



Hwa Tai Industries Berhad
华大工业有限公司

(Company No. 19688-V)



ANNUAL
REPORT 2014

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at The Hwa Tai Grand Conference Room, Ground Floor, No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia on Saturday, 20 June 2015 at 11.30 a.m.

AGENDA

1. To present the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon.
2. To approve payment of Directors' fee for the financial year ended 31 December 2014.
3. To re-appoint the Director, YBhg. Col. (Rtd.) Dato' Ir. Cheng Wah, who retires in accordance with Section 129(6) of the Companies Act, 1965.
4. To re-elect the Director, Mr. Soo Chung Yee, who retires in accordance with the Company's Articles of Association.
5. To re-elect the following Directors, who each had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2012:-

YBhg. Col. (Rtd.) Dato' Ir. Cheng Wah
En. Mohamed Razif Bin Tan Sri Abdul Aziz
Mr. Soo Wei Chian

6. To appoint Auditors and authorise the Directors to fix their remuneration.
7. To transact any other business appropriate to an Annual General Meeting, for which due notice shall have been given in accordance with the Company's Articles of Association and/or the Companies Act, 1965.
8. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:-

ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Securities Commission and Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

By Order of the Board
JESSICA CHIN TENG LI (MAICSA 7003181)
Company Secretary

Johor Darul Takzim, Malaysia
28 May 2015

*Notice of
Annual General Meeting (cont'd)***NOTES:****Entitlement to Attend and Proxy**

A member entitled to attend and vote at the Meeting is entitled to appoint at least 1 proxy to attend and vote instead of him/her. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting.

For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 49(B) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a Record of Depositors as at 15 June 2015. Only a depositor whose name appears on the Record of Depositors as at 15 June 2015 shall be entitled to attend the Meeting or appoint proxies to attend and vote on his/her behalf.

Audited Financial Statements

Item 1 of the Agenda is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 requires the Directors to only lay before the Company at its annual general meeting its annual financial statements and thus, does not require a formal approval of the Shareholders for the audited financial statement. Hence, this item of the Agenda is not put forward for voting.

Directors' Fee

The details of the proposed Directors' Fee for the financial year ended 31 December 2014 are set out in Note 16(a) of the Audited Financial Statements for the financial year ended 31 December 2014.

Auditors

The Auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Ordinary Resolution – Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution on Authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965, if passed, will give a renewed mandate to the Directors of the Company with full power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would enable the Directors to take swift action in case of a need for any possible fund raising corporate exercise or in the event of business opportunities arise which involve the issuance of new shares, thus avoiding any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This renewed mandate, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 June 2014, which mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

Statement Accompanying Notice Of Annual General Meeting

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

No individual other than the retiring Directors is seeking appointment / election as a Director at the forthcoming Fortieth Annual General Meeting of the Company. The details of the retiring Directors standing for re-appointment / re-election are set out in the Directors' Profile appearing on pages 5 to 6 of this Annual Report. An assessment on all the retiring Directors had been conducted by the Nomination Committee.

Corporate Information

BOARD OF DIRECTORS

Soo Thien Ming @ Soo Thien See (*Chairman*)

Soo Chung Yee (*Group Chief Executive Director*)

Col. (Rtd.) Dato' Ir. Cheng Wah

Mohamed Razif Bin Tan Sri Abdul Aziz

Soo Wei Chian

COMPANY SECRETARY

Jessica Chin Teng Li (MAICSA 7003181)

REGISTERED OFFICE & PRINCIPAL BUSINESS ADDRESS

No. 12, Jalan Jorak
Kawasan Perindustrian Tongkang Pecah
83010 Batu Pahat
Johor Darul Takzim
Malaysia

Tel. No.: 607-4151688
Fax No.: 607-4151135

CORPORATE OFFICE

No. L9, Jalan ML 16
ML-16 Industrial Park
43300 Seri Kembangan
Selangor Darul Eshan
Malaysia

Tel. No.: 603-89645600
Fax No.: 603-89645400

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel. No.: 603-2264 3883
Fax No.: 603-2282 1886

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

PRINCIPAL BANKERS

RHB Bank Berhad
Bank Muamalat Malaysia Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
Bank of China (Malaysia) Berhad

LISTING

Bursa Malaysia Securities Berhad,
Main Market – Listed since 1992

WEBSITE

www.hwatai.com

Profile of The Board of Directors

MR. SOO THIEN MING @ SOO THIEN SEE

– Non-Independent Non-Executive Director

Mr. Soo Thien Ming, Malaysian, aged 67, is the Chairman on the Board of the Company. He was appointed to the Board on 26 April 1996. Mr. Soo is a Barrister-At-Law of Lincoln's Inn, London. He is an advocate and solicitor by profession and has been in practice for 40 years. He is also a Notary Public. He holds several directorships in private companies in Malaysia and abroad.

He is the Chairman of the Nomination Committee and Remuneration Committee.

Mr. Soo has a direct shareholding of 30,949,567 ordinary shares of RM1/- each in the Company as at 30 April 2015. He is deemed to have an interest in the equity holdings held by the Company in its subsidiaries by virtue of his controlling interest in the Company.

He is the father of Mr. Soo Chung Yee, the Group Chief Executive Director of the Company.

Mr. Soo does not have any conflict of interest with the Company nor any conviction for any offence.

MR. SOO CHUNG YEE

– Non-Independent Executive Director

Mr. Soo Chung Yee, Malaysian, aged 36, is the Group Chief Executive Director. He was appointed to the Board on 16 August 2004. Mr. Soo holds a Bachelor of Arts from the University of Derby, United Kingdom. He was awarded the Asia Pacific Entrepreneurship Award (Emerging Entrepreneur – Malaysia) in 2007 and the JCI Creative Young Entrepreneur Award (Junior Chamber International – Malaysia) in 2008. He also holds several directorships in private companies in Malaysia and abroad.

He is a member of the Remuneration Committee.

He is the son of Mr. Soo Thien Ming, the Chairman of the Company.

Mr. Soo does not have any interest in the securities of the Company or its subsidiaries. He also does not have any conflict of interest with the Company nor any conviction for any offence.

YBHG. COL. (RTD.) DATO' IR. CHENG WAH

– Independent Non-Executive Director

YBhg. Col. (Rtd.) Dato' Ir. Cheng Wah, Malaysian, aged 76, was appointed to the Board on 1 August 2005. He holds a Bachelor of Engineering degree in Civil Engineering from the University of Malaya. He is a Professional Engineer with the Board of Engineers, Malaysia. He is also a graduate of the Royal Military Academy Sandhurst, United Kingdom and the Command and General Staff College, Fort Leavenworth, United States of America.

He served the Malaysian Armed Forces for 26 years. Amongst the appointments he held was Director of Armed Forces Works, Logistic Division, Ministry of Defence in 1978 and Director of Logistic, Ministry of Defence in 1980 before retiring in September 1983. On retirement he joined Genting Group, became Director of Development and later a Senior Vice President (Property Development) in Resorts World Berhad until his retirement in 2004. Currently, he is also a Director of Brahim's Holdings Berhad and Kien Huat Berhad. Earlier, he had served as a Director in Koperasi Angkatan Tentera Malaysia Bhd (1978-1983), Chocolate Products (Malaysia) Berhad (1986-1989), Pacific Bank Berhad (1983-2000) and PacificMas Berhad (2001-2007).

YBhg. Col. (Rtd.) Dato' Ir. Cheng Wah is the Chairman of the Audit Committee.

He has a direct shareholding of 50,000 ordinary shares of RM1/- each in the Company as at 30 April 2015. He does not have any interest in the securities of its subsidiaries.

He does not have any family relationship with any directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company nor any conviction for any offence.

*Profile of
The Board of Directors (cont'd)*

ENCIK MOHAMED RAZIF BIN TAN SRI ABDUL AZIZ

– Independent Non-Executive Director

Encik Mohamed Razif Bin Tan Sri Abdul Aziz, Malaysian, aged 54, was appointed to the Board on 20 March 2006. He is a Barrister-at-law from Lincoln's Inn, United Kingdom. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1985. He specialises in corporate, financial services and conveyancing matters and has handled numerous housing projects for major developers and a variety of corporate as well as off-shore loan documentations. He also specialises in Syariah Corporate Law and Syariah Conveyancing/Security documentation. He is an advisor for internal disciplinary inquiry committees of various organisations. He is also involved in Commercialisation of Biotechnology Products and Services and familiar with the Malaysian Intellectual Property laws. He is a committee member of the Kuala Lumpur Malay Chamber of Commerce and is the Chairman of the Professional Committee of the said Chamber. He is the Deputy President of Southampton University United Kingdom Alumni and a committee member of the Malay College Old Boys Association (MCOBA). He holds non-executive directorships in various companies.

