DUFU TECHNOLOGY CORP. BERHAD
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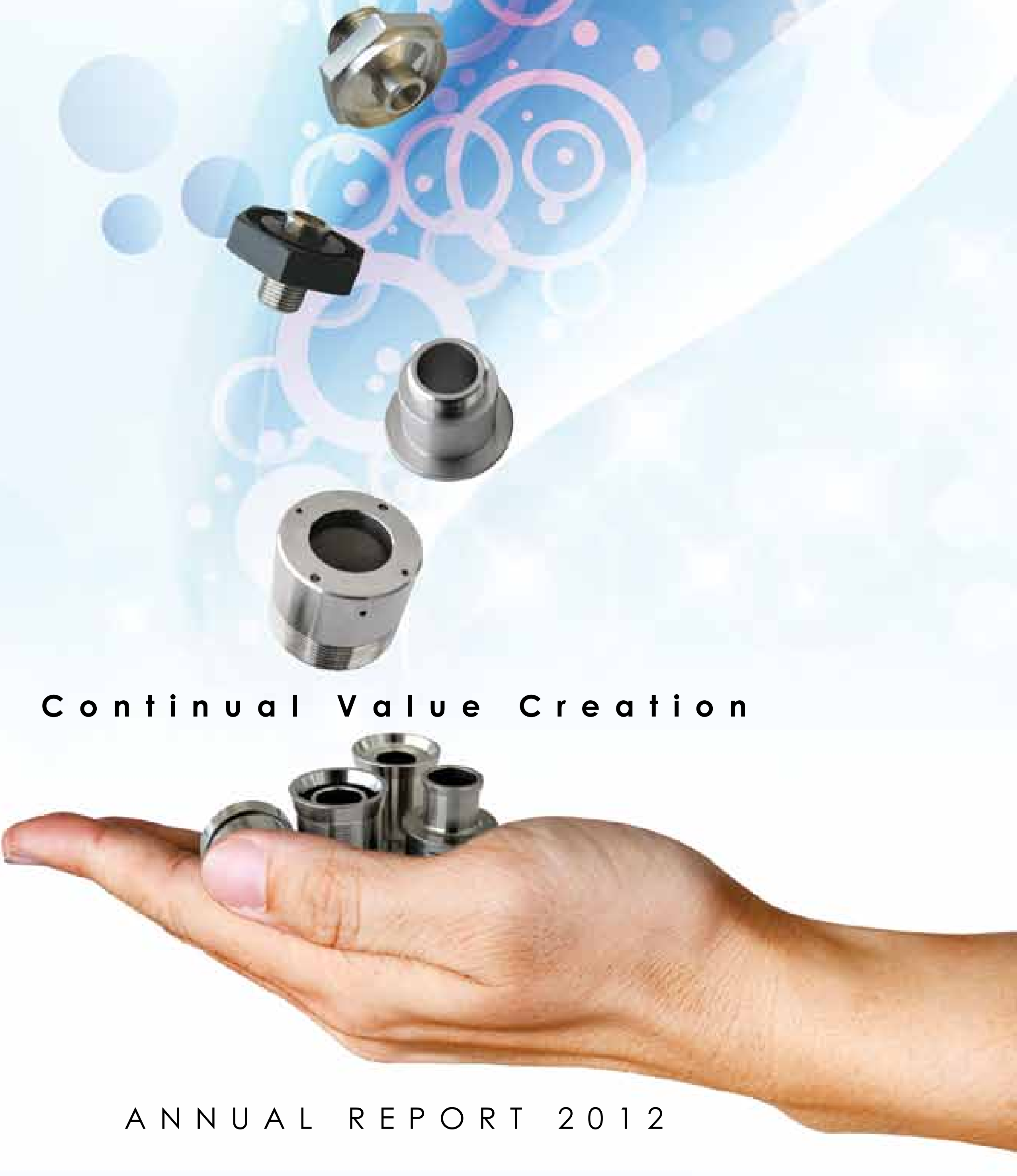

Continual Value Creation

ANNUAL REPORT 2012

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at the Room Dayang of Plot 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang on Friday, 31 May 2013 at 9.00 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2012 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note A)*

2. To approve an increase of the Directors' Fee from RM252,000/- to RM336,000/- for the financial year ending 31 December 2013 and payment of such fees to the Directors. (Resolution 1)

3. To re-elect the following Directors retiring under the respective provision of the Articles of Association of the Company and who, being eligible offer themselves for re-election:-

a. Lee, Hui-Ta a.k.a Li Hui Ta	Article 97(1)	(Resolution 2)
b. Baqir Hussain Bin Hatim Ali	Article 97(1)	(Resolution 3)
c. Wu, Mao-Yuan	Article 104	(Resolution 4)

4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution: -

Ordinary Resolution
Authority to Issue Shares (Resolution 6)
"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
9 May 2013

Notes:-

A. *This Agenda item 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.*

B. *For the purpose of determining a member who shall be entitled to attend and vote at this Eleventh Annual General Meeting, the Company shall be requesting the Record of Depositors as at 22 May 2013. Only a depositor whose name appears on the Record of Depositors as at 22 May 2013 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*

Proxy:-

1. *A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member of the Company is an Exempt Authorised Nominee 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 each omnibus account it holds.*

3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang not less than forty-eight (48) hours before the time set for holding of the Meeting or at any adjournment thereof.*

Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

The proposed Resolution No. 6 [Item 5], if passed, will grant a renewed general mandate (Mandate 2013) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2013 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Tenth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hsu, Chin-Shui	Executive Chairman
Lee, Hui-Ta a.k.a Li Hui Ta	Executive Director/Chief Financial Officer
Yong Poh Yow	Executive Director/Chief Executive Officer
Khoo Lay Tatt	Senior Independent Non-Executive Director *(Re-designated w.e.f. 19 December 2012)*
Baqir Hussain Bin Hatim Ali	Independent Non-Executive Director
Ang Siak Keng	Independent Non-Executive Director
Wu, Mao-Yuan	Non-Independent Non-Executive Director *(Appointed on 19 December 2012)*

AUDIT COMMITTEE

Baqir Hussain Bin Hatim Ali	Chairman - Independent Non-Executive Director
Khoo Lay Tatt	Member - Senior Independent Non-Executive Director
Ang Siak Keng	Member - Independent Non-Executive Director

NOMINATION COMMITTEE

Khoo Lay Tatt	Chairman - Senior Independent Non-Executive Director
Baqir Hussain Bin Hatim Ali	Member - Independent Non-Executive Director
Ang Siak Keng	Member - Independent Non-Executive Director

REMUNERATION COMMITTEE

Ang Siak Keng	Chairman - Independent Non-Executive Director
Baqir Hussain Bin Hatim Ali	Member - Independent Non-Executive Director
Hsu, Chin-Shui	Member - Executive Chairman

EXECUTIVE COMMITTEE

Hsu, Chin-Shui	Member - Executive Chairman
Lee, Hui-Ta a.k.a Li Hui Ta	Member - Executive Director/Chief Financial Officer
Yong Poh Yow	Member - Executive Director/Chief Executive Officer

COMPANY SECRETARIES

How Wee Ling (MAICSA 7033850)
Ooi Ean Hoon (MAICSA 7057078)

AUDITORS

Crowe Horwath
Chartered Accountants
17.01 Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 604-2277061
Fax : 604-2278011

REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel : 604-6408932
Fax : 604-6438911

HEAD OFFICE

Plot 19, Hilir Sungai Keluang 2
Taman Perindustrian Bayan Lepas
Phase IV, 11900 Penang, Malaysia
Tel : 604-6161300
Fax : 604-6161372
Website: www.dufutechnology.com

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(Company No. 36869-T)
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-20849000
Fax : 603-20949940

PRINCIPAL BANKERS

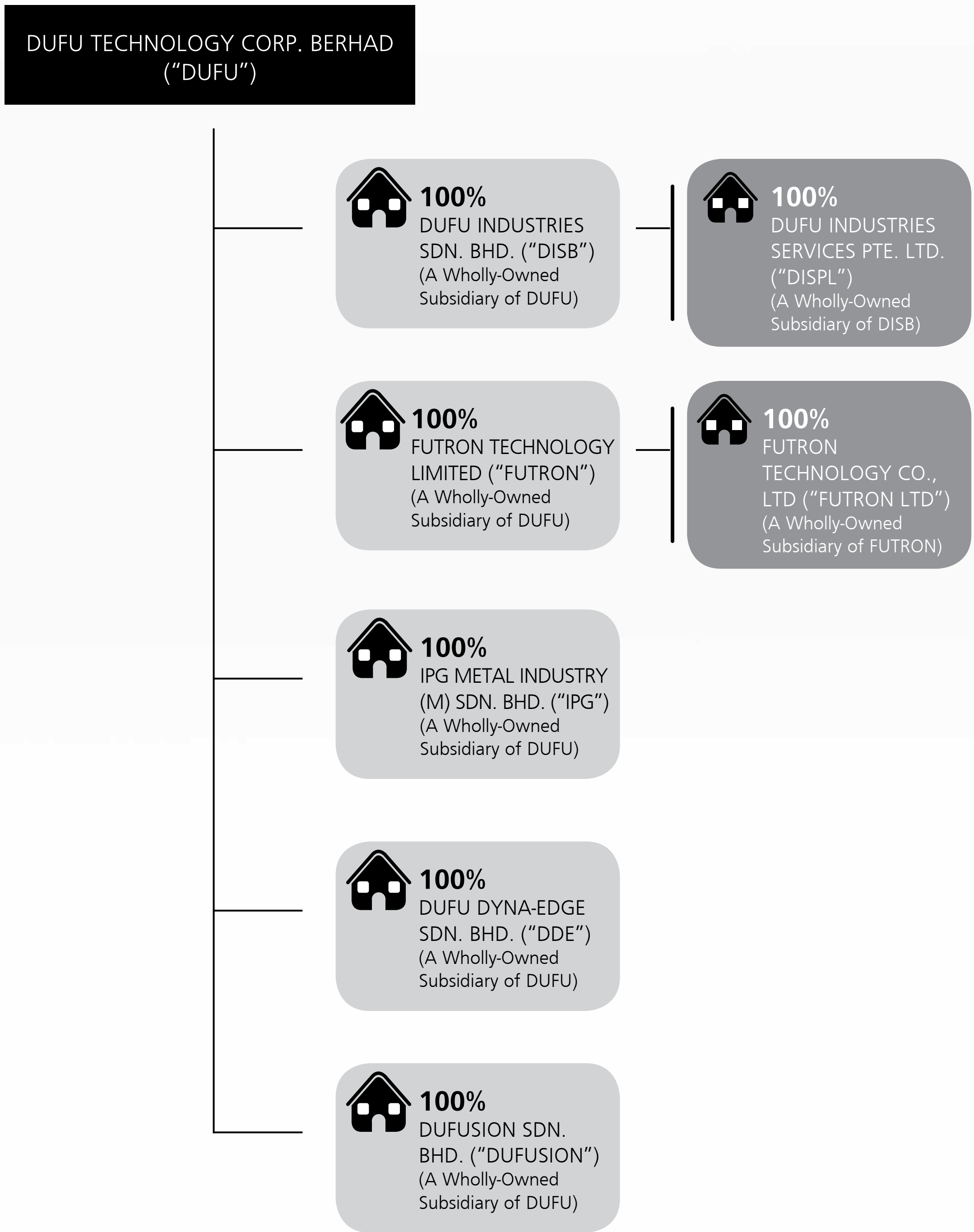
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd
Citibank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Industrial Products
Stock Name : DUFU
Stock Code : 7233

GROUP STRUCTURE

DUFU TECHNOLOGY CORP. BERHAD
("DUFU" or the "Company") and Subsidiaries
("DUFU Group" or the "Group")
As at 15 April 2013



BOARD OF DIRECTORS' PROFILE

HSU, CHIN-SHUI
Executive Chairman
Taiwanese

Hsu, Chin-Shui, aged 57, was appointed to the Board on 1 September 2006. He is the Executive Chairman of Dufu and one of the co-founders of Dufu. He graduated from Zhen Xiu University in Taiwan in 1977 with a Diploma in Mechanical Engineering. He began his career as a sales representative with Chun Hu Corp. Ltd. in 1977 and was promoted to Sales Manager in 1982. He was overall responsible for the marketing and servicing of the company's products. In 1984, he left the company to co-set up Lee Bai Corp. Ltd. in Taiwan to manufacture quick die change systems for stamping tooling. Together with Lee, Hui-Ta a.k.a Li Hui Ta, he started DISB in 1990 to manufacture precision tooling, precision machining parts for computer-related components. He has more than twenty (20) years of experience in the precision tooling industry and in the Computer Numerical Control ("CNC") precision machining industry. He also sits on the board of several other private limited companies. His primary responsibilities include overseeing the entire Group's corporate exercise and business direction and strategic plans as well as developing new business opportunities.

He is also a member of the Remuneration Committee and Executive Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He also not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the past 10 years.

