with AZSB

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

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 (cont'd)

(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) Dali Kumar @ Dali Bin Sardar Resolution 11
(b) Leow Bock Lim Resolution 12

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 Twenty-First Annual General Meeting to be held on 17 June 2015, a Single Tier First and Final Dividend of 0.565 sen gross per ordinary share in respect of the financial year ended 31 December 2014, will be paid on 12 August 2015.

The entitlement date shall be fixed on 31 July 2015 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 31 July 2015 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
25 May 2015

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 10 June 2015 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 Twentieth AGM held on 26 June 2014, which is expiring at the conclusion of the Twenty-First 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 26 June 2014 and the said mandate will lapse at the conclusion of the Twenty-First 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 25 May 2015.

(iii) Resolutions 11 and 12

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) 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 fifteen (15) 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.

(b) 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 thirteen (13) 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.

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

LIM KAH POON

PROFILE

Director, appointed on 27 Februay 2015, and now holding a non-executive and independent position.

He is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Malaysian Institute of Accountants (MIA). Mr. Lim, a Chartered Accountant with a broad based business experience, spent the early part of his professional career with Ernst & Whinney in Dublin, Ireland and Price Waterhouse in Kuala Lumpur / Penang for approximately 12 years. Mr. Lim was the Branch Manager of Price Waterhouse, Penang when he left the firm in 1983.

He joined Malaysian Tobacco Company Berhad ("MTC") - a subsidiary of British American Tobacco Company Ltd ("BAT"), in June 1983, where he held various senior finance positions over a 15 year-period, including the position of Financial Controller from 1990 to June 1996. From July 1996, he assumed the Regional Audit role, responsible for facilitating and identifying the key business risks and evaluating the respective control environment in all the key BAT operations in the Asia Pacific Region with the top management and ensuring that the business risks and weaknesses in the control environment were properly addressed, managed or minimised.

In 1998, he joined a local company, also quoted on Bursa Malaysia Securities Berhad, as its Chief Financial Officer. His finance and regional audit portfolios in both MTC and the local company had provided him with the wide experience covering financial and management accounting and control, formulation of corporate policies and strategies, risks management, corporate governance, business and tax planning and the role of internal audit under the ever changing corporate environment.

He left his last company in September 2001 in order to focus on his business advisory and consultancy work. To-date, Mr. Lim has undertaken corporate exercises involving IPO, mergers and acquisitions, rights issue, project financing and others.

Mr. Lim Kah Poon is also an Independent Non-Executive Director in Pineapple Resources Berhad, Heveaboard Berhad and Imaspro Corporation Berhad. He did not attend any of the Board Meeting held in the financial year ended 31 December 2014 as he joined the Board on 27 February 2015.

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

No of shares held	
CDS Account no.	

CHUANHUAT GROUP
since 1957

Chuan Huat Resources Berhad

(Company No. 290729-W)

(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

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 Twenty-First 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 Wednesday, 17 June 2015 at 11.00 a.m. and at every adjournment thereof in the manner as indicated below:

ORDINARY 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 – YAB Dato' Lim Loong Heng		
Resolution 4	To re-elect Director – Dali Kumar @ Dali Bin Sardar		
Resolution 5	To re-elect Director – Lim Kah Poon		
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 • Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by either of CHS, CHM, CHIM, CHRB BB, CHRS SM, CHR, CHRB BM, Keyline and CHSD with one another; and • Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHS with AISB		
Resolution 10	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature entered into by CHIM, CHS and Keyline with AZSB		
Resolution 11	Authority for Dali Kumar @ Dali Bin Sardar to continue in office as an Independent Non-Executive Director		
Resolution 12	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.

	No of shares	Percentage
Name of proxy 1:		
Name of proxy 2:		
Total shares held		100%

____

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

Dated this ______ day of ____________, 2015

Notes:-

1. The Agenda item 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.
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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 10 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(FRONT)

Please send me a copy of the CHUAN HUAT RESOURCES BERHAD Annual Report 2014.
Sila hantar satu salinan Laporan Tahunan 2014 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 2014

The Annual Report 2014 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

(BACK)

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
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3½ Mile Off Jalan Sungai Besi
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