Encik Mohamed Razif sits on the Audit Committee and Nomination Committee.

He does not have any family relationship with any directors and/or major shareholders of the Company. He does not have any interest in the securities of the Company or its subsidiaries. He does not have any conflict of interest with the Company nor any conviction for any offence.

MR. SOO WEI CHIAN

– Independent Non-Executive Director

Mr. Soo Wei Chian, Malaysian, aged 46, was appointed to the Board on 1 August 2005. He holds a Masters of Business Administration, University of Strathclyde, United Kingdom. He is a fellow member of the Chartered Institute of Management Accountants, United Kingdom and a member of the Malaysian Institute of Accountants. He held financial positions in public listed companies for the period between 1991 and 1995. He joined NV Multi Corporation Berhad as the Finance Manager in 1995 and he now holds the position of Executive Director in Nirvana Asia Ltd, a company listed on the Hong Kong Stock Exchange.

Mr. Soo sits on the Audit Committee, Nomination Committee and Remuneration Committee.

He does not have any family relationship with any directors and/or major shareholders of the Company. He does not have any interest in the securities of the Company or its subsidiaries. He does not have any conflict of interest with the Company nor any conviction for any offence.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

During the financial year ended 31 December 2014, a total of six (6) Directors' Meetings were held. The details of attendance of Directors at these Meetings are as follows:

Name of Director	Number of Meetings Attended
Soo Thien Ming @ Soo Thien See	6 of 6
Soo Chung Yee	5 of 6
Col. (Rtd.) Dato' Ir. Cheng Wah	6 of 6
Mohamed Razif Bin Tan Sri Abdul Aziz	6 of 6
Soo Wei Chian	5 of 6

Audit Committee Report

1. COMPOSITION OF AUDIT COMMITTEE

Col. (Rtd.) Dato' Ir. Cheng Wah (Chairman)	Independent Non-Executive Director
Mohamed Razif Bin Tan Sri Abdul Aziz	Independent Non-Executive Director
Soo Wei Chian *	Independent Non-Executive Director

* A member of the Malaysian Institute of Accountants

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

MEMBERSHIP

1. An Audit Committee shall be appointed by the Directors from among their number (except Alternate Directors) pursuant to a resolution of the Board of Directors which fulfils the following requirements:
 - (a) The Audit Committee must be composed of no fewer than 3 Members;
 - (b) All Members of the Audit Committee must be Non-Executive Directors, with majority of them being Independent Directors; and
 - (c) At least one Member of the Audit Committee:
 - (i) Must be a member of the Malaysian Institute of Accountants; or
 - (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (1) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (2) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) Fulfils such other requirements as prescribed or approved by Bursa Malaysia.
2. The Members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
3. If a Member of the Audit Committee resigns, dies or for any other reason ceases to be a Member with the result that the number of Members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new Members as may be required to make up the minimum of 3 Members.
4. The terms of office and performance of the Audit Committee and each of its Members shall be reviewed by the Board of Directors no less than once every 3 years.

Audit Committee Report (cont'd)

MEETINGS

1. Meetings shall be held not less than 4 times a year.
2. Upon the request of the External Auditor, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters the External Auditor believes should be brought to the attention of the Directors or Shareholders. The External Auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.
3. The Chairman shall convene a meeting whenever any Member of the Audit Committee requests for a meeting.
4. Written notice of the meeting together with the agenda shall be given to the Members of the Audit Committee and the External Auditor, where applicable.
5. The quorum for a meeting shall be 2 Provided Always that the majority of Members present must be Independent Directors and any decision shall be by a simple majority. The Chairman shall not have a casting vote.
6. The other Board Members, Accounts Manager, the Head of Internal Audit (if any), any employee of the Company and a representative of the External Auditors may be invited to attend meetings. If necessary, the Audit Committee shall meet with the External Auditors without any Executive Board Member present.
7. The Company Secretary shall be the secretary of the Audit Committee.

AUTHORITY

The Audit Committee is authorised by the Board of Directors to:

- a) Investigate any activity within its terms of reference.
- b) Seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- c) Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee shall have direct access to the External Auditor and person(s) carrying out the internal audit function or activity and be able to convene meetings with the External Auditor, Internal Auditor or both, excluding the attendance of other members of the Board and employees of the Company, whenever necessary.

The Audit Committee shall be empowered to appoint and remove the Internal Auditor. The internal audit function shall report directly to the Audit Committee.

Audit Committee Report (cont'd)

DUTIES

The duties of the Audit Committee shall be:

1. To recommend the nomination of a person or persons as External Auditors.
2. To review the following and report the same to the Board of Directors:-
 - a. With the External Auditor, the audit plan;
 - b. With the External Auditor, his evaluation of the system of internal controls;
 - c. With the External Auditor, his audit report;
 - d. The assistance given by the employees of the Company to the External Auditor;
 - e. The adequacy of the scope, functions, competency and resources of the Internal Audit functions and that it has the necessary authority to carry out its work;
 - f. The Internal Audit programme, processes, the results of the Internal Audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function;
 - g. The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - i) Changes in or implementation of major accounting policy changes;
 - ii) Significant and unusual events; and
 - iii) Compliance with accounting standards and other legal requirements;
 - h. Any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - i. Any letter of resignation from the External Auditors of the Company; and
 - j. Whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for re-appointment.
3. To discuss problems and reservations arising from the interim and final audits, and matters the External Auditor may wish to discuss (in the absence of management where necessary).
4. To keep under review the effectiveness of internal control systems, and in particular review the External Auditor's management letter and management's response.
5. To consider other topics, as agreed to by the Audit Committee and the Board of Directors.

PROCEDURES

Each Audit Committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

3. AUDIT COMMITTEE MEETING

During the financial year ended 31 December 2014, five (5) Audit Committee Meetings were held. Details of the attendance of each Committee Member are as follows:-

Name of Audit Committee Member	Attendance
Col. (Rtd.) Dato' Ir. Cheng Wah (Chairman)	5 of 5
Mohamed Razif Bin Tan Sri Abdul Aziz	5 of 5
Soo Wei Chian	4 of 5

Audit Committee Report (cont'd)

4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2014, the activities of the Audit Committee included the following:

- a. Reviewed and recommended for Board approval the quarterly financial results for public announcement.
- b. Reviewed and discussed with the External Auditors their audit planning memorandum before commencement of the financial year end audit.
- c. Reviewed and discussed with the External Auditors their audit review memorandum and significant findings in respect of the financial year end audit and the management's response.
- d. Reviewed and recommended for Board approval the Group's audited financial year end statements.
- e. Reviewed the related party transactions that had arisen within the Company and Group.
- f. Reviewed the internal audit reports.
- g. Convened meetings with the External Auditor without the attendance of the management. Two (2) of such meetings were held during the financial year.
- h. Assessed the suitability and independence of the External Auditors to be recommended for re-appointment.

5. INTERNAL AUDIT

The Internal Audit function involves the implementation of independent and systematic reviews of the processes and guidelines of the Group and the reporting of their application and compliance to the Audit Committee and Board of Directors. The Internal Audit function also involves the reporting of the state of internal control of the various operations within the Group and the extent of compliance with the established policies and procedures and the suggestion of any additional improvement opportunities in the areas of internal control, systems and efficiency improvement.

During the financial year ended 31 December 2014, the following Internal Audit activities which were performed in-house, were carried out:-

- a. Mapping of the current state of procedures and process.
- b. Testing, evaluating and identifying potential areas that lack internal control.
- c. Analysing and assessing certain key operation processes, report findings and make recommendation for improvements.
- d. Reviewing compliance with established policies and procedures, as well as assessing the adequacy and effectiveness of the Group's internal control.

The Group incurred approximately Ringgit Fifty Three Thousand for the internal audit function during the financial year ended 31 December 2014.

Statement of Corporate Governance

BOARD RESPONSIBILITY

The Board of Directors is committed and continues to ensure the compliance with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 to ensure high standards of corporate governance are practiced in the Group. The Board is pleased to provide the following statement on how the Group has applied the principles and best practices as set out in the Malaysian Code on Corporate Governance.