LEE, HUI-TA a.k.a LI HUI TA
Executive Director/Chief Financial Officer
Taiwanese

Lee, Hui-Ta a.k.a Li Hui Ta, aged 54, was appointed to the Board on 1 September 2006. He is an Executive Director and the Chief Financial Officer of Dufu. He is one of the co-founders of Dufu. He graduated from Chong Shin University in Taiwan with a Diploma in Mechanical Engineering in 1979 and a Degree in Business Administration in 1988. He commenced his career as an engineering supervisor with He Li Ying Precision Industry, Taiwan in 1981 dealing with precision components and was promoted to Managing Director in 1983 where he was responsible for the daily operations of the company's production. In 1984, he co-set up Lee Bai Corp. Ltd. in Taiwan to manufacture precision quick die change systems for stamping tooling. Together with Hsu, Chin-Shui, he started DISB in 1990 to manufacture precision tooling, precision machining parts for computer-related components. He has more than twenty (20) years of experience in the precision tooling industry and in the CNC precision machining industry. He also sits on the board of several other private limited companies. He is primarily responsible for the financial management of the Group.

He is also a member of Executive Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the pass 10 years.

BOARD OF DIRECTORS' PROFILE (CONT'D)

YONG POH YOW
Executive Director/Chief Executive Officer
Singaporean

Yong Poh Yow, aged 52, was appointed to the Board on 1 September 2006. He is an Executive Director and the Chief Executive Officer of Dufu. He graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore in 1983. He started his career with GE Television as Engineering Assistant in 1983. He left GE Television in 1985 to join Seagate Technology International as Supplier Quality Engineer where he liaised with suppliers on quality improvement. In 1990, he joined DISB as Quality Assurance ("QA") Manager where he was responsible for communicating with the suppliers regarding their quality and also for developing and improving the suppliers' quality. By the same token, he is also in charge of internal quality control at DISB. He was promoted to Operations Director of DISB in 1993 and became a Director and Chief Executive Officer of DISB in 2004. He has hand-on experience in most aspects of precision machining manufacturing.

His primarily responsibilities include overseeing the daily operations, marketing and corporate exercises of Dufu. He is also a member of the Executive Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

KHOO LAY TATT
Senior Independent Non-Executive Director
Malaysian

Khoo Lay Tatt, aged 40, was appointed to the Board on 2 October 2006 as a Non-Independent Non-Executive Director and be appointed as Senior Independent Non-Executive Director of the Company on 19 December 2012. He graduated from Tunku Abdul Rahman College with an ICSA professional degree and a Diploma in Commerce – Business Management in 1996. Upon graduation, he started his career in May 1996 as Company Secretarial Officer in the Corporate & Legal Division of a commercial bank. He left the Bank as an Executive cum Company Secretary of its subsidiaries in 2000. He joined a Secretarial Services firm in Penang as the Assistant Manager and left the said firm in year 2005 as a Senior Manager. During his tenure, he was involved in numerous initial public offerings and corporate exercises undertaken by listed companies.

He is a Chartered Secretary by profession and also a Certified Financial Planner (CFP) and a Certified Member of Financial Planning Association of Malaysia (FPAM). He is also an Associate of the Institute of Chartered Secretaries and Administrators (ICSA/MAICSA).

He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company.

Currently, he sits on the Board of two public companies listed on the Main Market of Bursa Securities, namely, P.I.E Industrial Berhad and Sinaria Corporation Berhad as Independent, Non-Executive Director.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

ANG SIAK KENG
Independent Non-Executive Director
Malaysian

Ang Siak Keng, aged 42, was appointed to the Board on 3 October 2011. He is an Independent Non-Executive Director of Dufu. He graduated with a law degree with honours from University of Melbourne in 1995. He starts his career as lawyer by profession and has 15 years of working experience in legal practice. He is currently a partner of Zaid Ibrahim & Co.

He advises local and foreign clients with respect to a broad range of corporate and commercial matters including M&As, corporate restructurings, corporate governance and international joint ventures. He has advised several companies in their IPOs exercises and constantly advises public listed companies in various aspects of their corporate exercises and compliance with Securities Commission's Guidelines, listing requirements, Securities Law, Capital Markets and Services Act, Malaysian Code on Take-Overs and Mergers, etc.

He is also the Chairman of the Remuneration Committee of the Company and a member of the Nomination and Audit Committee of the Company.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

BAQIR HUSSAIN BIN HATIM ALI
Independent Non-Executive Director
Malaysian

Baqir Hussain Bin Hatim Ali, aged 50 was appointed to the Board on 2 October 2006. He is an Independent Non-Executive Director of Dufu. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Tax Institute of Malaysia. He is also an Approved Company Auditor and Licensed Tax Agent.

Baqir graduated from Ungku Omar Polytechnic with a Diploma in Accountancy in 1986.. He began his career in the same year with Hanafiah, Raslan & Mohamad / Arthur Andersen as an audit assistant, where he obtained his qualification as a Chartered Accountant("CA") and Certified Public Accountant ("CPA") . He left the firm as a Senior Manager in the Assurance and Business Advisory Division in 2002 to venture into his own accountancy practice. He has amassed more than 25 years of experience in the field of accountancy including external and internal auditing, mergers and acquisitions, receiverships and liquidations, initial public offerings and tax consultancy. He is currently practicing under Baqir Hussain & Co, a firm of chartered accountants.

He is also the Chairman of the Audit Committee of the Company and a member of the Nomination and Remuneration Committee.

He has no family relationship with any other Directors and/or major shareholders of the Company. He has not entered into any transaction, whether directly and indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

WU MAO-YUAN
Non-Independent Non-Executive Director
Taiwanese

Wu Mao-Yuan, aged 55, was appointed to the Board on 19 December 2012. He is a Non-Independent Non Executive Director of Dufu. He graduated with a diploma in Mechanical Engineering from Taiwan Zhen Xin University in 1997.

Upon graduation, he started his career in year 1979 as an Engineering Assistant responsible for the design and manufacturing of production jig and fixture with Da Di Ling Company. Subsequently, Wu joined Jin Feng Corp. in 1981 as a supervisor leading the production team to manufacture motorcycle components. In 1988-1992, he joined Lee Bai Corp Ltd. as a production manager and he formed and started a new precision machining group for the Company. In 1993, Wu Mao-Yuan worked in Dufu Malaysia where he was responsible for overseeing the factory operation as well as technology for Dufu. He left Malaysia in 2002 to personally setup and established Futron Technology Limited in Guang Zhou, China to manufacture and produce production parts for computer related components.

Throughout his career in the past 20 over years he had demonstrated not only his high technical skill, but had also proven his management capability by bringing success to many of the companies he served.

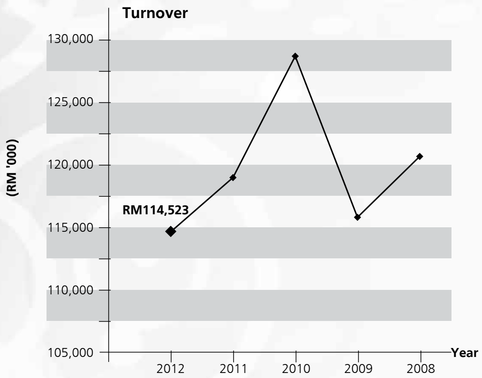
He is the Managing Director of Futron Technology Limited & Compliance Officer of Superior Plating Technology Co. Ltd.

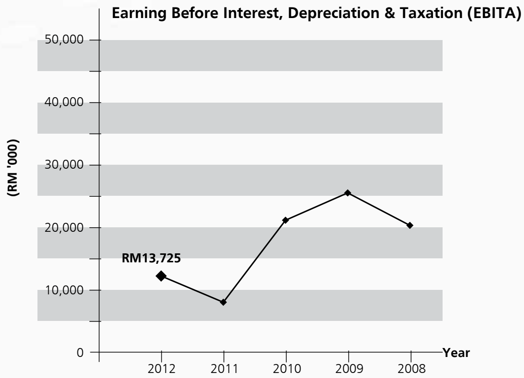
He has no family relationship with any other Directors and/ or major shareholders of the Company. He has not entered into any transaction, whether directly and indirectly, which has a conflict of interest with the Company. Neither has he been convicted of any offences in the last 10 years.

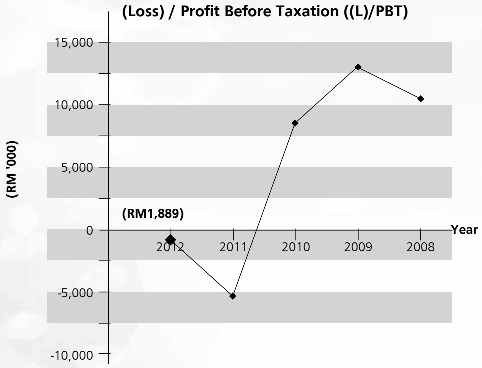
FIVE YEARS GROUP FINANCIAL REVIEW

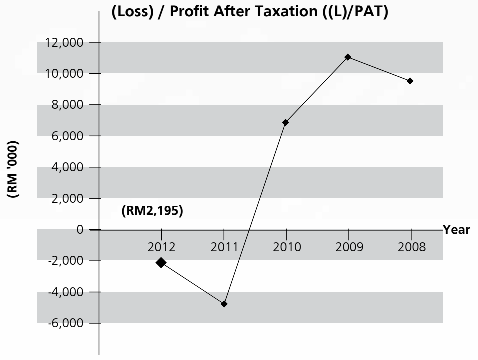
Group	31.12.2012 (RM'000)	31.12.2011 (RM'000)	31.12.2010 (RM'000)	31.12.2009 (RM'000)	31.12.2008 (RM'000)
Turnover	114,523	119,296	128,495	116,642	121,480
Earning Before Interest, Depreciation & Taxation	13,725	8,906	21,502	25,372	20,332
(Loss) / Profit Before Taxation	(1,889)	(5,873)	7,577	13,151	10,507
Tax (Expense) / Income	(306)	1,062	(752)	(2,026)	(709)
(Loss) / Profit After Taxation	(2,195)	(4,810)	6,825	11,125	9,798
Net Asset	83,470	86,749	89,523	86,706	76,548
Net Asset per share (sen)	69.6	72.3	74.6	72.3	63.8
Basic Earning Per Shares (sen)	(1.8)	(4.0)	5.7	9.3	8.2
Number of shares	120,000	120,000	120,000	120,000	120,000

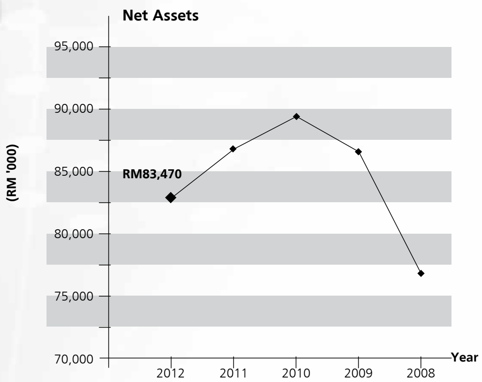
Financial Highlight

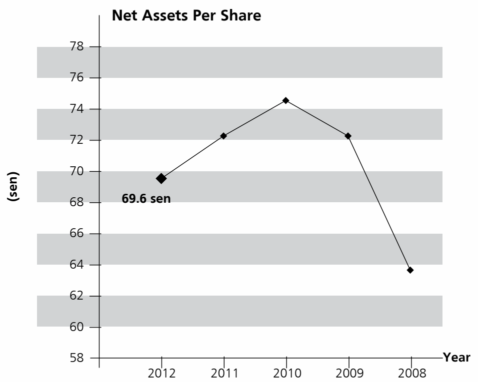












CHAIRMAN'S STATEMEMT

On Behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Dufu Technology Corp. Berhad for the financial year ended 31 December 2012.

Operation Review

The financial year ended 2012 had seen Dufu struggled with poor outlook of the global Hard Disc Drive(HDD) industry. The uncertainty and volatility of the world economy especially in USA and Europe coupled with the continuous effects of the aftermath of the Japan earth quake and tsunami and the flood in Thailand in year 2011, had significantly affected the demand and supply of HDD. Though there was a trend of normalization and recovery from the flood in Thailand, the recovery was not sustainable and we witnessed a gradual decline in the trend of demand for HDD, which in turn hit the component supplier industry eventhough the Malaysian economy had recovered during the financial year. Furthermore, the Group's operational profitability has also been affected by higher operation costs, and to this end, the management is continuously reviewing the entire Group's operations & key measures to mitigate the increase in the operation costs.

Apart from that, the global demand for HDD products have been compromised by a structural shift from HDD to Solid State Drives (SSD) given the strong demand for tablets and smart phones. Thus, the Group has made a strategic decision to diversify its business to non-HDD such as medical components and range sensor and control components in order to balance its business portfolio. The management is constantly reviewing the entire Group's operation and continues to diversify and focus on fast growing and higher margin products by leveraging on its rich experience and expertise in precision processes such as medical components market.

Financial Overview

As a result of the decline in demand for HDD products and increase in operation costs mentioned above, the Group continued to record a net loss during the financial year.

For the financial year under review, the Group recorded a turnover of RM114.52 million, a decrease of RM4.78 million or 4% compared to 2011. The decrease in turnover was mainly due to the lower demand and sales of HDD products during the financial year. The group also recorded a loss before taxation (LBT) of RM1.89 million during the financial year as compared to LBT of RM5.87 million, an improvement of RM3.98 million or 68%. The LBT during the financial year was mainly due to lower demand for HDD products and high operating costs as mentioned above. The better performance of the Group in terms of the reduction in LBT was mainly due to the favourable foreign exchange rates as compared to the previous financial year.

Despite the net loss during the financial year, the Group's financial position as at 31 December 2012 remained healthy with net assets of RM83.47 million or 25 sen per share and its net operating cash inflow during the year was RM18.5 million.

Future Prospects of the Group

The group remains cautiously optimistic on the outlook of the HDD market as the supply chain to the HDD customers has showed signs of recovery. We will continue with our efforts to ensure that effective mitigating measures are taken to minimise the impact of the uncertainties of the world economy, the weakening of the US Dollar and also the volatility of the material costs.

The Group have also managed to broaden its customer base during the year in its effort to diversify to other industries mainly to cater for the needs of the sensor and control sector and medical devices. In view of this, the Group is currently investing in plant and machinery that can effectively handle high precision high mixed low volume products with less labour dependency. Further, the Group offers its precision knowledge and resources to develop and deliver cost effective, individually tailored solutions to its new Non-HDD customers. The effect of the growth from the new customer base will only be significantly apparent from the middle of 2013.

Acknowledgement

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and the staff of the Group for their continued efforts, commitment and contribution in instituting the strict strategic and operational measures needed to stand resilient during these challenging times. I would also like to take this opportunity to thank all our valued shareholders, customers, suppliers, business associates, investors, the regulatory authorities and bankers for their continuous support and confidence in the Group.

Last but not least, I wish to thank my fellow Directors for their valuable guidance, advice and support rendered over the years.

HSU, CHIN-SHUI
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This Statement sets out the manner in which the Group has applied and the extent of compliance with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code").

1. CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board

To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees, the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the Senior Management of the Company.

The Board had also formed its Executive Committee ("Exco") to assist the CEO to manage the Group's day-to-day operations. The Exco was set up to formulate operations plans and oversee the execution of these plans. The Exco meets regularly to discuss operation issues.

The Executive Committee ("Exco") comprises of the Executive Directors as follows:

Members: Hsu, Chin-Shui
Lee, Hui-Ta a.k.a Li Hui Ta
Yong Poh Yow

Key matters reserved for the Board's approval including but not limited to the Group's annual forecast, business continuity plan, issuance of new securities, business restructuring, and acquisitions/disposals of material assets. All Board's decisions are recorded in the minutes, including the deliberation for each decision, along with actions to be taken and the individuals responsible for implementation. Relevant Board decisions are communicated to the Senior Management for implementation within a reasonable timeframe.

The Board has direct access to Senior Management and has unrestricted and immediate access to information relating to the Group's business and affairs in the discharge of their duties. The Board will consider inviting the Senior Management to attend meetings for reporting on major issues relating to their respective responsibility.

The Group's annual forecast will be tabled for the Audit Committee and Board's approval. The Management will also report on the Group's capital expenditure to the Audit Committee ("AC") and Board on quarterly basis.

Periodic briefings on the Group's prospects and performance are also conducted for the Directors to ensure that the Board is well informed on the Group's operational, financial and corporate issues.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("ToR"). At each Board meeting, the Chairman of the relevant Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meetings.

1.2 Roles and responsibilities of the Board

In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of the Group's stakeholders and is ultimately responsible for the performance of the Group. The Board assumes the following core responsibilities:-

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- Developing and implementing an investor relation programme or shareholder communication policy for the Company; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

1. CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.3 Ethical standards through Code of Ethics

The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected of Directors. The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company's website.

As a measure to govern the conduct of its employees, the Company has in place its Whistleblower Policy and Procedures ("WPP") and Employees Hand Book. The WPP seek to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The Board has overall responsibility to oversee the implementation of the WPP and all whistle-blowing reports are to be addressed to the respective personnel as assigned pursuant to the Groups' WPP. This mechanism will allows the stakeholders of DUFU to report concerns about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group and about business improvement opportunities.

The WPP of DUFU is available at its corporate website.

1.4 Strategies promoting sustainability

The Board promotes good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance. A report on sustainability activities, demonstrating DUFU's commitment to the global environmental, social, governance and sustainability agenda, is detailed in the Corporate Social Responsibility Statement of this Annual Report.

1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

1.6 Qualified and competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

1.7 Board Charter

The Board has made available its Board Charter on the corporate website. The document clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of DUFU.

The Board reviews its charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

2. STRENGTHEN COMPOSITION

2.1 Nominating Committee ("NC")

DUFU established its NC to assist the Board in recommending appointment of new Directors and assessing the effectiveness of the Board.

The membership of the Nomination Committee is as follows:

Chairman:	Khoo Lay Tatt - Senior Independent Non-Executive Director
Members:	Baqir Hussain Bin Hatim Ali - Independent Non-Executive Director
	Ang Siak Keng - Independent Non-Executive Director

The NC of DUFU assumes the following core responsibilities:-

- formulating the nomination, selection and succession policies for members of the Board;
- review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board;
- consider the election criteria and develop procedures for the sourcing and election of candidates to stand for election by DUFU's shareholders ("Shareholders") or to fill casual vacancies of Directors;
- identify and nominate candidates to the Board for it to recommend to Shareholders for election as Directors;
- undertake an assessment of its Independent Directors annually;
- review the training needs for the Directors regularly; and
- establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole.

Details of the ToR for NC of DUFU are available at its corporate website.

2.2. Develop, maintain and review criteria for recruitment and annual assessment of Directors

The Company has in place its procedures and criteria for appointment of new directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, with the aim to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of Independent Director will include the level of independence of the candidate.

The NC will also be reviewing the composition of respective board committee of the Company to ensure its effectiveness in functioning.

The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

In accordance with the Company's Articles of Association ("AA"), all Directors are subject to re-election by shareholders at the Annual General Meeting ("AGM") following their appointment. At least one-third (1/3) of the remaining Directors shall retire from office at each AGM at least once in every three (3) years, but shall be eligible for re-election.

Notwithstanding the recommendation of the MCCG 2012, the Board is presently of the view that there is no necessity to fix a specific gender diversity policy. However, the Board will endeavor to tap talent from human capital market from time to time with the aim to have at least one female director in its Board in the future.

2. STRENGTHEN COMPOSITION (cont'd)

2.3 Remuneration policies

The Remuneration Committee (RC) is responsible for, inter-alia, recommending to the Board the remuneration policy for, including the establishment of a formal and transparent methodology in determining the remuneration of Executive Directors and Non-Executive Directors and to review changes to the policy and methodology as necessary; review the existing level of remuneration of Executive Directors and to recommend their remuneration to the Board based on the Company's and their individual performance to ensure they commensurate with the scope of responsibilities held. The Committee also ensures the level of remuneration for Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The membership of the RC is as follows:

Chairman: Ang Siak Keng - Independent Non-Executive Director
Members: Baqir Hussain Bin Hatim Ali - Independent Non-Executive Director
Hsu, Chin-Shui - Executive Chairman

The policy practiced on Directors' remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The current remuneration policy of the Group is summarised as follows:-

a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.
b) Directors' Fees are based on a standard fixed fee and are subject to approval by its shareholders at the AGM.
c) Meeting Allowance - All the Directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year.
d) Benefits-in-kind - only Executive Directors of the Group are entitled to benefits-in-kind provided by the Group.
e) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

Details of Directors' remuneration for the financial year ended 31 December 2012 were as follows:

I. Aggregate remuneration of the Directors categorized into appropriate components:

Category	Fee (RM)	Salaries (RM)	Bonus (RM)	Allowances (RM)	Total (RM)
Executive					
- Company	108,000	0	0	22,500	130,500
- Subsidiaries*	0	688,398	42,921	199,539	930,858
Non-Executive Directors					
- Company	144,000	0	0	27,500	171,500
- Subsidiaries*	0	0	0	0	0
Total	252,000	688,398	42,921	249,539	1,232,858

* *Subject to shareholders' approval at the forthcoming Annual General Meeting.*

2. STRENGTHEN COMPOSITION (cont'd)

2.3 Remuneration policies (cont'd)

II. The number of Directors whose total remuneration fall within the following bands:

	Number of Directors^	
Range of Remuneration	Executive	Non-Executive
RM50,001 to RM 100,000	0	4
RM100,001 to RM 150,000	1	0
RM400,001 to RM 450,000	1	0
RM500,001 to RM 550,000	1	0

Details of the remuneration of each Director are not disclosed as the Board is of the view that the transparency and accountability aspects of corporate governance on disclosure of Directors' remuneration are appropriately served by the above disclosures.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The NC played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company on annual basis. Based on the assessment conducted by the NC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Company.

The NC develops the criteria to assess independence of Independent Director, include but not limited to directors' background, family relationships, interest of shareholdings in the Company and related party transactions with the Group (if any).

With respect to the re-election of En. Baqir Hussain Bin Hatim Ali, an Independent Director of the Company seeking for re-election at the forthcoming 11th AGM of the Company, the Board is of the opinion that he has demonstrated that he is independent from the Management and free from business relationship that might interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company. Therefore, the Board unanimously recommends and supports the proposed re-election of En. Baqir.

3.2 Tenure of Independent Directors

Notwithstanding the recommendation of the MCCG 2012, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. Similarly, the Board does not set a time-frame on how long an Independent Director should serve on the Board, mainly for the following reasons:-

- The ability of a Director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.
- NC conducts an annual assessment of Independent Directors in respect of *inter alia* their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement. Furthermore, the NC also reviews the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).

3.3 Shareholders' approval to retain an Independent Director who has served for more than 9 years

Currently, all the Independent Directors of the Company served less than a tenure of 9 years in the Company.

3. REINFORCE INDEPENDENCE (cont'd)

3.4 Separation of roles of Chairman and Chief Executive Officer (CEO)

The Company practises a division of responsibilities between the Executive Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for Independent decision-making. The Chairman is mainly responsible for the Board's effectiveness and conduct. He also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. At a general meeting, the Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

The CEO is in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.

3.5 Composition of the Board

The Board currently has seven (7) members comprising the Executive Chairman, two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition complies with Para 15.02 of the Bursa Securities Main Market Listing Requirements ("Main LR") whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

In the event of any vacancy in the Board resulting in the non-compliance with the above, the Company must fill the vacancy within three (3) months. The Board is of the opinion that the interests of shareholders of the Company are fairly represented by the current Board composition and its size constitutes an effective Board of the Company.

The presence of the three (3) Independent Non-Executive Directors is essential in providing guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

The Board is mindful to the recommendation that the board must comprise a majority of independent directors where the Chairman of the Company is not an independent director. However, the Board is of the opinion that the vast experience of Mr. Hsu, Chin-Shui would enable him to be well equipped to interact with global leaders of the industry and build relationships with stakeholders. He has also exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company and provided objectivity in decision-making and ensured effective conduct of the Board of Directors' Meeting.

The Board has appointed Mr. Khoo Lay Tatt as Senior Independent Non-Executive Director on 19 December 2012. Any concern regarding the Group may be conveyed by shareholders or investors to the Senior Independent Non-Executive Director at the following address and such concerns will be reviewed and addressed accordingly:-

Mr. Khoo Lay Tatt
DUFU Technology Corp. Berhad
57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang
corporateaffairs@dufu.com.my

Prior to the appointment of Mr. Khoo Lay Tatt as Senior Independent Non-Executive Director of the Company, The Board have collectively responsible to address all grievances and concerns brought up by the shareholders.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of DUFU. This is evidenced by the attendance record of the Directors at Board meetings.

4. FOSTER COMMITMENT (cont'd)

4.1 Time Commitment (cont'd)

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met four (4) times during the year under review. The attendance record for each Director at Directors' meeting for the financial year ended 31 December 2012 is as follows:

Director	No. of meetings attended
Hsu, Chin-Shui	4/4
Lee, Hui-Ta a.k.a Li Hui Ta	4/4
Yong Poh Yow	4/4
Baqir Hussain Bin Hatim Ali	4/4
Khoo Lay Tatt	4/4
Ang Siak Keng	4/4
Wu, Mao-Yuan (Appointed w.e.f. 19 December 2012)	N/A

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the Listing Requirements, a Director of DUFU must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to DUFU.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of DUFU and for notification to Companies Commission of Malaysia accordingly.