BOARD OF DIRECTORS

A. The Board.

The Board leads and controls the Group. The Board is bestowed with the duty and responsibility to ensure the interests of the shareholders are protected. The duties and responsibilities of the Board which are separated from that of the management, are spelt out in the Board Charter.

Where appropriate, formal structures and committees are in place to facilitate the Board in carrying out its duties. All Board committees report to the Board.

The Board meets on a regular and scheduled basis, at least 4 times a year.

B. Composition and Board Balance.

The Board comprises 5 members to reflect the interests of the major shareholder, management, and minority shareholders.

The Chairman, who is a Non Independent Non Executive Director, heads the Board with an Executive Director and 3 Independent Non Executive Directors.

The Directors together bring a wide range of business, financial, industrial and legal experience to lead the Group in the area of business strategies, performance, utilization of resources and standards of conduct.

Generally, the Executive Director is responsible for carrying out the day to day operational functions while the Non Executive Directors will play the supporting role by contributing their knowledge and experience in the business strategic plans.

Where areas of conflict of interest arise, the Director concerned will have to declare his/her interest and abstain from participating in the decision making process.

C. Board Meetings and Supply of Information.

A Board report is prepared prior to the Board meeting and sufficient notice is given to the Directors to review the papers and agenda for the meeting.

Generally, the Board papers provide information on the operating results, financial, corporate development, minutes of Board Committees and acquisitions and disposals proposals, if any.

In furtherance of the Directors' duties, all members, either as full Board or in their individual capacities, will have access to all information of the Group.

Directors are also free to seek independent advice should the need arise and have direct access to the advice and services of the Company Secretary.

Statement of Corporate Governance (cont'd)

During the financial year ended 31 December 2014, the total number of Directors' Meetings convened was six (6). The details of attendance of Directors at these Meetings are as follows:

Name of Director	Number of Meetings Attended
Soo Thien Ming @ Soo Thien See	6 of 6
Soo Chung Yee	5 of 6
Col. (Rtd.) Dato' Ir. Cheng Wah	6 of 6
Mohamed Razif Bin Tan Sri Abdul Aziz	6 of 6
Soo Wei Chian	5 of 6

D. Appointments to the Board.

In compliance with the Malaysian Code on Corporate Governance on the appointment of Directors, the Board had set up a Nomination Committee to advise the Board on the nomination of new Board members and assess Directors on an ongoing basis.

The Nomination Committee comprises Mr. Soo Thien Ming, En. Mohamed Razif Bin Tan Sri Abdul Aziz and Mr. Soo Wei Chian, all of whom are non-executive directors and a majority of whom are independent. Mr. Soo Thien Ming, who is a non-independent director holds the Chair of the Nomination Committee as his extensive chairmanship experience will assist in leading the Nomination Committee professionally and effectively.

The Committee shall make recommendations to the Board on the appropriate appointments of new Directors and also to fill seats on committees of the Board. In making recommendation to the Board on the candidate for appointment, the Committee shall determine various criteria including qualities, experience, skills, level of commitment and time that the candidate can contribute and shall also take into consideration the composition and mix skills of the existing Board. Whilst the Committee respects the requirement for gender diversity, emphasis shall first be placed on the qualities, experience and skills of a candidate irrespective of gender, which would best correspond to the composition of the Board so as to function effectively and efficiently.

In addition, the Nomination Committee assesses the contribution of individual Board members, the effectiveness of the Board and the committees of the Board on an annual basis.

The duties and responsibilities are spelt out in the Terms of Reference of the Nomination Committee.

During the financial year, the Committee had carried out an evaluation of each Director's ability to contribute to the effectiveness of the Board and its committees, including an assessment of the independent directors on their independence. It also evaluated the Directors who were due for retiring and proposed these retiring Directors to the Board to be put forward for re-election by the shareholders.

E. Re-election.

In accordance to the Company's Articles of Association, an election of Directors shall take place each year at an Annual General Meeting and all Directors shall retire from office at least once in every 3 years. In addition, a Director who attains the age over 70 retires at every Annual General Meeting pursuant to the Companies Act, 1965. Directors appointed by the Board are subject to retirement at the next Annual General Meeting held following their appointments in accordance with the Company's Articles of Association. All retiring Directors are eligible for re-election.

The tenure of an independent director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, the independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board must justify and seek shareholders' approval in the event it retains, as an independent director, a person who has served in that capacity for more than 9 years.

*Statement of
Corporate Governance (cont'd)***DIRECTORS' TRAINING**

The Nomination Committee is tasked to facilitate Board induction and training programmes.

All the Directors had attended the Mandatory Accreditation Programme.

During the financial year, certain Directors have attended trainings in a various areas to enhance their skills so as to contribute more effectively to the Company. Directors who were unable to attend any formal training during the financial year, are well-informed of the latest developments on the various relevant rules and regulations as all Directors were updated by the Management, by providing them with reading materials on such new developments.

The conferences, seminars and training programmes attended by various Directors during the financial year were as follows:-

- Market Outlook for 2014.
- Enhancing Internal Audit Practice.
- MASB Roundtable on Financial Reporting.
- Briefing on the new Goods and Services Tax.
- Advocacy Session on Corporate Disclosure for Directors of Listed Issuers.

DIRECTORS' REMUNERATION

The Board set up the Remuneration Committee to review the policy and make recommendations to the Board on the remuneration package and benefits annually as accorded to the Executive Directors. The Executive Directors shall not participate in the decision makings relating to their own remunerations.

The members of the Remuneration Committee comprises Mr. Soo Thien Ming, Mr. Soo Chung Yee and Mr. Soo Wei Chian, a majority of whom are non-executive directors. Mr. Soo Thien Ming is the Chairman of the Committee.

Fees payable to the Directors are proposed by the Remuneration Committee to the Board who will then recommend for shareholders' approval at the Annual General Meeting.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully, whereas the remuneration package for the Non Executive Directors will hinge on their contribution to the Group in terms of their knowledge and experience.

The breakdown of the Directors' remuneration including the estimated monetary value of benefit in kind for the financial year under review is disclosed in Note 16(a) to the financial statements.

SHAREHOLDERS**Dialogue between the Group and Investors**

The Group recognizes the importance of accountability to the shareholders and as such conveys information on the Group's performance, directions, other matters of interest to the shareholders by way of annual reports, relevant circulars, public announcements, the Company's website and the issuance of press releases.

Statement of Corporate Governance (cont'd)

Annual General Meeting

Annual General Meeting is used as a primary mode of communication to report on the Group's performance. Notice of Annual General Meeting is issued at least 21 days before the date of meeting.

At the Annual General Meeting, shareholders are encouraged to raise any questions pertaining to any issues regarding the Group.

The Chairman, assisted by the Directors are available to answer any queries and discuss matters pertaining to the business activities of the Group.

Where appropriate, the Chairman shall put substantive resolutions to vote by poll, and the results of such votes shall be announced to the public detailing the number of votes cast for and against.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly financial results, the Directors take steps to ensure a clear, balanced and understandable assessment of the Group's positions and prospects.

The Audit Committee is tasked to review and recommend for Board approval the Group's annual financial statements and quarterly financial results.

The Statement by Directors pursuant to section 169 of the Companies Act, 1965 is set out on page 83 of this Annual Report.

Risks Management and Internal controls

The Board recognizes its responsibilities to maintain a sound system of risk management and internal controls to safeguard shareholders' investment and Group's assets.

The review of the system of risks management and internal controls is set out under the Statement of Risks Management and Internal Controls set out on pages 15 and 16 of this Annual Report. The Statement of Risks Management and Internal Controls had been reviewed by the external auditors.

Audit Committee / Relationship with Auditors.

The Audit Committee works closely with the external auditors and maintains a transparent professional relationship with them.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 7 to 10 of this Annual Report.

Ethical Conduct and Sustainability

Employees are introduced to the ethical corporate culture of the Group during employee induction and thereafter, employees are constantly monitored to ensure the culture is upheld in their dealings within the Group and also in their association with our customers, distributors, suppliers, governmental and regulatory authorities and other business associates. Any employee may report directly to the Chairman of any ethical misconduct discovered within the Group.

The Group consistently conducts its business in a manner which underpins sustainability.

A written code of conduct on ethical standards and a formal policy on promoting sustainability are currently being established.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of Hwa Tai Industries Berhad ("HTIB") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2014, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues.

BOARD RESPONSIBILITY

The Board of Directors recognises its overall responsibility for maintaining the Group's system of Risks Management and Internal Controls to safeguard shareholders' investment and the Group's assets, as well as for regularly reviewing the adequacy and integrity of the internal control system. Due to limitations inherent in any system of internal control, it is important to note that the system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. Therefore, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received verbal assurance from the Group Chief Executive Director and Financial Controller that, to their best knowledge and belief, 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.