4.2 Continuing Training Programme

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

Save for Mr. Wu, Mao-Yuan whom was appointed on 19 December 2012 and attended the Mandatory Accreditation Programme on 10 & 11 April 2013, the details of trainings attended by the other Directors are as follows:-

Director	Date	Description
Hsu, Chin-Shui	9 October 2012	Crowe Horwath's 2013 Budget & Tax Planning
Lee, Hui-Ta a.k.a Li Hui Ta	9 October 2012	Crowe Horwath's 2013 Budget & Tax Planning
Yong Poh Yow	9 October 2012	Crowe Horwath's 2013 Budget & Tax Planning
Khoo Lay Tatt	14 March 2012	'The CEO Speaks...' on Driven to Success (conducted by Invest-In-Penang Berhad)
	8 August 2012	"Governance, Risk Management and Compliance: what Directors should Know" by Bursa Malaysia Berhad
	9 October 2012	Crowe Horwath's 2013 Budget & Tax Planning
Baqir Hussain Bin Hatim Ali	15 May 2012	2012 Tax Updates (Organized by Malaysian Institute of Accountants(MIA))
	20 & 21 June 2012	Latest development In Malaysian Financial Reporting Standards and IC Interpretation-An overview (Organized by MIA)
	15 & 16 August 2012	Optimising Corporate Tax Planning Strategies (By MIA)
	11 October 2012	Seminar Percukaian Kebangsaan 2012 (Organized by Lembaga Hasil Dalam Negeri)
	5 & 6 December 2012	Malaysian Financial Reporting Standards-Impact on company tax (Organized by MIA)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each financial year, primarily through annual financial statements, announcement of results to shareholders as well as the Chairman's Statement in the annual report.

Details of the Directors' Responsibility in the preparation of the Group's financial statements are disclosed in page 28 of this Annual Report 2012.

The Board is assisted by the AC in overseeing the Group's financial reporting processes and the quality of its financial reporting. The AC reviews the Group's annual financial statements and the quarterly condensed financial statements focusing particularly on changes in accounting policies, Management's judgement in applying these accounting policies as well as assumptions and estimates applied in accounting for certain material transactions.

5.2 Assessment of suitability and independence of external auditors

The AC had obtain written assurance from its external auditors, Messrs. Crowe Horwath, confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

After having satisfied with the performance of Messrs. Crowe Horwath and its audit independence, the AC recommended the re-appointment of Messrs. Crowe Horwath to the Board for approval by its shareholders at the forthcoming 11th AGM.

6. RECOGNISE AND MANAGE RISK

6.1 Sound framework to manage risk

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in the Group. The Board has continuously placed emphasis on the need for maintaining a sound system of internal control. The internal control systems are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Company's corporate objective and safeguarding the Company's assets as well as investors interests.

With the assistance of its outsourced Internal Auditors ("IA"), the AC oversees the Risk Management framework of the Group and reviews the risk management framework formulated by the Management.

6.2 Internal Audit Function

The Group has engaged the services of an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The internal auditors report directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

The Internal Control Statement set out on page 24 to 25 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board is mindful on the importance of maintaining a proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (cont'd)

7.1 Corporate Disclosure Policy (cont'd)

The Board exercise close monitoring of all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities and the company's website.

7.2 Leverage on information technology for effective dissemination of information

In line with the recommendation by the Main LR and the Code, material information is disseminated to shareholders and investors on a timely basis. These information, which could be accessed through Bursa Securities website at www.bursamalaysia.com., include:

- Quarterly announcements
- Annual reports
- Circular to shareholders
- Other important announcements

The Group also maintains a website at www.dufutechnology.com. which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

DUFU dispatches its notice of AGM to shareholders at-least 21-days before the AGM. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

The Company allows a member to appoint a proxy who may be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. DUFU has also removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The AA of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

The Board will consider adopting electronic voting to facilitate greater shareholder participation at general meetings, and to ensure accurate and efficient outcomes of the voting process.

8.2 Encourage poll voting

At the 10th AGM of the Company held on 29 June 2012, no substantive resolutions were put forth for approval, thus, the resolutions were voted on by a show of hands.

8.3 Effective Communication and proactive engagement

During the General Meetings of the Company, the Chairman of Meeting will invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

In addition to the above, the Company will look into allocation of time during AGM for dialogue with shareholders to address the issues concerning the Group and to make arrangement for Officers of the Company to present and handle other face-to-face enquiries from shareholders.

This statement was made in accordance with a resolution of the Board dated 12 April 2013.

AUDIT COMMITTEE REPORT

The Committee comprises of the following: -

Chairman
En. Baqir Hussain Bin Hatim Ali
Independent Non-Executive Director

Members

Khoo Lay Tatt
Senior Independent Non-Executive Director

Ang Siak Keng
Independent Non-Executive Director

TERM OF REFERENCE OF AUDIT COMITTEE

1. Objectives

The Principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:-

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

2. Composition:-

a) The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, exclusively Non-Executive Directors of whom a majority shall be the Independent Directors.

b) At least one of the members of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience or either must have passed the examinations specified in Part I of the schedule of Accountant Act, 1967, or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967 or fulfills such other requirements as prescribed or approved by the members.

c) The members of the Audit Committee shall elect a chairman among their number who shall be an Independent Non-Executive director. No alternate director shall be appointed as a member of the Audit Committee.

d) If a member of the Audit Committee, for whatsoever reason ceases to be a member with a result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the event, appoints such number of new members as may be required to make the minimum number of three (3) members.

3. Authority:-

a) The Audit Committee is authorized by the Board of Directors to investigate any matter within its terms of reference and shall have unlimited access to all information and document relevant to its activities as well as to the internal and external auditors and employees of the Group. All employees are directed to co-operate with any request made by the Committee.

b) The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

c) The Committee shall be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

d) The Audit Committee shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

AUDIT COMMITTEE REPORT (CONT'D)

4. Meetings

The Committee is at liberty to determine the frequency of the meetings at least four times annually. The quorum of two (2) independent members shall constitute a valid meeting.

Attendance of the Meetings

a) A meeting with external auditors shall be held at least twice a year without the presence of executive Board members.

b) The Committee may invite any person to be in attendance to assist in its deliberations. The other directors and employees attend any particular audit committee meeting only at the audit committee's invitation, specific to the relevant meeting.

c) the Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supporting by explanatory documentation to committee members prior to each meeting.

5. Duties and Responsibilities

The duties and responsibility of the Audit Committee include the followings:-

a) to consider the appointment or re-appointment of external auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;

b) to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

c) to review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing particularly on:-
- Changes in accounting policies and practices;
- Significant and unusual events;
- Significant adjustments resulting from the audit;
- The going concern assumption;
- Compliance with accounting standard and other legal requirements

d) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

e) to do the followings where an internal audit function exists;
- Review the adequacy of the scope, function and resources of the internal audit function and that it has the necessary authority to carry out its work;
- Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approved any appointment or termination of senior staff members of the internal audit function;
- Review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning; and
- To consider major findings of internal investigations and management's response.

f) to consider any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that arises questions of management integrity; and

g) to perform such other duties if any as may be agreed to by the committee and the Board.

6. Reporting

The Audit Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

7. Attendance at Meetings

The information on the attendance of each member at the Audit Committee's meetings held during the financial year ended 31 December 2012 is as follows:-

Member	No. of Meeting Held	Attendance
Baqir Hussain Bin Hatim Ali	4	4
Khoo Lay Tatt	4	4
Ang Siak Keng	4	4

ACTIVITIES OF THE AUDIT COMMITTEE

The activities carried out by the Committee during the financial year ended 31 December 2012 in the discharge of its duties and responsibilities are as follows:-

- Reviewed the draft quarterly results of the Group and the recommendation of the same to the Board for approval.
- Reviewed the compliance on the Bursa Securities Main Market Listing Requirements, Malaysian Code on Corporate Governance 2012 and other statutory requirements.
- Discussed with the external auditors before the audit commences, the nature and scope of the audit.
- Reviewed the external auditors management letter and management's response.
- Reviewed the internal programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditors.
- Reviewed any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group.
- Reviewed the quarterly and year-end financial statements of the Company and the Group and thereafter submit them to the Board.

INTERNAL AUDIT FUNCTION

The Board has engaged an independent firm of professionals to conduct internal audits. The internal Auditors report directly to the Committee. The primary functions of internal auditors are to assist the Committee on an ongoing basis to :

- review the risk management framework;
- provide independent, systematic and objective evaluation on the state of internal control within the Group; and
- perform such other function as requested by the Committee.

The costs incurred for the internal audit function for financial year ended 31 December 2012 was RM17,676. During the financial year, the internal auditors have assisted the Audit Committee to :

- plan and conduct the internal audit for financial year ended 2012;
- review and document the risk management framework of the Group; and
- review the state of internal control of various operating cycle within the Group.

Information pertaining to the Company's internal control is shown in the Internal Control Statement set out on page 24 to 25 of this Annual Report.

This statement was made in accordance with a resolution of the Board dated 12 April 2013.

INTERNAL CONTROL STATEMENT

Introduction

This Statement on Risk Management and Internal Control has been prepared in accordance with the "Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuers."

Board Responsibilities

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises that for the Group to achieve its business objectives and sustain success, it is vital that the risk management and internal control processes of the Group are effective.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

However, due to the inherent limitations of any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The Board and the Management continuously identify, evaluate and manage significant business risks that affect day-to-day operations of the Group.

The Audit Committee reviews internal control issues identified by the internal auditors and by the management. In the process, it evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

In the financial year, the Executive Directors and the Management participated in a risk management exercise to update the risk profile and controls. During the exercise, principal risks affecting the Group were identified, quantified and prioritised. The relevant controls and strategies for managing the risks were identified and documented. The participants also suggested areas where the Group could further improve on in order to manage the principal risks more effectively. The risk management report was presented to the Audit Committee in one of the audit committee meetings.

Internal Control System

The Board is satisfied that the system of internal control is adequate for Company.

The internal audit function was carried out an independent firm of professionals appointed by the Board. The total cost incurred for the internal audit function for the financial year ended 31 December 2012 was RM17,676. As an important part of the scope of their work, the internal auditors are to evaluate whether adequate system of internal controls exist and to assist the management to address operational, financial and compliance risks.

Recommendations for improvement on internal controls were received from the internal auditors and implemented.

The following key elements of internal control are embedded within the Group's operations:

- An organisation structure with clearly defined lines of responsibility, authority and accountability;
- Clearly documented internal policies, manuals, procedures and work instructions;
- Holding regular Board and management meetings where information related to financial and operational performances is shared and discussed;
- Management accounts and reports are prepared and distributed to Executive Directors and key management personnel every month; and
- Employees attend regular training and development programs to enhance their knowledge and competency.

The Directors and management will continue to review and update the internal control system in line with changes in the operating environment of the Group.

Conclusion

The Board is of the view that there were no significant weaknesses in the system of risk management and internal control of the Group that had a material impact on the operations of the Group for the financial year ended 31 December 2012.The Board remains committed to a sound system of risk management and internal control and to progressively enhance the system to support the Group's operations.

This statement was made in accordance with a resolution of the Board dated 12 April 2013.

DISCLOSURE REQUIREMENTS PURSUANT TO THE BURSA MALAYSIA
SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Share Buybacks

During the financial year, there were no share buyback by the Company.

Options, Warrants or Convertible Securities

No option, warrants or convertibles securities were issued by the Company during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any such programme.

Imposition of Sanctions and/or Penalties

There were no material sanction and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the regulatory bodies.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to Dufu Group for the financial year by the Company's Auditors, or a firm or corporate affiliated to the Auditors' firm is RM13,100.

Profit Forecast and Unaudited Results Deviation

There was no profit forecast issued by the Group during the financial year.

The audited consolidated results during the financial year of the Group did not deviate by more than 10% of the unaudited consolidated results of the Group as announced via the BURSALINK, www.bursamalaysia.com on 27 February 2013.

Profit Guarantee

There was no profit guarantee issued by the Group during the financial year.

Material contract

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests either still subsisting as at 31 December 2012 or entered into since the end of the previous financial year.

DISCLOSURE REQUIREMENTS PURSUANT TO THE BURSA MALAYSIA (CONT'D)
SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Corporate Social Responsibility (CSR) Statement

The Group is driven by the belief that in pursuit of any business objective, we need to strike a balance between profitability and contributions to the social and environmental responsibilities. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate CSR practices into its day-to-day business operations i.e. constantly reviewing the staff benefits to enhance the quality of life of its employees and adopting eco-friendly practices such as minimizing the use of hazardous compound in its manufacturing process to protect the environment.

Recurrent Related Party Transactions

The details of Recurrent Related Party Transactions concluded and their actual amount entered into during the financial year ended 31 December 2012 are as below:-

	Related Parties			Actual Amount	
No.	Buyer	Seller	Nature of Transactions	(RM)	Interested Related Party
1.	DISB	SESB	Purchase of goods from SESB	222,037.00	Interested Director & Shareholder Lee, Hui-Ta a.k.a. Li Hui Ta is a common Director of IPG and SESB. He is also a major shareholder holding 70% of the equity interest in SESB. Hsu, Chin-Shui is a common Director of SESB and IPG. He is also a shareholder holding 30% of the equity interest in SESB.
2.	KENS	IPG	Sales of goods to KENS	80.00	Interested Director & Shareholder Hsu, Chin-Shui is a common Director of KENS and IPG. He is also a major shareholder of KENS (by virtue of Section 6A of the Act, holding 50% of equity interest in CFSB as at 15 April 2013)
3.	Futron Ltd	GCLPT	Purchase of Tools from GCLPT	19,502.00	Interested Director & Shareholder Hsu, Chin-Shui is a Director of Dufu and GCLPT. He is also a major shareholder of GCLPT.