RISK MANAGEMENT

The Board also recognises that risk management should be an integral part of the Group culture and is a continuous on going process of identifying, evaluating, minimising and managing of significant risk faced by the Group during the year under review and up to the date of approval of the statement for disclosure in the Annual Report. The management is responsible for creating risk awareness culture and to build the necessary environment for effective risk management. In addition, the Heads of Department are responsible for managing the risk of their department on a day to day basis. Significant issues related to risks management and internal controls are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.

KEY ELEMENTS OF INTERNAL CONTROLS

Key elements of the Group's internal controls that have been in place for the financial year which include the following:

1. The Group has a well defined organisation structure with clear lines of reporting, responsibilities and level of authority.
2. There are clear definition of authorisation procedures for major operating functions including purchases, capital expenditures, payments, credit control and stock control. Authority of the Directors is required for key treasury matters which include loan and trade financing, cheque signatories and opening of bank accounts.
3. There is a budgeting and business planning process in each financial year to establish plans and targets for each operating units. The performance of each operating unit is monitored through monthly reports.
4. The Group's management team meets at least once a month to review and monitor the business development, discuss and resolve key operational and management issues and review the performance against the business plan and budget for each operating units within the Group.

The management also highlights any significant issues and changes in the business, major policy matters, external environment affecting the Group and financial performance of each operating unit to the Board of Directors and Audit Committee when the Board and Committee meet quarterly.

5. Adequate financial and operational information systems are in place to capture and present timely and pertinent business information.

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

6. The Audit Committee reviews the quarterly financial results and yearly audited financial statements prior to the approval by the Board of Directors.
7. The Audit Committee also reviews the internal auditor's reports and monitors the status of the implementation of corrective actions to address internal control weaknesses.
8. In addition to the internal controls, the Board of Directors and management have ensured that safety and health regulations have been considered and complied with.
9. The Company was accredited ISO 9002 since 1996 and upgraded to MS ISO 9001:2008 quality management systems since year 2010. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted by the assessors of the ISO certification body to ensure that the system is adequately implemented.
10. Emphasis is given to food safety. The Company was accredited the Hazard Analysis Critical Control Point (HACCP) system certification since year 2000 and upgraded to Integrated Quality Management & HACCP System certificate since 2002. Good Manufacturing Practice is documented and practiced to ensure food safety.
11. In ensuring each operating unit is functioning efficiently, much emphasis is placed on personnel employed. The professionalism and competence of the staff are maintained through a structural recruitment process, performance appraisal system and wide variety of training and development programs.

As required by Paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000, *Assurance Engagement other than Audits or Review of Historical Financial Information* and Recommended Practice Guide ("RPG") 5, *Guidance for Auditors on the Review of Directors' Statement on Internal Control included in the Annual Report*.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

Directors' Responsibility Statement and Other Information

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cashflows of the Company and of the Group for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2014 as set out herein on pages 25 to 81 of this Annual Report, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards have been followed in respect of the preparation of the financial statements.

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

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year other than the compound and penalty of about Ringgit Eighty Three Thousand imposed by the Royal Malaysian Customs Department on the Group for sales tax leviable on free trade-offer products.

Material Contracts

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

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group by the Auditors, Messrs. Baker Tilly Monteiro Heng, or a firm or corporation affiliated to them totalled approximately Ringgit Sixty Three Thousand during the financial year.

*Directors'
Responsibility Statement and Other Information (cont'd)*

Utilisation of Proceeds raised from Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year.

The proceeds of approximately Ringgit Fourteen million, raised from the Company's Rights Issue completed recently in April 2015 as stated in Note 26 of the audited financial statements for the financial year ended 31 December 2014, will only be utilised after its completion and the status of the utilisation will be disclosed in the forthcoming quarterly financial results.

Share Buy-Backs

The Company did not make any share buy-back arrangement during the financial year.

Options and Convertible Securities

The Company did not issue any options or convertible securities during the financial year.

Depository Receipt

The Company did not sponsor any depository receipt programme during the financial year.

Variation in Results

There was no material variation between the audited results for the financial year ended 31 December 2014 and the unaudited results previously released for the financial quarter ended 31 December 2014.

Profit Guarantee

The Company did not make any arrangement during the financial year which requires profit guarantee.

Recurrent Related Party Transaction of a Revenue Nature

There was no recurrent related party transaction of a revenue nature which requires Shareholders' mandate during the financial year.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Hwa Tai Industries Berhad and its group of companies for the financial year ended 31 December 2014.

BUSINESS ENVIRONMENT IN 2014

Developing growth for the Group in 2014 turned out to be challenging in the current economic environment. Increased competition in a weak consumer market had dampened the Group's sales performance both locally and overseas.

FINANCIAL REVIEW

The Group recorded a decline in revenue of RM61.33 million as compared to RM65.80 million in the preceding year. The lower revenue is mainly due to the further drop in sales from both the domestic and international markets arising from continued increase in competition.

Consequently, the Group incurred a loss after tax of RM2.44 million against a profit after tax of RM0.41 million in the preceding year due to the lower revenue which was insufficient to cover fixed costs such as staff cost, depreciation and utilities expenses in addition to the expenses incurred in relation to the Company's recent corporate exercise.

CORPORATE DEVELOPMENT

The Company's following corporate exercise, which had been approved by the Shareholders at the Extraordinary General Meeting held on 12 November 2014, were fully completed on 14 April 2015:-

1. The reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 involving the cancellation of RM0.60 of the par value of each ordinary share of RM1.00 in the Company. As such, the par value of each existing ordinary share in the Company has been reduced from RM1.00 to RM0.40 each ("Par Value Reduction");
2. The amendment to the Memorandum of Association of the Company to facilitate the Par Value Reduction ("Amendment to Memorandum");
3. The renounceable rights issue of up to 60,063,600 new shares of the Company of RM0.40 each (Rights Shares) at an issue price of RM0.40 per Rights Shares on the basis of three (3) Rights Shares for every two (2) existing shares of the Company held after the Par Value Reduction based on a minimum subscription level of 30,031,800 Rights Shares ("Rights Issue"); and
4. The exemption to the major shareholder, Mr. Soo Thien Ming @ Soo Thien See (Mr. Soo) and persons acting in concert with Mr. Soo (PACS) from the obligation to undertake a mandatory take-over offer to acquire all the remaining shares of the Company not already owned by Mr. Soo and his PACS upon completion of the Rights Issue pursuant to Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-Overs and Mergers 2010 ("Exemption").

The acceptance and excess applications received under the Rights Issue were 34,790,870 Rights Shares. This represents an under-subscription of 25,272,730 Rights Shares or approximately 42.08% over the total of 60,063,600 Rights Shares available for subscription under the Rights Issue. Notwithstanding the under-subscription, the minimum subscription level of 30,031,800 Rights Shares for the Rights Issue had been achieved and a total of RM13,916,348.00 was raised.

Arising from the corporate exercise, the current issued and paid-up share capital of the Company stands at RM29,933,308.00 comprising 74,833,270 ordinary shares of RM0.40 each.

Chairman's Statement (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

In carrying out its corporate social responsibility, the Company continued with its tradition of contributing annually to various schools and non-profit organisation both monetarily and in-kind.

OUTLOOK AND FUTURE PROSPECTS FOR 2015

We anticipate macroeconomic conditions in Malaysia to remain challenging in the year ahead, with the introduction of the Goods & Services Tax with effect from 1 April 2015 and inflationary pressures plus other economic challenges. These are expected to weaken consumer confidence which might impact consumer spending, notwithstanding higher household disposable incomes from lower fuel prices, favourable labour market conditions and the Government measures to assist low-and-middle income households.

On the global front, although the growth momentum is strengthening in some economies (e.g. US and UK), the slowing or tepid growth in several major economies (e.g. Japan, Middle East, certain Euro Zone) makes the global economy to remain vulnerable to downside risks. This more moderate recovery of the global economy projected for 2015 is generating a challenging environment with volatile raw materials and packaging materials costs, decline in global oil prices and unpredictable foreign exchange rates.

Nevertheless, the Group will be vigilant and respond accordingly to the changing business dynamics and market environment with our constant focus in improving its performance and enhancing shareholder value by innovating our products portfolio, broadening our distribution networks and enhancing the overall operational efficiency.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to the management and staff of the Group for their hard work and dedication. Our thanks also go towards all our shareholders, customers, distributors, business associates, financiers, suppliers and governmental and regulatory authorities for their valued support.