Notes:

CFSB - Crest Focus Sdn. Bhd.
SESB - Seraimas Electronics Sdn. Bhd.
KENS - Kens FineMEdTech Sdn. Bhd.
GCLPT - Guangzhou Ching Lian Precision Technology Pte Ltd (China)

STATEMENT ON DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board has the overall responsibility to prepare the financial statements for each financial year as required by the Companies Act, 1965. The financial statements should be prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia and the relevant provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements so as to present a true and fair view of the state of affairs of the Group and of the Company as at end of the financial year and of their results and cash flows for the year then ended.

In this regard, the Directors will, with the assistance of the Audit Committee:

- Ensured that suitable accounting policies are used and applied consistently
- Ensured that new and revised Financial Reporting Standards and Issued Committee Interpretations issued by MASB that are relevant to the Group's operations and effective for accounting periods are fully adopted
- Ensured proper accounting records are kept
- Ensured adequate system of internal control exist to safeguard the assets of the Group to prevent and detect fraud and other irregularities
- Ensured that the financial statements presents a balanced and understandable assessment of the financial position and prospect of the Group and of the Company
- Made appropriate enquires to the senior management of the Group to ensure that the Group have adequate resources to continue in operational existence in the foreseeable future
- Ensure that the accounting estimates included in the financial statements are reasonable and prudent

The financial statements for the year ended 31 December 2012 had been approved by the Board on 12 April 2013.

This statement was made in accordance with a resolution of Board dated 12 April 2013.

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2012.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

Results

	Group RM	Company RM
(Loss)/Profit for the financial year	(2,194,524)	19,676,149

Dividends

No dividends were proposed, declared or paid by the Company since the end of the previous financial year.

Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

Issue Of Shares Or Debentures

There was no issue of shares or debentures by the Company during the financial year.

Options Granted Over Unissued Shares

No share options were granted by the Company during the financial year.

Bad And Doubtful Debts

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

Current Assets

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

Current Assets (cont'd)

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

Valuation Methods

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

Contingent And Other Liabilities

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

(i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability 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 or the Company to meet their obligations as and when they fall due.

Change Of Circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

Items Of An Unusual Nature

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

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 which, in the opinion of the directors, will affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

Directors Of The Company

The directors who served since the date of the last report are:-

Lee, Hui-Ta also known as Li Hui Ta	
Hsu, Chin-Shui	
Yong Poh Yow	
Baqir Hussain Bin Hatim Ali	
Khoo Lay Tatt	
Ang Siak Keng	
Wu, Mao Yuan	(Appointed on 19.12.2012)

Directors Of The Company (cont'd)

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

	Number of Ordinary Shares of RM0.50 Each					
	Direct Interest				Deemed Interest	
Name of Director	Balance at 1.1.2012	Bought	Sold	Balance at 31.12.2012	Balance at 1.1.2012	Balance at 31.12.2012
Lee, Hui-Ta also known as Li Hui Ta	9,639,177	0	0	9,639,177	11,283,000	11,283,000
Hsu, Chin-Shui	15,353,375	0	(1,000,000)	14,353,375	0	0
Yong Poh Yow	2,434,668	0	0	2,434,668	0	0

By virtue of his interests in shares in the Company, Lee, Hui-Ta also known as Li Hui Ta is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

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 the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 22 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.

Auditors

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed In Accordance With A Resolution Of The Directors
Dated 12 April 2013

Lee, Hui-Ta also known as Li Hui Ta

Yong Poh Yow

STATEMENT BY DIRECTORS

We, Lee, Hui-Ta also known as Li Hui Ta and Yong Poh Yow, being two of the directors of Dufu Technology Corp. Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 36 to 74 give a true and fair view of the financial position of the Group and the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

In the opinion of the directors, the supplementary information set out on page 75 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed In Accordance With A Resolution Of The Directors
Dated 12 April 2013

Lee, Hui-Ta also known as Li Hui Ta

Yong Poh Yow

STATUTORY DECLARATION

I, Lee, Hui-Ta also known as Li Hui Ta, being the director primarily responsible for the financial management of Dufu Technology Corp. Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 74 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by Lee, Hui-Ta also known as Li Hui Ta at Georgetown in the State of Penang on this 12 April 2013

Lee, Hui-Ta also known as Li Hui Ta

Before me

Nachatar Singh A/L Bhag Singh
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUFU TECHNOLOGY CORP. BERHAD

Report on the Financial Statements

We have audited the financial statements of Dufu Technology Corp. Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 74.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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 the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(ii) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(iv) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Report on Other Legal and Regulatory Requirements (cont'd)

The supplementary information set out on page 75 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("the 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

(i) As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and financial performance and cash flows for the financial year then ended.

(ii) 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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Eddy Chan Wai Hun
Approval No: 2182/10/13 (J)
Chartered Accountant

Date: 12 April 2013

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
NON-CURRENT ASSETS				
Property, plant and equipment	4	95,301,159	95,364,439	81,649,772
Goodwill on consolidation	5	0	0	25,252
Investments in club memberships, at cost		61,000	61,000	61,000
Available-for-sale financial assets	7	312,088	303,051	294,910
Deferred tax assets	8	136,624	109,750	115,743
		95,810,871	95,838,240	82,146,677
CURRENT ASSETS				
Inventories	9	28,569,654	30,821,330	25,552,880
Trade and other receivables	10	29,536,607	24,932,722	37,570,531
Financial assets at fair value through profit or loss	11	5,284	0	0
Prepayments		266,461	2,104,895	1,523,316
Current tax assets		382,526	1,579,410	390,706
Cash and bank balances	12	6,449,263	5,440,932	6,192,177
		65,209,795	64,879,289	71,229,610
CURRENT LIABILITIES				
Trade and other payables	13	19,408,017	14,150,499	15,748,506
Loans and borrowings	14	26,090,764	26,999,196	24,375,555
Financial liabilities at fair value through profit or loss	11	0	870,750	0
Current tax liabilities		257,648	27,000	308,159
		45,756,429	42,047,445	40,432,220
NET CURRENT ASSETS		19,453,366	22,831,844	30,797,390
NON-CURRENT LIABILITIES				
Loans and borrowings	14	31,791,981	31,714,012	21,887,542
Deferred tax liabilities	8	2,055	206,599	1,533,190
		31,794,036	31,920,611	23,420,732
NET ASSETS		83,470,201	86,749,473	89,523,335
EQUITY				
Share capital	15	60,000,000	60,000,000	60,000,000
Currency translation reserve		(1,601,958)	(517,210)	(2,553,656)
Reverse acquisition reserve		(24,110,002)	(24,110,002)	(24,110,002)
Retained profits		49,182,161	51,376,685	56,186,993
TOTAL EQUITY		83,470,201	86,749,473	89,523,335

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Revenue	16	114,522,714	119,295,663
Other income		4,492,208	3,128,844
Changes in work-in-progress and finished goods		(1,459,372)	3,701,282
Raw materials consumed		(36,755,008)	(35,935,103)
Purchase of trading and semi finished goods		(12,746,362)	(19,550,836)
Depreciation		(13,103,330)	(12,363,377)
Employee benefits expense	17	(26,997,838)	(25,967,865)
Interest expense		(2,510,223)	(2,415,444)
Other expenses		(27,331,770)	(35,765,823)
Loss before tax	18	(1,888,981)	(5,872,659)
Tax (expense)/income	19	(305,543)	1,062,351
Loss for the financial year		(2,194,524)	(4,810,308)
Other comprehensive income:-			
Currency translation differences for foreign operations		(1,084,748)	2,036,446
Other comprehensive income for the financial year		(1,084,748)	2,036,446
Total comprehensive income for the financial year		(3,279,272)	(2,773,862)
Loss per share:-	20		
- Basic (sen)		(1.83)	(4.01)
- Diluted (sen)		(1.83)	(4.01)

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Non-distributable		Distributable	
	Share capital RM	Currency translation reserve RM	Reverse acquisition reserve RM	Retained profits RM	Total equity RM
Balance at 1 January 2011	60,000,000	(2,553,656)	(24,110,002)	56,186,993	89,523,335
Loss for the financial year	0	0	0	(4,810,308)	(4,810,308)
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	2,036,446	0	0	2,036,446
Total comprehensive income for the financial year	0	2,036,446	0	(4,810,308)	(2,773,862)
Balance at 31 December 2011	60,000,000	(517,210)	(24,110,002)	51,376,685	86,749,473
Loss for the financial year	0	0	0	(2,194,524)	(2,194,524)
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	(1,084,748)	0	0	(1,084,748)
Total comprehensive income for the financial year	0	(1,084,748)	0	(2,194,524)	(3,279,272)
Balance at 31 December 2012	60,000,000	(1,601,958)	(24,110,002)	49,182,161	83,470,201

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,888,981)	(5,872,659)
Adjustments for:-			
Depreciation		13,103,330	12,363,377
Gain on disposal of property, plant and equipment		0	(11,900)
Impairment loss on goodwill		0	25,252
Impairment loss on loans and receivables		0	141,636
Interest expense		2,510,223	2,415,444
Interest income		(21,593)	(23,265)
Inventories written down		0	1,513,381
Property, plant and equipment written off		552,435	0
Reversal of impairment loss on loans and receivables		(8,000)	0
Reversal of inventories written down		(453,224)	0
Unrealised (gain)/loss on financial instruments at fair value through profit or loss		(5,284)	870,750
Unrealised (gain)/loss on foreign exchange		(502,775)	832,268
Operating profit before working capital changes		13,286,131	12,254,284
Changes in:-			
Inventories		2,704,900	(6,781,831)
Receivables and prepayments		(2,757,451)	11,941,676
Payables		5,257,518	(1,586,529)
Financial instruments at fair value through profit or loss		(870,750)	0
Cash generated from operations		17,620,348	15,827,600
Tax paid		(342,754)	(1,720,857)
Tax refunded		1,231,511	0
Net cash from operating activities		18,509,105	14,106,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		21,593	23,265
Proceeds from disposal of property, plant and equipment		0	26,500
Purchase of available-for-sale financial assets		(9,037)	(8,141)
Purchase of property, plant and equipment	21	(11,277,289)	(22,869,525)
Net cash used in investing activities		(11,264,733)	(22,827,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(2,510,223)	(2,426,922)
Net (decrease)/increase in short-term loans and borrowings		(1,839,834)	5,179,911
Repayment of hire purchase obligations		(5,351,089)	(6,209,621)
Repayment of term loans		(4,874,747)	(3,138,406)
Term loans raised		7,785,580	16,200,000
Net cash (used in)/from financing activities		(6,790,313)	9,604,962
Currency translation differences		(734,298)	903,453
Net (decrease)/increase in cash and cash equivalents		(280,239)	1,787,257
Cash and cash equivalents brought forward		2,535,197	747,940
Cash and cash equivalents carried forward	21	2,254,958	2,535,197

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
NON-CURRENT ASSETS				
Investments in subsidiaries	6	58,351,525	56,351,527	54,351,525
Available-for-sale financial assets	7	312,088	303,051	294,910
		58,663,613	56,654,578	54,646,435
CURRENT ASSETS				
Other receivables	10	23,386,532	5,819,730	8,148,986
Current tax assets		46,000	46,000	46,000
Cash and bank balances	12	299,858	199,546	196,301
		23,732,390	6,065,276	8,391,287
CURRENT LIABILITIES				
Other payables	13	20,450	20,450	34,683
		20,450	20,450	34,683
NET CURRENT ASSETS		23,711,940	6,044,826	8,356,604
NET ASSETS		82,375,553	62,699,404	63,003,039
EQUITY				
Share capital	15	60,000,000	60,000,000	60,000,000
Retained profits		22,375,553	2,699,404	3,003,039
TOTAL EQUITY		82,375,553	62,699,404	63,003,039

The annexed notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Revenue	16	20,132,025	131,297
Other income		0	945
Employee benefits expense	17	(302,000)	(266,000)
Other expenses		(153,876)	(169,877)
Profit/(Loss) before tax	18	19,676,149	(303,635)
Tax expense	19	0	0
Profit/(Loss) for the financial year		19,676,149	(303,635)
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		19,676,149	(303,635)

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Share capital RM	Retained profits RM	Total equity RM
Balance at 1 January 2011	60,000,000	3,003,039	63,003,039
Loss (representing total comprehensive income) for the financial year	0	(303,635)	(303,635)
Balance at 31 December 2011	60,000,000	2,699,404	62,699,404
Profit (representing total comprehensive income) for the financial year	0	19,676,149	19,676,149
Balance at 31 December 2012	60,000,000	22,375,553	82,375,553

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		19,676,149	(303,635)
Adjustments for:-			
Dividend income		(20,000,000)	0
Interest income		(12,025)	(11,297)
Operating loss before working capital changes		(335,876)	(314,932)
Change in:-			
Payables		0	(14,233)
Net cash used in operating activities		(335,876)	(329,165)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		20,000,000	0
Interest received		12,025	11,297
Net (advance to)/repayment from subsidiaries		(17,566,802)	2,329,256
Purchase of available-for-sale financial assets		(9,037)	(8,141)
Subscription for shares in subsidiaries		(1,999,998)	(2,000,002)
Net cash from investing activities		436,188	332,410
Net increase in cash and cash equivalents		100,312	3,245
Cash and cash equivalents brought forward		199,546	196,301
Cash and cash equivalents carried forward	21	299,858	199,546

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1. General Information

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

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang and its principal place of business is located at 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang.

The consolidated financial statements set out on pages 36 to 39 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 40 to 43 together with the notes thereto cover the Company solely.

The presentation currency is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 April 2013.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

These are the first MFRS financial statements of the Group and the Company, and MFRS 1 F*irst-time Adoption of Malaysian Financial Reporting Standards* has been applied. The Group and the Company adopted MFRSs on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. The Group and the Company prepared their previous financial statements in accordance with Financial Reporting Standards ("FRSs"). The effects of transition from FRSs to MFRSs are disclosed in Note 2.2.

2. Significant Accounting Policies (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 9 *Financial Instruments*	1 January 2015
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 119 *Employee Benefits* (amended in 2011)	1 January 2013
MFRS 127 *Separate Financial Statements* (amended in 2011)	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures* (amended in 2011)	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRSs contained in the document entitled *"Annual Improvements 2009 - 2011 Cycle"*	1 January 2013

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets by dividing them into 3 classifications: (1) those measured at amortised cost; (2) those measured at fair value through profit or loss; and (3) those measured at fair value through other comprehensive income. Management foresees that the adoption of these new classifications will not result in any significant changes to the existing measurement bases of financial assets of the Group and the Company.

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces the consolidation guidance in MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 *Consolidation - Special Purpose Entities* by introducing a single consolidation model for all entities based on control. Under MFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. Management foresees that the adoption of these new control criteria will not result in any significant changes to the existing composition of the Group.

2. Significant Accounting Policies (cont'd)

2.2 Transition to MFRSs

The effects of transition from FRSs to MFRSs on the reported financial position are as follows:-

	FRSs RM	Effects of transition RM	MFRSs RM
Consolidated Statement of Financial Position (Extract)			
As at 1 January 2011			
Revaluation surplus	2,141,617	(2,141,617)	0
Retained profits	54,045,376	2,141,617	56,186,993
Total equity	89,523,335	0	89,523,335
As at 31 December 2011			
Revaluation surplus	2,034,883	(2,034,883)	0
Retained profits	49,341,802	2,034,883	51,376,685
Total equity	86,749,473	0	86,749,473

Under FRSs, certain property, plant and equipment of the Group were stated at valuation less accumulated depreciation and accumulated impairment losses, if any. The last revaluation of these property, plant and equipment was made in 1997. Upon transition to MFRSs, the Group elected to use this revaluation as deemed cost at the date of revaluation. Accordingly, the revaluation surplus of RM2,141,617 and RM2,034,883 as at 1 January 2011 and 31 December 2011 respectively was reclassified to retained profits.

The transition from FRSs to MFRSs did not have any significant effects on the reported financial performance and cash flows.

2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

2. Significant Accounting Policies (cont'd)

2.3 Basis of Consolidation (cont'd)

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

(a) the aggregate of:-
  (i) the acquisition-date fair value of the consideration transferred;
  (ii) the amount of any non-controlling interests; and
  (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.

(b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Leasehold land is depreciated on a straight-line basis over the lease terms of 38 to 57 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	5% - 6.67%
Plant and machinery	10%
Furniture, fittings and office equipment	8% - 33.33%
Renovation and electrical installation	10% - 20%
Motor vehicles	10% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

2. Significant Accounting Policies (cont'd)

2.6 Investments in Club Memberships

Investments in club memberships are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

2.7 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories and deferred tax assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

2.8 Inventories

Inventories of materials and goods are valued at the lower of cost (determined on the weighted average and first-in, first-out bases) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.9 Financial Assets

Financial assets of the Group and the Company consist of quoted investments, receivables, derivatives and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. A financial asset is initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of a financial asset depends on its classification as follows:-

(i) Financial assets at fair value through profit or loss

All derivatives, except for those designated as hedges, are classified as held for trading under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

(ii) Held-to-maturity investments

The Group and the Company do not have any financial assets classified under this category.

(iii) Loans and receivables

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

2. Significant Accounting Policies (cont'd)

2.9 Financial Assets (cont'd)

Recognition and Measurement (cont'd)

(iv) Available-for-sale financial assets

All quoted investments are classified under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value, except for impairment loss, is recognised in other comprehensive income and accumulated in equity as fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as follows:-

(i) Financial assets carried at amortised cost

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. Such cumulative loss reclassified from equity to profit or loss represents an impairment loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. The impairment loss is not reversed through profit or loss in any subsequent period.

Determination of Fair Values

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

2. Significant Accounting Policies (cont'd)

2.9 Financial Assets (cont'd)

Determination of Fair Values (cont'd)

Fair value measurements recognised in the statement of financial position are categorised into the following levels of fair value hierarchy:-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - 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
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of quoted investments are determined by reference to their quoted closing bid prices at the end of the reporting period (i.e. Level 1).

The fair values of forward exchange contracts are quoted by the financial institutions. If such quotation is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (i.e. Level 2).

2.10 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and derivatives (including financial guarantee contracts).

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial liabilities at fair value through profit or loss and financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process.

(i) Financial liabilities at fair value through profit or loss

All derivatives, except for financial guarantee contracts or those designated as hedges, are classified as held for trading under this category. After initial recognition, such financial liabilities are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

(ii) Financial guarantee contracts

After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2. Significant Accounting Policies (cont'd)

2.10 Financial Liabilities (cont'd)

Determination of Fair Values

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of long-term loans and borrowings are estimated by discounting the expected future cash flows using the current market interest rates for similar liabilities.

Fair value measurements recognised in the statement of financial position are categorised into the following levels of fair value hierarchy:-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - 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
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of forward exchange contracts are quoted by the financial institutions. If such quotation is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (i.e. Level 2).

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors (i.e. Level 3).

2.11 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2. Significant Accounting Policies (cont'd)

2.12 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation occurring after 1 January 2011 are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate. As allowed by MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, goodwill and fair value adjustments arising from the acquisition which occurred before 1 January 2011 have not been restated and continue to be treated as assets and liabilities of the acquirer. Accordingly, these goodwill and fair value adjustments are reported using the exchange rate at acquisition date.

2.13 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.14 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

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

Interest income is recognised using the effective interest method.

2.15 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2. Significant Accounting Policies (cont'd)

2.15 Employee Benefits (cont'd)

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund (“EPF”). The Group’s foreign subsidiaries make contributions to their respective countries’ statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2.16 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits (including unused reinvestment allowances) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits (including unused reinvestment allowances) can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (excluding those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Judgements And Estimation Uncertainty

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 9.

Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 10.

4. Property, Plant And Equipment

Group

	Short-term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Renovation and electrical installation RM	Motor vehicles RM	Total RM
Cost							
Balance at 1 January 2011	4,800,000	23,552,199	102,897,967	3,126,439	2,335,782	3,101,089	139,813,476
Additions	10,069,146	11,261,814	3,418,566	192,769	0	24,609	24,966,904
Disposals	0	0	0	0	0	(70,264)	(70,264)
Currency translation differences	0	76,739	1,413,811	58,459	6,000	65,515	1,620,524
Balance at 31 December 2011	14,869,146	34,890,752	107,730,344	3,377,667	2,341,782	3,120,949	166,330,640
Additions	6,651,022	2,728,978	4,301,730	118,964	0	140,427	13,941,121
Write-offs	0	0	(2,421,087)	0	0	0	(2,421,087)
Currency translation differences	0	(21,238)	(420,833)	(14,525)	(1,953)	(13,257)	(471,806)
Balance at 31 December 2012	21,520,168	37,598,492	109,190,154	3,482,106	2,339,829	3,248,119	177,378,868
Accumulated Depreciation							
Balance at 1 January 2011	1,115,789	7,940,850	43,713,646	1,957,904	1,715,745	1,719,770	58,163,704
Depreciation	234,817	2,005,512	9,280,481	254,982	163,103	424,482	12,363,377
Disposals	0	0	0	0	0	(55,664)	(55,664)
Currency translation differences	0	12,521	373,033	50,582	2,600	56,048	494,784
Balance at 31 December 2011	1,350,606	9,958,883	53,367,160	2,263,468	1,881,448	2,144,636	70,966,201
Depreciation	400,229	2,364,162	9,591,559	273,545	151,286	322,549	13,103,330
Write-offs	0	0	(1,868,652)	0	0	0	(1,868,652)
Currency translation differences	0	(4,128)	(99,317)	(9,924)	(861)	(8,940)	(123,170)
Balance at 31 December 2012	1,750,835	12,318,917	60,990,750	2,527,089	2,031,873	2,458,245	82,077,709
Carrying Amount							
Balance at 1 January 2011	3,684,211	15,611,349	59,184,321	1,168,535	620,037	1,381,319	81,649,772
Balance at 31 December 2011	13,518,540	24,931,869	54,363,184	1,114,199	460,334	976,313	95,364,439
Balance at 31 December 2012	19,769,333	25,279,575	48,199,404	955,017	307,956	789,874	95,301,159

4. Property, Plant And Equipment (cont'd)

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	2012 RM	2011 RM
Short-term leasehold land	19,769,333	13,518,540
Buildings	24,524,112	24,096,316
	44,293,445	37,614,856

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	2012 RM	2011 RM
Plant and machinery	12,066,497	15,494,611
Motor vehicles	389,436	504,543
	12,455,933	15,999,154

5. Goodwill On Consolidation

Group

	2012 RM	2011 RM
Cost	25,252	25,252
Accumulated impairment losses	(25,252)	(25,252)
	0	0

6. Investments In Subsidiaries

Company

	2012 RM	2011 RM
Unquoted shares - at cost	58,351,525	56,351,527

6. Investments In Subsidiaries (cont'd)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest 2012	Effective Ownership Interest 2011	Principal Activity
Dufu Industries Sdn. Bhd.	Malaysia	100%	100%	Design, development, manufacture, assembly and trade of die components and precision machining of vice, computer peripherals and parts, for hard disk drive
I.P.G. Metal Industry (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision steel moulds and parts and components for electronic equipment
Futron Technology Limited*	Hong Kong	100%	100%	Trading of optics, magnetism driver and parts
Dufu Dyna-Edge Sdn. Bhd.	Malaysia	100%	100%	Dormant
Dufusion Sdn. Bhd.	Malaysia	100%	100%	Dormant
Subsidiary of Dufu Industries Sdn. Bhd.				
Dufu Industries Services Pte. Ltd.*	Singapore	100%	100%	Processing and trading of high quality computer disk-drive related components
Subsidiary of Futron Technology Limited				
Futron Technology Co. Ltd.*	People's Republic of China	100%	100%	Manufacture and trading of optics, magnetism driver and parts

* *Not audited by Crowe Horwath*

7. Available-For-Sale Financial Assets

Group and Company

	2012 RM	2011 RM
Unit trust quoted in Malaysia, at fair value (Level 1)	312,088	303,051

8. Deferred Tax Assets/(Liabilities)

Group

	2012 RM	2011 RM
Balance at 1 January	(96,849)	(1,417,447)
Deferred tax income relating to origination and reversal of temporary differences	233,232	996,604
Deferred tax liabilities overprovided in prior year	0	316,741
Currency translation differences	(1,814)	7,253
Balance at 31 December	134,569	(96,849)
Disclosed as:-		
- Deferred tax assets	136,624	109,750
- Deferred tax liabilities	(2,055)	(206,599)
	134,569	(96,849)
In respect of:-		
- (Taxable)/Deductible temporary differences of:-		
- Property, plant and equipment	(165,055)	(3,808,599)
- Financial instruments	136,624	327,750
- Inventories	163,000	749,000
- Unused capital allowances	0	336,000
- Unused reinvestment allowances	0	2,299,000
	134,569	(96,849)