SOO THIEN MING @ SOO THIEN SEE

Chairman

28 May 2015

Directors' Report

The directors hereby submit their report together with the audited financial statements of Hwa Tai Industries Berhad ("the Company") and its subsidiary companies ("the Group") for the financial year ended 31st December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of a biscuit manufacturer and investment holding. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year attributable to:		
Owners of the Company	(2,439,745)	(1,309,536)
Non-controlling interest	4,646	–
	(2,435,099)	(1,309,536)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2014.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and 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 for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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 of the Company misleading.

*Directors'
Report (cont'd)***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 of 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 and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

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

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 the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

DIRECTORS

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

Soo Thien Ming @ Soo Thien See
Soo Chung Yee
Col. (Rtd.) Dato' Ir. Cheng Wah
Mohamed Razif Bin Tan Sri Abdul Aziz
Soo Wei Chian

Directors'
Report (cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year ended 31st December 2014 are as follows:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
The Company				
Direct interests				
Soo Thien Ming @ Soo Thien See	12,372,627	7,200	–	12,379,827
Col. (Rtd.) Dato' Ir. Cheng Wah	20,000	–	–	20,000

Soo Thien Ming @ Soo Thien See is deemed to have an interest in the shares held by the Company in its subsidiary companies by virtue of his controlling interest in the Company.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company as shown in Note 16 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was 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.

SIGNIFICANT SUBSEQUENT EVENT

Significant event that occurred after the financial year end are disclosed in Note 26 to the financial statements.



*Directors'
Report (cont'd)*

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

SOO THIEN MING @ SOO THIEN SEE

Director

SOO CHUNG YEE

Director

Kuala Lumpur

Date: 23rd April 2015

Consolidated Statement of Financial Position

As at 31st December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	15,319,519	15,977,281	13,103,195	13,546,511
Prepaid land lease payments	5	1,113,679	1,157,113	652,964	679,761
Investment in subsidiaries	6	–	–	4,732,149	4,732,149
Investment in an associated company	7	2,161,489	1,633,215	1,791,457	1,791,457
Total non-current assets		18,594,687	18,767,609	20,279,765	20,749,878
Current assets					
Inventories	8	4,899,812	5,175,586	4,204,176	4,479,644
Trade and other receivables	9	24,465,681	24,624,077	24,303,873	22,522,805
Prepayments		414,351	344,187	388,180	315,530
Tax recoverable		111,928	135,749	82,663	–
Cash and bank balances		1,666,495	1,972,514	1,124,706	1,657,388
Total current assets		31,558,267	32,252,113	30,103,598	28,975,367
TOTAL ASSETS		50,152,954	51,019,722	50,383,363	49,725,245
Equity attributable to the owners of the Company					
Share capital	10	40,042,400	40,042,400	40,042,400	40,042,400
Accumulated losses		(27,405,113)	(24,965,368)	(22,406,557)	(21,097,021)
Translation reserves	7	531,145	–	–	–
Shareholders' funds		13,168,432	15,077,032	17,635,843	18,945,379
Non-controlling interests		16,480	11,834	–	–
Total equity		13,184,912	15,088,866	17,635,843	18,945,379
Non-current liability					
Loans and borrowings	11	501,077	715,747	458,346	586,804
Total non-current liability		501,077	715,747	458,346	586,804
Current liabilities					
Trade and other payables	12	19,074,510	17,863,224	15,138,994	13,147,260
Loans and borrowings	11	17,236,391	17,120,900	17,150,180	16,970,881
Tax payable		156,064	230,985	–	74,921
Total current liabilities		36,466,965	35,215,109	32,289,174	30,193,062
Total liabilities		36,968,042	35,930,856	32,747,520	30,779,866
TOTAL EQUITY AND LIABILITIES		50,152,954	51,019,722	50,383,363	49,725,245

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31st December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	13	61,331,600	65,799,286	48,384,347	51,451,517
Cost of sales	14	(46,096,399)	(48,998,011)	(34,584,394)	(36,598,983)
Gross Profit		15,235,201	16,801,275	13,799,953	14,852,534
Other income		912,865	1,122,737	880,260	913,668
Selling and distribution expenses		(9,853,929)	(9,404,457)	(8,643,186)	(8,242,604)
Administrative expenses		(7,321,256)	(6,304,772)	(6,016,356)	(4,888,351)
Other expenses		(382,254)	(230,612)	(376,905)	(278,193)
Share of results of an associated company		(2,871)	(123,191)	–	–
Finance costs	15	(1,057,415)	(1,116,029)	(987,862)	(1,036,351)
(Loss)/profit before taxation	16	(2,469,659)	744,951	(1,344,096)	1,320,703
Taxation	17	34,560	(331,545)	34,560	(348,178)
(Loss)/profit for the financial year		(2,435,099)	413,406	(1,309,536)	972,525
Other comprehensive income, net of items that will be reclassified subsequently to profit or loss					
Translation reserves	7	531,145	–	–	–
Total comprehensive (loss)/income for the financial year		(1,903,954)	413,406	(1,309,536)	972,525
(Loss)/profit for the financial year attributable to:					
Owners of the Company		(2,439,745)	401,572	(1,309,536)	972,525
Non-controlling interests		4,646	11,834	–	–
		(2,435,099)	413,406	(1,309,536)	972,525
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(1,908,600)	401,572	(1,309,536)	972,525
Non-controlling interests		4,646	11,834	–	–
		(1,903,954)	413,406	(1,309,536)	972,525
(Loss)/earnings per share (sen)	18				
- basic		(6.09)	1.00		
- diluted		(6.09)	1.00		

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

Statements of Changes in Equity

For the financial year ended 31st December 2014

Group	<----- Attributable to Owners of the Company ----->					
	Share Capital RM	Accumulated Losses RM	Translation reserves RM	Shareholders' funds RM	Non-controlling Interests RM	Total equity RM
At 1st January 2013	40,042,400	(25,366,940)	–	14,675,460	–	14,675,460
Total comprehensive income for the financial year	–	401,572	–	401,572	11,834	413,406
At 31st December 2013	40,042,400	(24,965,368)	–	15,077,032	11,834	15,088,866
Total comprehensive loss for the financial year	–	(2,439,745)	531,145	(1,908,600)	4,646	(1,903,954)
At 31st December 2014	40,042,400	(27,405,113)	531,145	13,168,432	16,480	13,184,912

Company	Attributable to Owners of the Company		
	Share Capital RM	Accumulated Losses RM	Total RM
At 1st January 2013	40,042,400	(22,069,546)	17,972,854
Total comprehensive income for the financial year	–	972,525	972,525
At 31st December 2013	40,042,400	(21,097,021)	18,945,379
Total comprehensive loss for the financial year	–	(1,309,536)	(1,309,536)
At 31st December 2014	40,042,400	(22,406,557)	17,635,843

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

Statements of Cash Flows

For the financial year ended 31st December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
OPERATING ACTIVITIES:				
(Loss)/profit before taxation	(2,469,659)	744,951	(1,344,096)	1,320,703
Adjustments for:				
Impairment loss on receivables	357,184	227,612	357,184	188,399
Impairment loss on subsidiary companies	–	–	–	89,794
Impairment loss no longer required on trade receivables	(277,976)	(285,397)	(277,976)	(235,397)
Amortisation of prepaid land lease payments	43,434	43,434	26,797	26,797
Bad debts written off	25,071	3,000	19,722	–
Deposit written off	–	18,000	–	–
Depreciation of property, plant and equipment	1,964,652	1,920,895	1,665,539	1,634,555
Gain on disposal of property, plant and equipment	–	(32,533)	–	(32,533)
Interest income	(8,411)	(14,126)	(8,219)	(13,964)
Interest expenses	1,057,415	1,116,029	987,862	1,036,351
Property, plant and equipment written off	7,384	5,945	7,384	5,945
Loss on disposal of property, plant and equipment	2,987	–	2,987	–
Share of results in an associated company	2,871	123,191	–	–
Gain on unrealised foreign exchange	(157,782)	(32,265)	(157,782)	(32,265)
Operating cash flows before changes in working capital	547,170	3,838,736	1,279,402	3,988,385
Changes In Working Capital:				
Inventories	275,774	(2,698)	275,468	68,090
Receivables	191,019	1,120,407	(198,226)	692,430
Prepayments	(70,164)	(65,238)	(72,650)	(73,571)
Payables	1,211,286	(682,821)	2,036,259	(697,831)
Net cash flows from operations	2,155,085	4,208,386	3,320,253	3,977,503
Interest paid	(965,270)	(958,929)	(912,075)	(902,733)
Tax paid	(232,332)	(255,353)	(204,235)	(205,772)
Tax refunded	215,792	49,580	81,211	–
Net cash flows from operating activities	1,173,275	3,043,684	2,285,154	2,868,998