8. Deferred Tax Assets/(Liabilities) (cont'd)

Save as disclosed above, as at 31 December 2012, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM3,670,000 (2011 : RM264,000). No further deferred tax assets have been recognised for the excess of the unused capital allowances, unused reinvestment allowances, unused tax losses and deductible temporary differences over the taxable temporary differences as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unused capital allowances	5,294,000	1,087,000	0	0
Unused reinvestment allowances	13,100,000	2,374,000	0	0
Unused tax losses	850,000	1,281,000	605,000	379,000
Deductible/(Taxable) temporary differences of:-				
- Inventories	1,060,000	41,000	0	0
- Property, plant and equipment	(14,673,000)	(1,057,000)	0	0
- Financial instruments	(5,000)	0	0	0
	5,626,000	3,726,000	605,000	379,000

9. Inventories

Group

	2012 RM	2011 RM
Raw materials	7,434,342	8,008,034
Work-in-progress	2,864,780	2,935,912
Finished goods	16,547,007	18,304,208
Tools and instruments	1,723,525	1,573,176
	28,569,654	30,821,330

10. Trade And Other Receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables:-				
- Related parties*	1,729	747,064	0	0
- Unrelated parties	26,832,241	20,817,729	0	0
- Allowance for impairment	(62,968)	(212,604)	0	0
	26,769,273	20,605,125	0	0
	26,771,002	21,352,189	0	0
Other receivables:-				
- Subsidiaries	0	0	23,386,532	5,819,730
- Unrelated parties	2,765,605	3,580,533	0	0
	2,765,605	3,580,533	23,386,532	5,819,730
	29,536,607	24,932,722	23,386,532	5,819,730

* *Being companies connected with certain directors*

The currency profile of trade and other receivables is as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	4,364,925	4,544,533	23,386,532	5,819,730
Hong Kong Dollar	69,020	30,527	0	0
Renminbi	2,677,253	3,197,685	0	0
US Dollar	21,857,787	16,530,365	0	0
Singapore Dollar	226,619	143,527	0	0
Others	341,003	486,085	0	0
	29,536,607	24,932,722	23,386,532	5,819,730

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

The movements in allowance for impairment are as follows:-

	Group	
	2012 RM	2011 RM
Balance at 1 January	212,604	70,968
Impairment loss recognised	0	141,636
Impairment loss reversed	(8,000)	0
Impairment loss written off	(141,636)	0
Balance at 31 December	62,968	212,604

10. Trade And Other Receivables (cont'd)

Trade Receivables (cont'd)

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	Group	
	2012 RM	2011 RM
Not past due	9,592,671	8,987,484
Past due 1 to 30 days	8,915,083	5,239,500
Past due 31 to 120 days	8,094,783	6,758,537
Past due more than 120 days	168,465	366,668
	26,771,002	21,352,189

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2012, there were 3 (2011 : 3) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM17,442,719 (2011 : RM12,604,904). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2012 RM	2011 RM
Malaysia	14,301,504	7,478,944
China	8,264,290	5,839,461
Singapore	2,556,973	1,635,135
Thailand	0	3,759,603
Others	1,548,235	2,639,046
	26,671,002	21,352,189

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of advances and refundable deposits which have no fixed repayment terms.

11. Financial Assets/(Liabilities) At Fair Value Through Profit Or Loss

Group

	Group	
	2012 RM	2011 RM
Derivatives classified as held for trading, at fair value (Level 2)	5,284	(870,750)

Derivatives consist of forward exchange contracts which are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2012, the Group had contracts due within 1 year to buy RM1,866,000 (2011 : RM34,525,000) and sell USD600,000 (2011 : USD11,000,000) at contractual forward rates.

12. Cash And Bank Balances

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	2,530,453	3,028,339	299,858	199,546
Hong Kong Dollar	125,149	4,744	0	0
Renminbi	1,083,063	129,502	0	0
US Dollar	2,566,451	2,026,140	0	0
Singapore Dollar	142,707	252,207	0	0
Others	1,440	0	0	0
	6,449,263	5,440,932	299,858	199,546

13. Trade And Other Payables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade payables:-				
- Related party*	10,524	21,723	0	0
- Unrelated parties	12,067,247	8,881,573	0	0
	12,077,771	8,903,296	0	0
Other payables:-				
- Related parties*	22,798	76,018	0	0
- Unrelated parties	7,307,448	5,171,185	20,450	20,450
	7,330,246	5,247,203	20,450	20,450
	19,408,017	14,150,499	20,450	20,450

* *Being companies connected with certain directors*

The currency profile of trade and other payables is as follows:-

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Ringgit Malaysia	8,359,038	6,133,367	20,450	20,450
Hong Kong Dollar	82,845	85,659	0	0
Renminbi	4,162,827	4,689,740	0	0
US Dollar	1,522,642	806,401	0	0
Singapore Dollar	4,109,258	2,432,952	0	0
Others	1,171,407	2,380	0	0
	19,408,017	14,150,499	20,450	20,450

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 120 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amounts mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

14. Loans And Borrowings

Group

	2012 RM	2011 RM
Secured		
Hire purchase payables (fixed rate)	7,545,743	10,233,000
Banker acceptances (fixed rate)	1,906,000	1,226,000
Bank overdrafts (floating rate)	911,541	0
Revolving credit (floating rate)	2,000,000	0
Term loans (floating rate)	32,405,435	29,821,189
Unsecured		
Banker acceptances (fixed rate)	6,569,128	10,580,469
Bank overdrafts (floating rate)	3,282,764	2,905,735
Revolving credit (floating rate)	3,000,000	3,508,493
Term loans (floating rate)	262,134	438,322
	57,882,745	58,713,208
Disclosed as:-		
- Current liabilities	26,090,764	26,999,196
- Non-current liabilities	31,791,981	31,714,012
	57,882,745	58,713,208

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other secured loans and borrowings are secured against certain property, plant and equipment (Note 4). Unsecured loans and borrowings are guaranteed by the Company.

The effective interest rates of loans and borrowings as at 31 December 2012 ranged from 2.10% to 8.64% (2011 : 2.25% to 8.64%) per annum.

The currency profile of loans and borrowings is as follows:-

	2012 RM	2011 RM
Ringgit Malaysia	32,245,256	29,293,300
Hong Kong Dollar	3,048,050	2,934,859
Rinminbi	477,689	1,165,258
US Dollar	22,095,359	25,274,094
Singapore Dollar	16,391	45,697
	57,882,745	58,713,208

14. Loans And Borrowings (cont'd)

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Hire Purchase Payables

Hire purchase payables are repayable over 3 to 8 years. The repayment analysis is as follows:-

	2012 RM	2011 RM
Minimum hire purchase payments:-		
- Within 1 year	3,812,433	5,568,146
- Later than 1 year and not later than 2 years	1,824,735	3,251,743
- Later than 2 years and not later than 5 years	2,678,749	2,359,139
Total contractual undiscounted cash flows	8,315,917	11,179,028
Future finance charges	(770,174)	(946,028)
Present value of hire purchase payables:-		
- Within 1 year	3,418,814	5,010,071
- Later than 1 year and not later than 2 years	1,615,172	3,019,423
- Later than 2 years and not later than 5 years	2,511,757	2,203,506
	7,545,743	10,233,000

The carrying amounts of hire purchase payables are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

Term Loans

Term loans are repayable over 3 to 15 years. The repayment analysis is as follows:-

	2012 RM	2011 RM
Gross loan instalments:-		
- Within 1 year or on demand	6,203,532	4,831,293
- Later than 1 year and not later than 2 years	5,742,010	4,361,381
- Later than 2 years and not later than 5 years	15,585,797	12,163,328
- Later than 5 years	10,129,860	14,345,484
Total contractual undiscounted cash flows	37,661,199	35,701,486
Future finance charges	(4,993,630)	(5,441,975)
Present value of term loans:-		
- Within 1 year or on demand	5,002,517	3,768,428
- Later than 1 year and not later than 2 years	4,704,726	3,371,856
- Later than 2 years and not later than 5 years	13,611,034	9,981,606
- Later than 5 years	9,349,292	13,137,621
	32,667,569	30,259,511

The carrying amounts of term loans are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

15. Share Capital

	2012 RM	2011 RM
Authorised:-		
200,000,000 ordinary shares of RM0.50 each	100,000,000	100,000,000
Issued and fully paid-up:-		
120,000,000 ordinary shares of RM0.50 each	60,000,000	60,000,000

16. Revenue

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sale of goods	114,510,689	119,284,366	0	0
Rendering of services	0	0	120,000	120,000
Dividend income	0	0	20,000,000	0
Interest income	12,025	11,297	12,025	11,297
	114,522,714	119,295,663	20,132,025	131,297

17. Employee Benefits Expense

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short-term employee benefits	25,419,012	24,602,270	302,000	266,000
Defined contribution plans	1,578,826	1,365,595	0	0
	26,997,838	25,967,865	302,000	266,000

18. (Loss)/Profit Before Tax

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(Loss)/Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	190,936	198,692	17,000	17,000
- Prior year	6,000	6,000	0	2,000
Directors' remuneration:-				
- Fee	252,000	216,000	252,000	216,000
- Other emoluments	980,858	945,908	50,000	50,000
Fee expense for financial instruments not at fair value through profit or loss	217,838	136,515	310	150
Impairment loss on goodwill*	0	25,252	0	0
Impairment loss on loans and receivables	0	141,636	0	0
Incorporation fee	0	3,000	0	0
Interest expense for financial liabilities not at fair value through profit or loss	2,510,223	2,415,444	0	0
Inventories written down	0	1,513,381	0	0
Loss on financial instruments at fair value through profit or loss (classified as held for trading)	0	870,750	0	0
Loss on foreign exchange:-				
- Realised	0	1,291,338	2,182	0
- Unrealised	0	832,268	0	0
Property, plant and equipment written off	552,435	0	0	0
Rental of equipment	7,127	22,702	0	0
Rental of motor vehicles	60,000	60,000	0	0
Rental of premises	141,146	143,065	0	0
and crediting:-				
Gain on disposal of property, plant and equipment	0	11,900	0	0
Gain on financial instruments at fair value through profit or loss (classified as held for trading)	5,284	0	0	0
Gain on foreign exchange:-				
- Realised	1,261,848	0	0	945
- Unrealised	502,775	0	0	0
Gross dividend income from subsidiary	0	0	20,000,000	0
Interest income for financial assets not at fair value through profit or loss	26,173	23,265	12,025	11,297
Rental of premises	595,500	689,400	0	0
Reversal of impairment loss on loans and receivables	8,000	0	0	0
Reversal of inventories written down	453,224	0	0	0

* *Included in other expenses*

19. Tax Expense/(Income)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Tax based on results for the year:-				
- Malaysian income tax	174,000	27,000	0	0
- Overseas income tax	247,478	273,738	0	0
- Deferred tax	(233,232)	(996,604)	0	0
	188,246	(695,866)	0	0
Tax under/(over) provided in prior year:-				
- Malaysian income tax	158,233	(76,064)	0	0
- Overseas income tax	(40,936)	26,320	0	0
- Deferred tax	0	(316,741)	0	0
	305,543	(1,062,351)	0	0

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Applicable tax rate	(25.00)	(25.00)	25.00	(25.00)
Non-deductible expenses	41.46	16.24	0.14	25.00
Non-taxable income	(7.50)	(0.44)	(25.43)	0.00
Reinvestment allowances claimed	(23.27)	(5.39)	0.00	0.00
Increase in unrecognised deferred tax assets	24.78	3.88	0.29	0.00
Effect of differential tax rates	(0.50)	(1.14)	0.00	0.00
Average effective tax rate	9.97	(11.85)	0.00	0.00

As at 31 December 2012, the Company has sufficient tax credits and tax exempt income to frank/distribute its entire retained profits if paid out as dividends. It may also distribute its entire retained profits as at 31 December 2012 as tax exempt dividends under the single tier tax system.

20. Loss Per Share

Group

The basic loss per share is calculated by dividing the Group's loss for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2012	2011
Loss for the financial year (RM)	(2,194,524)	(4,810,308)
Weighted average number of shares in issue	120,000,000	120,000,000
Basic loss per share (sen)	(1.83)	(4.01)

The diluted loss per share equals the basic loss per share as the Company did not have any dilutive potential ordinary shares during the financial year.

21. Notes To Statement Of Cash Flows

Purchase of Property, Plant and Equipment

	Group	
	2012 RM	2011 RM
Cost of property, plant and equipment purchased	13,941,121	24,966,904
Amount financed through hire purchase	(2,663,832)	(2,097,379)
Net cash disbursed	11,277,289	22,869,525

Cash and Cash Equivalents

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	6,449,263	5,440,932	299,858	199,546
Bank overdrafts	(4,194,305)	(2,905,735)	0	0
	2,254,958	2,535,197	299,858	199,546

22. Related Party Disclosures

Significant transactions with related parties during the financial year are as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Key management personnel compensation:-				
- Short-term employee benefits	1,164,439	1,249,341	302,000	266,000
- Defined contribution plan	68,419	63,413	0	0
	1,232,858	1,312,754	302,000	266,000
Subscription for shares in subsidiaries	0	0	1,999,998	2,000,002
Dividend declared from subsidiary	0	0	20,000,000	0
Management fee charged to subsidiary	0	0	120,000	120,000
Purchase of goods from other related parties*	241,539	204,936	0	0
Purchase of property, plant and equipment from other related party*	883,080	24,609	0	0
Rental of motor vehicles charged by other related party*	60,000	60,000	0	0
Rental of premises charged to other related party*	0	54,000	0	0
Sale of goods to other related parties*	80	243,172	0	0

* *Being companies connected with certain directors*

23. Segment Reporting

Group

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture of industrial products and trading of high quality computer disk-drive related components.

Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

23. Segment Reporting (cont'd)

Geographical Information (cont'd)

	External Revenue		Non-current Assets	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	32,260,403	42,064,233	79,979,342	78,347,768
Thailand	43,215,490	44,045,329	0	0
People's Republic of China	15,792,806	23,101,388	15,306,752	16,988,595
Singapore	14,470,812	490,039	76,065	89,076
Other countries	8,783,203	9,594,674	0	0
	114,522,714	119,295,663	95,362,159	95,425,439

Major Customers

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	External Revenue	
	2012 RM	2011 RM
Customer I*	36,972,831	44,864,750
Customer II*	23,928,395	21,240,813
Customer III*	19,025,183	14,764,199

* *The identity of the major customer has not been disclosed as permitted by MFRS 8 Operating Segments.*

24. Commitment For Purchase Of Property, Plant And Equipment

Group

	2012 RM	2011 RM
Contracted but not provided for	0	8,100,000

25. Contingent Liabilities - Unsecured

Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM124,084,000 (2011 : RM124,900,000). The total utilisation of these credit facilities as at 31 December 2012 amounted to approximately RM76,155,000 (2011 : RM78,431,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.10. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

26. Financial Risk Management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables, derivative financial assets and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 25.

As the Group only deals with reputable financial institutions, the credit risk associated with derivative financial assets and deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM"), Hong Kong Dollar ("HKD"), Renminbi ("RMB") and US Dollar ("USD") whereas the major foreign currencies transacted are US Dollar ("USD") and Singapore Dollar ("SGD").

26. Financial Risk Management (cont'd)

Currency Risk (cont'd)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

(i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.

(ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Increase)/ Decrease in Loss	(Increase)/ Decrease in Loss
	2012 RM	2011 RM
Appreciation of USD against RM by 10%	(1,504,537)	(1,200,306)
Depreciation of USD against RM by 10%	1,504,537	1,200,306
Appreciation of USD against HKD by 10%	(311,039)	767,285
Depreciation of USD against HKD by 10%	311,039	(767,285)
Appreciation of USD against RMB by 10%	(343,691)	240,754
Depreciation of USD against RMB by 10%	343,691	(240,754)
Appreciation of SGD against USD by 10%	(311,039)	(159,444)
Depreciation of SGD against USD by 10%	311,039	159,444

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

26. Financial Risk Management (cont'd)

Interest Rate Risk (cont'd)

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Increase)/ Decrease in Loss	(Increase)/ Decrease in Loss
	2012 RM	2011 RM
Increase in interest rates by 100 basis points	(344,323)	(281,419)
Decrease in interest rates by 100 basis points	344,323	281,419

27. Capital Management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity. The Group's strategy is to maintain the ratio at below 1 : 1 as follows:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total loans and borrowings	57,882,745	58,713,208	0	0
Total equity	83,470,201	86,749,473	82,375,553	62,699,404
Total capital	141,352,946	145,462,681	82,375,553	62,699,404
Debt-to-equity ratio	0.69 : 1	0.68 : 1	0 : 1	0 : 1

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

SUPPLEMENTARY INFORMATION
- REALISED AND UNREALISED PROFITS OR LOSSES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits of the Company and its subsidiaries:-				
- Realised	52,077,198	55,942,623	22,375,553	2,699,404
- Unrealised	2,971,493	1,399,060	0	0
	55,048,691	57,341,683	22,375,553	2,699,404
Consolidation adjustments and eliminations	(5,866,530)	(5,964,998)	0	0
Total retained profits as per statement of financial position	49,182,161	51,376,685	22,375,553	2,699,404

The above supplementary information 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

LIST OF PROPERTIES HELD

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2012 (RM)	Date of last revaluation	Date of acquisition
Registered Owner: DISB						
Land						
P.T. No. 1886 (Resurveyed Lot 12354) held under Title No. H.S. (D) 11985, Mukim 12, Daerah Barat Daya, Penang	60 years leasehold expiring 26.12.2051	Industrial land	177,691 sq. feet	3,515,790	1997	-
Building						
Plot 19 Free Industrial Zone, Phase IV, Bayan Lepas 11900 Penang		Industrial complex - 1 Single-Storey office-cum-production building (20 & 13 years)	18,209 sq. feet	11,782,711		Yr 1997 – 2007
		- 1 double-storey office-cum-production building (6 years)	33,793 sq. feet			
		- 1 three-storey production building (4 years)	65,811 sq. feet			
		-1 three-storey office cum production building (4 years)	32,816 sq. feet			
Registered Owner: Futron Ltd						
No. 1, Gao Tin Industrial Zone, Tai Ping Town, Cong Hua City.		- 1 three-storey production building (8 years)	41,383 sq. feet	477,791		Yr 2003 – 2008
		- 1 five-storey hostel (8 years)	21,348 sq. feet	277,672		Yr 2003
Registered Owner : Dufu Dyna-Edge Sdn Bhd						
Land						
Lot 12439 held under Title No. PN4243, Mukim 12, Daerah Barat Daya, Penang	60 years leasehold expiring 6.3.2050	Industrial land	240,142 sq. feet	9,660,356		Year 2011
Building						
Plot 98, Hala Kampung Jawa 1, Non FTZ, Bayan Lepas Industrial Park 11900 Bayan Lepas Penang		Industrial complex - 1 Double-Storey production building-cum-office (14 years)	166,464 sq. feet	10,073,067		

LIST OF PROPERTIES HELD (CONT'D)

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2012 (RM)	Date of last revaluation	Date of acquisition
Registered Owner: Dufusion Sdn Bhd						
Land						
Lot No. 8478 Mukim 12, District of Barat Daya, Penang	60 years leasehold expiring 22.5.2050	Industrial land	51,451 sq. feet	6,593,187		Year 2012
Lot No. 9232 Mukim 12, District of Barat Daya, Penang	60 years leasehold expiring 10.12.2050	Industrial land	66,349 sq. feet			
Building						
Plot No. 160 & 163, Jalan Sungai Keluang, Bayan Lepas Free Industrial Zone, Phase 1, 11900 Bayan Lepas Penang		Industrial complex - 1 Single-Storey office-cum-production building	61,587sq. feet	2,668,334		
			TOTAL	45,048,908		

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 15 APRIL 2013

Authorized	: RM100,000,000.00
Issued and Fully paid-up	: RM60,000,000.00
Class of Share	: Ordinary Shares of RM0.50 each with equal voting rights
Number of Shareholders	: 2,856

DISTRIBUTION OF SHAREHOLDERS AS AT 15 APRIL 2013

Holdings	No. of Holders	Total Holdings	%
1 – 99	246	10,772	0.01
100 – 1,000	65	34,357	0.03
1,001 – 10,000	1,342	7,390,590	6.16
10,001 – 100,000	1,076	32,315,255	26.93
100,001 – 5,999,999	123	42,809,653	35.67
6,000,000 and above	4	37,439,423	31.20
Total	2,856	120,000,000	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 15 APRIL 2013

	Name	Shareholdings	%
1.	Perfect Commerce Sdn Bhd	11,283,000	9.40
2.	Lee, Hui-Ta @ Li Hui Ta	9,639,177	8.03
3.	Wong Ser Yian	9,517,246	7.93
4.	Amsec Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account - AmBank (M) Berhad for Hsu, Chin-Shui (Smart)	7,000,000	5.83
5.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Sin Yong Lean	4,904,833	4.09
6.	Wu, Mao-Yuan	3,075,000	2.56
7.	Alliancegroup Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account for Hsu Chin Shui (8052867)	3,000,000	2.50
8.	Yong Poh Yow	2,434,668	2.03
9.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An for Morgan Stanley & Co. International Plc (Client)	1,173,333	0.98
10.	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Kwek Peng Liak	1,100,000	0.92
11.	Hsu, Yin-Lin	1,000,000	0.83
12.	Chen, Ming-Lung	888,000	0.74
13.	Hsu, Chin-Shui	853,333	0.71
14.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Bank for Ong Choon Heng (MP0243)	802,200	0.67
15.	Yu,Tsung-Te	800,000	0.67
16.	Ng New Soon	683,500	0.57
17.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye (SS2 PJ-CL)	670,033	0.56
18.	Ong Beng Kee	600,000	0.50
19.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Sow Suu Tang (472629)	533,333	0.44
20.	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Gan Bee Ean	497,333	0.41

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 15 APRIL 2013 (cont'd)

	Name	Shareholdings	%
21.	HLIB Nominees (Tempatan) Sdn Bhd	495,000	0.41
22.	Ng Swee Fong	476,000	0.40
23.	Lee Ben Chin	434,600	0.36
24.	Gan Bee Ean	407,233	0.34
25.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Wong Gah @ Wong See Yen (BSS PTLG-CL)	500,000	0.42
26.	Yang Li Hsin	400,000	0.33
27.	Lee Yu Yong @ Lee Yuen Ying	382,400	0.32
28.	KAF Nominees (Tempatan) Sdn.Bhd. Qualifier: Pledged Securities Account for Chan Pak Cheong (CA1720)	370,000	0.31
29.	Lim Toh Heok	355,900	0.30
30.	Eg Kaa Chee	347,733	0.29

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2013

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Perfect Commerce Sdn Bhd (PCSB)	11,283,000	9.40	-	-
2.	Lee, Hui-Ta @ Li Hui Ta	9,639,177	8.03	11,283,000^	9.40^
3.	Hsu, Chin-Shui	10,853,375	9.04	-	-
4.	Wong Ser Yian	9,517,246	7.93	-	-
5.	Wang, Kuei-Hua	-	-	11,283,000^	9.40^

^ Indirect Interest by virtue of his/her substantial interest in PCSB.

DIRECTORS' SHAREHOLDINGS AS AT 15 APRIL 2013

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Lee, Hui-Ta @ Li Hui Ta	9,639,177	8.03	11,283,000^	9.40^
2.	Hsu, Chin-Shui	10,853,375	9.04	-	-
3.	Yong Poh Yow	2,434,668	2.03	-	-
4.	Ang Siak Keng	-	-	-	-
5.	Baqir Hussain Bin Hatim Ali	-	-	-	-
6.	Khoo Lay Tatt	-	-	-	-
7.	Wu, Mao-Yuan	3,075,000	2.56	-	-

^ Indirect Interest by virtue of his substantial interest in PCSB.

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PROXY FORM

No of ordinary shares held

I/We ____(*NRIC No./Company No ________________)
of____
__________________________________being a *Member/Members of DUFU TECHNOLOGY CORP. BERHAD hereby appoint (Proxy 1) ______________________________________(*NRIC No./Passport No. ________________)
of____
and*/ or failing him* (Proxy 2) __________________________(*NRIC No./Passport No. ________________)
of____and*/or failing him*, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at the Room Dayang of Plot 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang on Friday, 31 May 2013 at 9.00 a.m. and, at every adjournment thereof to vote as indicated below:-

The proportions of my/our holdings to be represented by our proxy(ies) are as follows:-

Proxy 1 - __________% In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on our behalf.
Proxy 2 - __________%
__________100%

* Strike out whichever is inapplicable

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

	RESOLUTIONS		FOR	AGAINST
1.	To approve an increase of the Directors' Fee from RM252,000/- to RM336,000/- for the financial year ending 31 December 2013 and payment of such fees to the Directors.			
	To re-elect the following Directors retiring under the respective provision of the Articles of Association of the Company and who, being eligible offer themselves for re-election:-			
2.	Lee Hui-Ta also known as Li Hui Ta	(Article 97(1))		
3.	Baqir Hussain Bin Hatim Ali	(Article 97(1))		
4.	Wu, Mao-Yuan	(Article 104)		
5.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.			
	To pass the following resolution as Special Business :-			
	Ordinary Resolution			
6.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.			

Signature of Shareholder(s) ______________________

Signed this ______ day of____________________, 2013.

Notes:-

A. This Agenda item 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.

B. For the purpose of determining a member who shall be entitled to attend and vote at this Eleventh Annual General Meeting, the Company shall be requesting the Record of Depositors as at 22 May 2013. Only a depositor whose name appears on the Record of Depositors as at 22 May 2013 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

Proxy:-

1. *A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member of the Company is an Exempt Authorised Nominee 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 each omnibus account it holds.*

3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang not less than forty-eight (48) hours before the time set for holding of the Meeting or at any adjournment thereof.*

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Affix
stamp

The Company Secretaries
DUFU TECHNOLOGY CORP. BERHAD (581612-A)
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

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Dufu Technology Corp. Berhad (581612-A)

19, Hilir Sungai Keluang 2,
Taman Perindustrian Bayan Lepas,
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