*Statements of
Cash Flows (cont'd)*

For the financial year ended 31st December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	(a)	(1,092,616)	(589,380)	(1,007,949)	(472,197)
Proceeds from disposal of property, plant and equipment		980	54,890	980	54,890
Interest received		8,411	14,126	8,219	13,964
(Advances)/repayments (to)/from subsidiary companies		–	–	(1,589,395)	353,945
Net cash flows used in investing activities		(1,083,225)	(520,364)	(2,588,145)	(49,398)
FINANCING ACTIVITIES:					
Drawdown/(repayment) of short term borrowings		762,025	(1,501,100)	762,025	(1,501,100)
Repayment of term loans		(497,150)	(521,599)	(497,150)	(521,599)
Payment of finance lease liabilities		(417,199)	(593,683)	(267,179)	(433,874)
Interest paid		(92,145)	(157,100)	(75,787)	(133,618)
Net cash flows used in financing activities		(244,469)	(2,773,482)	(78,091)	(2,590,191)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(154,419)	(250,162)	(381,082)	229,409
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(480,807)	(234,297)	(795,933)	(1,028,994)
Effects of the exchange rate changes		20,880	3,652	20,880	3,652
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(b)	(614,346)	(480,807)	(1,156,135)	(795,933)

Statements of Cash Flows (cont'd)

For the financial year ended 31st December 2014

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Purchase of property, plant and equipment	1,318,241	1,002,403	1,233,574	849,855
Financed by finance lease arrangement	225,625	413,023	225,625	377,658
Cash payments on purchase of property, plant and equipment	1,092,616	589,380	1,007,949	472,197

- (b) Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:-

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances		1,666,495	1,972,514	1,124,706	1,657,388
Bank overdrafts	11	(2,280,841)	(2,453,321)	(2,280,841)	(2,453,321)
		(614,346)	(480,807)	(1,156,135)	(795,933)

Notes to the Financial Statements

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are that of a biscuit manufacturer and investment holding. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office and the principal place of business of the Company are both located at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21st April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Group and the Company had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies
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The adoption of the above amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company.

Notes to the
Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 7	Financial Instruments: Disclosure	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Asset	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

MFRS 15 Revenue from Contracts with Customers

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

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Notes to the
Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2.3 Significant Summary of Accounting Policies

(a) Basis of Consolidation

(i) Subsidiary Companies

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st December 2014. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting period date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expense and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(i) Subsidiary Companies (Continued)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:-

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

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

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the
Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Business Combination and Goodwill

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

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

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

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

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

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(b) Investment in Associates

Associate companies are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associate companies are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate companies, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate company, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate company.

When the Group ceases to have significant influence over an associate company, any retained interest in the former associate company at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate company decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associate companies are measured in the Group's statements of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

The results of the associate company, Shan Dong Yingerle Hwa Tai Food Industry Co. Ltd. ("the associate company"), is accounted for in the consolidated financial statements based on the audited financial statements of the associate company made up from 1st January 2014 to 31st December 2014 and is prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

(c) Non-controlling interest

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

(d) Transactions Eliminated on Consolidation

Unrealised gains arising from transactions with equity accounted associate companies are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the
Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any except for freehold land. The policy of recognition of impairment losses is in accordance with Note 2.3(o) to the financial statements. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

No depreciation is provided on the freehold land as it has infinite useful life. Capital work-in-progress will be depreciated when the property, plant and equipment are ready for their intended use. Depreciation of other property, plant and equipment is provided on the straight line basis to write off the cost or valuation of each asset to its residual value over their estimated useful life at the following rates:-

Leasehold land and buildings	2%
Renovation	10%
Plant and machinery	5% - 10%
Office equipment, furniture and fittings and motor vehicles	10% - 20%

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

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials, packing materials and consumable stores comprise purchase price and carriage costs. Cost of manufactured finished goods and work-in-progress include direct materials, direct labour and an allocation of manufacturing overheads.

(g) Financial Instruments

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

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(g) Financial Instruments (Continued)

The Group and the Company categorise the financial instruments as follows:-

(i) Financial Assets

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or a financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequent measured at amortised cost using the effective interest method.

Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risk of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(g) Financial Instruments (Continued)

(ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Notes to the
Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 Significant Summary of Accounting Policies (Continued)****(h) Leases****(i) Finance Leases**

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

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.3(e) to the financial statements.

(ii) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

(i) Borrowing Costs

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In the subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the
Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment benefits

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(k) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and translations

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies at the statement of financial position are translated into Ringgit Malaysia ("RM") at the rates ruling at the reporting date. All exchange differences are included in the profit or loss.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Foreign operations

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

*Notes to the
Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 Significant Summary of Accounting Policies (Continued)****(l) Provision**

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

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

(m) Taxation

The tax expense in the profit or loss represents the aggregate amount of current and deferred tax. Current tax is 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 at the reporting date.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or bargain purchased.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

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

Interest income is recognised using the effective interest rate method.

Notes to the
Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(o) Impairment of Assets

(i) Impairment of Financial Assets

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

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Impairment of Non-financial Assets

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

For goodwill that has an indefinite useful life and are not available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(o) Impairment of Assets (Continued)

(ii) Impairment of Non-financial Assets (Continued)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(p) Cash and Cash Equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other 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. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(q) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(r) Segmental Reporting

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

*Notes to the
Financial Statements (cont'd)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Summary of Accounting Policies (Continued)

(s) Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Critical judgements in applying the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 2.3 above, the management has made the following judgement, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements:-

Classification between operating lease and finance lease for leasehold land

The Group has developed certain criteria based on MFRS 117 Leases in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.

The Group has classified the leases period of more than 50 years as finance leases as they have met the criteria of a finance lease under MFRS 117.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material judgement to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful lives of property, plant and equipment (Note 4)

The Group and the Company estimate the useful lives of property, plant and equipment based on period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

*Notes to the
Financial Statements (cont'd)*

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) *Impairment of investment in subsidiary companies and recoverability of amount owing by subsidiary companies (Note 6)*

The Company tests investment in subsidiary companies and amount owing by subsidiary companies for impairment in accordance with its accounting policy. The assessment of the net tangible assets of the subsidiary companies affects the result of the impairment test. Costs of investments in subsidiary companies which have ceased operations were impaired up to net assets of the subsidiary companies. The impairment made on investment in subsidiary companies entails an impairment to be made to the amount owing by these subsidiary companies.

Significant judgement is required in the estimation of the present value of future cash flows to be generated by the subsidiary companies, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiary companies and amount owing by subsidiary companies.

(iii) *Impairment of investment in associated company (Note 7)*

The Group and the Company test investment in associated company for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the associated company, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and the Company's tests for impairment of investment in associate company.

(iv) *Impairment of property, plant and equipment (Note 4)*

The Group and the Company review the carrying amount of its property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the property, plant and equipment. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at the end of the financial years under review, the directors are of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Group during the financial year to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment are disclosed in Note 4 to the financial statements.

(v) *Allowance for write down in inventories (Note 8)*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates can result in revisions to the valuation of inventories.

Notes to the
Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(vi) Impairment of receivables (Note 9)

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivable at the reporting date is disclosed in Note 9 to the financial statements.

(vii) Taxation (Note 17)

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Notes to the
Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Properties # RM	Plant and Machinery RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Capital Work-in- progress RM	Total RM
Cost							
At 1st January 2014	8,877,654	39,109,450	3,398,596	590,079	1,624,906	–	53,600,685
Additions	301,021	376,807	77,984	1,880	–	560,549	1,318,241
Disposals/write-offs	(1,350)	(870,593)	(9,613)	–	–	–	(881,556)
At 31st December 2014	9,177,325	38,615,664	3,466,967	591,959	1,624,906	560,549	54,037,370
Accumulated Depreciation							
At 1st January 2014	3,707,130	29,347,442	3,156,116	547,785	864,931	–	37,623,404
Depreciation for the financial year	324,633	1,456,530	60,309	8,586	114,594	–	1,964,652
Disposals/write-offs	(45)	(860,547)	(9,613)	–	–	–	(870,205)
At 31st December 2014	4,031,718	29,943,425	3,206,812	556,371	979,525	–	38,717,851
Net Book Value at 31st December 2014	5,145,607	8,672,239	260,155	35,588	645,381	560,549	15,319,519

Notes to the
Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2013	Properties # RM	Plant and Machinery RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Total RM
Cost						
At 1st January 2013	8,640,569	41,399,087	3,340,814	584,279	1,529,536	55,494,285
Additions	237,085	411,837	90,881	5,800	256,800	1,002,403
Disposals/write-offs	–	(2,701,474)	(33,099)	–	(161,430)	(2,896,003)
At 31st December 2013	8,877,654	39,109,450	3,398,596	590,079	1,624,906	53,600,685
Accumulated Depreciation						
At 1st January 2013	3,414,990	30,568,929	3,125,444	535,443	925,403	38,570,209
Depreciation for the financial year	292,140	1,453,592	61,863	12,342	100,958	1,920,895
Disposals/write-offs	–	(2,675,079)	(31,191)	–	(161,430)	(2,867,700)
At 31st December 2013	3,707,130	29,347,442	3,156,116	547,785	864,931	37,623,404
Net Book Value at 31st December 2013	5,170,524	9,762,008	242,480	42,294	759,975	15,977,281

*Notes to the
Financial Statements (cont'd)*

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Properties consist of:-

Group 2014	Freehold Land and Buildings RM	Leasehold Land and Buildings RM	Renovation RM	Total RM
Cost				
At 1st January 2014	132,515	7,731,963	1,013,176	8,877,654
Additions	–	–	301,021	301,021
Disposals/write-offs	–	–	(1,350)	(1,350)
At 31st December 2014	132,515	7,731,963	1,312,847	9,177,325
Accumulated Depreciation				
At 1st January 2014	–	3,382,894	324,236	3,707,130
Depreciation for the financial year	–	219,147	105,486	324,633
Disposals/write-offs	–	–	(45)	(45)
At 31st December 2014	–	3,602,041	429,677	4,031,718
Net Book Value at 31st December 2014	132,515	4,129,922	883,170	5,145,607
Group 2013	Freehold Land and Buildings RM	Leasehold Land and Buildings RM	Renovation RM	Total RM
Cost				
At 1st January 2013	132,515	7,731,963	776,091	8,640,569
Additions	–	–	237,085	237,085
At 31st December 2013	132,515	7,731,963	1,013,176	8,877,654
Accumulated Depreciation				
At 1st January 2013	–	3,163,745	251,245	3,414,990
Depreciation for the financial year	–	219,149	72,991	292,140
At 31st December 2013	–	3,382,894	324,236	3,707,130
Net Book Value at 31st December 2013	132,515	4,349,069	688,940	5,170,524

Leasehold land has remaining unexpired lease period of more than 50 years.

Notes to the
Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company 2014	Properties # RM	Plant and Machinery RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Capital Work-in- progress RM	Total RM
Cost							
At 1st January 2014	7,483,514	35,861,550	2,953,850	537,885	1,325,728	–	48,162,527
Additions	301,021	323,219	46,905	1,880	–	560,549	1,233,574
Disposals/write-offs	(1,350)	(429,539)	(2,150)	–	–	–	(433,039)
At 31st December 2014	7,783,185	35,755,230	2,998,605	539,765	1,325,728	560,549	48,963,062
Accumulated Depreciation							
At 1st January 2014	3,159,047	27,603,936	2,778,416	508,860	565,757	–	34,616,016
Depreciation for the financial year	257,018	1,255,380	33,736	4,811	114,594	–	1,665,539
Disposals/write-offs	(45)	(419,493)	(2,150)	–	–	–	(421,688)
At 31st December 2014	3,416,020	28,439,823	2,810,002	513,671	680,351	–	35,859,867
Net Book Value at 31st December 2014	4,367,165	7,315,407	188,603	26,094	645,377	560,549	13,103,195
Company 2013	Properties # RM	Plant and Machinery RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Capital Work-in- progress RM	Total RM
Cost							
At 1st January 2013	7,248,657	37,337,998	2,924,607	532,085	1,230,358	–	49,273,705
Additions	234,857	290,056	62,342	5,800	256,800	–	849,855
Disposals/write-offs	–	(1,766,504)	(33,099)	–	(161,430)	–	(1,961,033)
At 31st December 2013	7,483,514	35,861,550	2,953,850	537,885	1,325,728	–	48,162,527
Accumulated Depreciation							
At 1st January 2013	2,934,374	28,084,610	2,768,685	500,293	626,229	–	34,914,191
Depreciation for the financial year	224,673	1,259,435	40,922	8,567	100,958	–	1,634,555
Disposals/write-offs	–	(1,740,109)	(31,191)	–	(161,430)	–	(1,932,730)
At 31st December 2013	3,159,047	27,603,936	2,778,416	508,860	565,757	–	34,616,016
Net Book Value at 31st December 2013	4,324,467	8,257,614	175,434	29,025	759,971	–	13,546,511

*Notes to the
Financial Statements (cont'd)*

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Properties consist of:-

Company 2014	Freehold Land and Buildings RM	Leasehold Land and Buildings RM	Renovation RM	Total RM
Cost				
At 1st January 2014	132,515	6,835,010	515,989	7,483,514
Additions	–	–	301,021	301,021
Disposals/write-offs	–	–	(1,350)	(1,350)
At 31st December 2014	132,515	6,835,010	815,660	7,783,185
Accumulated Depreciation				
At 1st January 2014	–	2,938,437	220,610	3,159,047
Depreciation for the financial year	–	201,250	55,768	257,018
Disposals/write-offs	–	–	(45)	(45)
At 31st December 2014	–	3,139,687	276,333	3,416,020
Net Book Value at 31st December 2014	132,515	3,695,323	539,327	4,367,165
Company 2013	Freehold Land and Buildings RM	Leasehold Land and Buildings RM	Renovation RM	Total RM
Cost				
At 1st January 2013	132,515	6,835,010	281,132	7,248,657
Additions	–	–	234,857	234,857
At 31st December 2013	132,515	6,835,010	515,989	7,483,514
Accumulated Depreciation				
At 1st January 2013	–	2,737,185	197,189	2,934,374
Depreciation for the financial year	–	201,252	23,421	224,673
At 31st December 2013	–	2,938,437	220,610	3,159,047
Net Book Value at 31st December 2013	132,515	3,896,573	295,379	4,324,467

Notes to the
Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) The net book value of property, plant and equipment of the Group and of the Company includes the following property, plant and equipment acquired under finance lease:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At Net Book Value				
Motor vehicles	373,820	576,433	373,820	576,433
Plant and machinery	1,306,661	2,350,292	553,765	1,368,636
	1,680,481	2,926,725	927,585	1,945,069

- (b) The leasehold building of the Group and of the Company with net book value of RM575,577/- (2013: RM602,663/-) have been pledged to the licensed bank as security for banking facility granted to the Group and the Company as disclosed in Note 11 to the financial statements.

5. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cost				
At 1st January/31st December	1,698,290	1,698,290	838,460	838,460
Accumulated Amortisation				
At 1st January	(541,177)	(497,743)	(158,699)	(131,902)
Charge for the year	(43,434)	(43,434)	(26,797)	(26,797)
At 31st December	(584,611)	(541,177)	(185,496)	(158,699)
Carrying amount at 31st December	1,113,679	1,157,113	652,964	679,761

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Analysed as:-				
Short-term prepaid land lease payments	1,113,679	1,157,113	652,964	679,761
Amount to be amortised				
- Not later than one year	43,434	43,434	26,797	26,797
- Later than one year but not later than five years	173,736	173,736	107,188	107,188
- Later than five years	896,509	939,943	518,979	545,776

Included in the prepaid land lease payments with net carrying amount of RM382,500/- (2013: RM400,500/-) have been pledged to the licensed bank as security for banking facility granted to the Group and the Company.

Notes to the
Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES

	2014 RM	2013 RM
Unquoted shares, at cost	10,414,671	10,414,671
Less: Accumulated impairment losses	(5,682,522)	(5,682,522)
	4,732,149	4,732,149

The details of the subsidiary companies which have principal place of business and are all incorporated in Malaysia are as follows:-

Name of Companies	Effective Ownership Interest/ Voting Rights		Principal Activities
	31.12.2014	31.12.2013	
Held by the Company	%	%	
Epro Industries Sdn. Bhd.	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	100	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	100	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	100	100	Dormant
Acetai Corporation Sdn. Bhd. *	90	90	Trading
Hwa Tai Import Sdn. Bhd. *	100	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd. *	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd. *	100	100	Trading
Hwa Tai Services Sdn. Bhd. *	100	100	Dormant
Absolute Focus Sdn. Bhd. *	100	100	Dormant
Held through Acetai Corporation Sdn. Bhd.			
Anika Bebas Sdn. Bhd. *	100	100	Trading
Esprit Classic Sdn. Bhd. *	100	100	Trading

* Subsidiary companies not audited by Baker Tilly Monteiro Heng.

Notes to the
Financial Statements (cont'd)

7. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares - at cost	1,791,457	1,791,457	1,791,457	1,791,457
Share of post acquisition losses	(161,113)	(158,242)	–	–
Exchange differences **	1,630,344 531,145	1,633,215 –	1,791,457 –	1,791,457 –
	2,161,489	1,633,215	1,791,457	1,791,457

The details of the associated company which has principal place of business and is incorporated in the People's Republic of China are as follows:-

Name of Company	Issued Share Capital Chinese Reminbi (RMB)	Effective Ownership Interest/ Voting Rights		Nature of the Relationship
		2014 %	2013 %	
Shan Dong Yingerle Hwa Tai Food Industry Co. Ltd.*	10,500,000	48	48	Dealers, importers and exporters of biscuit, cake and baby products

* Associated company is not audited by Baker Tilly Monteiro Heng.

The summarised financial information of the associated company is as follows:-

	2014 RM	2013 RM
Assets and Liabilities		
Current assets	2,572,471	1,471,259
Non-current assets	4,071,243	6,198,842
Total assets	6,643,714	7,670,101
Current liabilities	2,140,613	4,267,570
Total liabilities	2,140,613	4,267,570
Net assets	4,503,101	3,402,531
Results		
Revenue	9,029,426	7,987,508
Loss after taxation	(5,982)	(256,648)
Group's share of net assets/ Carrying value of the Group's interest in the associated company	2,161,489	1,633,215

The Group's share of loss for the financial year of the associated company is RM2,871/-.

** Translation reserves are from translation of the financial statements of foreign associates and is not distributable by way of dividends.

*Notes to the
Financial Statements (cont'd)*

8. INVENTORIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At Cost				
Work-in-progress	208,016	219,959	134,978	163,737
Finished goods	1,769,638	1,730,093	1,546,235	1,493,231
	1,977,654	1,950,052	1,681,213	1,656,968
At Net Realisable Value				
Raw materials	1,359,531	1,303,835	1,164,273	1,136,093
Packing materials	1,355,125	1,699,879	1,202,819	1,507,598
Consumable stores	207,502	221,820	155,871	178,985
	2,922,158	3,225,534	2,522,963	2,822,676
	4,899,812	5,175,586	4,204,176	4,479,644

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade receivables				
Trade receivables	30,922,320	31,358,838	22,428,793	22,046,211
Amount owing by subsidiary companies	–	–	16,221,214	16,086,652
	30,922,320	31,358,838	38,650,007	38,132,863
Less: Allowance for impairment				
- Trade receivables	(6,964,724)	(7,339,770)	(2,114,745)	(2,036,723)
- Amount owing by subsidiary companies	–	–	(16,040,044)	(16,040,044)
	(6,964,724)	(7,339,770)	(18,154,789)	(18,076,767)
Trade receivables, net	23,957,596	24,019,068	20,495,218	20,056,096

Notes to the
Financial Statements (cont'd)

9. TRADE AND OTHER RECEIVABLES (Continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables				
Other receivables	441,614	520,898	47,308	122,030
Amount owing by subsidiary companies	–	–	3,759,463	2,349,155
Refundable deposits	78,317	95,957	55,277	48,917
	519,931	616,855	3,862,048	2,520,102
Less: Allowance for impairment				
- Other receivables	(11,846)	(11,846)	–	–
- Amount owing by subsidiary companies	–	–	(53,393)	(53,393)
	(11,846)	(11,846)	(53,393)	(53,393)
Other receivables, net	508,085	605,009	3,808,655	2,466,709
Total receivables	24,465,681	24,624,077	24,303,873	22,522,805
Add: Cash and bank balances	1,666,495	1,972,514	1,124,706	1,657,388
Total loans and receivables	26,132,176	26,596,591	25,428,579	24,180,193

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2013: 14 to 90 days) terms. They are recognised on their original invoice amount which represents their fair values on initial recognition.

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
US Dollar ("USD")	718,368	25,093	718,368	25,093
Singapore Dollar ("SGD")	433,936	172,131	433,936	172,131

*Notes to the
Financial Statements (cont'd)*

9. TRADE AND OTHER RECEIVABLES (Continued)

Analysis on trade receivables

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Neither past due nor impaired	13,888,483	13,111,366	11,792,120	10,496,398
Past due 1 - 30 days	1,596,550	1,821,386	1,230,571	1,459,141
Past due 31 - 120 days	2,070,447	2,690,466	1,824,894	2,416,829
Past due more than 120 days	6,402,116	6,395,850	5,647,633	5,683,728
Impaired	10,069,113	10,907,702	8,703,098	9,559,698
	6,964,724	7,339,770	18,154,789	18,076,767
	30,922,320	31,358,838	38,650,007	38,132,863

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivable when there is objective evidence that the Group will not be able to collect the amounts due.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables:-				
Nominal amounts	9,985,204	15,391,265	20,653,377	25,281,173
Less: Allowance for impairment	(6,964,724)	(7,339,770)	(18,154,789)	(18,076,767)
	3,020,480	8,051,495	2,498,588	7,204,406

Notes to the
Financial Statements (cont'd)

9. TRADE AND OTHER RECEIVABLES (Continued)

Movements in impairment:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1st January	7,339,770	8,279,024	18,076,767	18,123,765
Charge for the financial year	357,184	227,612	357,184	188,399
Written off	(454,254)	(881,469)	(1,186)	–
Reversal of impairment losses	(277,976)	(285,397)	(277,976)	(235,397)
At 31st December	6,964,724	7,339,770	18,154,789	18,076,767

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Amount owing by subsidiary companies is unsecured, non-interest bearing, expected to be settled in cash and is repayable on demand.

10. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1/- each		Amount	
	2014 Unit	2013 Unit	2014 RM	2013 RM
Authorised:				
At 1st January/31st December	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
At 1st January/31st December	40,042,400	40,042,400	40,042,400	40,042,400

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

*Notes to the
Financial Statements (cont'd)*

11. LOANS AND BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Finance lease liabilities (secured)	295,154	384,729	208,943	234,710
Floating rate bank loan (secured)	108,971	100,770	108,971	100,770
Floating rate bank loan (unsecured)	–	392,680	–	392,680
Bankers' acceptances (unsecured)	14,551,425	13,789,400	14,551,425	13,789,400
Bank overdrafts (unsecured)	2,280,841	2,453,321	2,280,841	2,453,321
	17,236,391	17,120,900	17,150,180	16,970,881
Non-current				
Finance lease liabilities (secured)	457,165	559,164	414,434	430,221
Floating rate bank loan (secured)	43,912	156,583	43,912	156,583
	501,077	715,747	458,346	586,804
Total loans and borrowings	17,737,468	17,836,647	17,608,526	17,557,685

(a) Finance lease liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Minimum lease payments				
- On demand and within one year	336,152	435,481	243,209	269,104
- Later than one year but not later than two years	218,764	283,468	188,155	190,525
- Later than two years but not later than five years	276,901	327,463	261,930	281,883
	831,817	1,046,412	693,294	741,512
Future interest charges	(79,498)	(102,519)	(69,917)	(76,581)
Present value of minimum lease payments	752,319	943,893	623,377	664,931

Notes to the
Financial Statements (cont'd)

11. LOANS AND BORROWINGS (Continued)

(a) Finance lease liabilities (Continued)

Represented by:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
- On demand and within one year	295,154	384,729	208,943	234,710
Non-current				
- Later than one year but not later than two years	195,420	253,823	166,918	167,613
- Later than two years but not later than five years	261,745	305,341	247,516	262,608
	457,165	559,164	414,434	430,221
	752,319	943,893	623,377	664,931

The effective interest rate ranges from 3.00% to 3.35% (2013: 3.00% to 4.75%) per annum. Interest rates are fixed at the inception of the finance lease arrangements.

The finance lease liabilities are effectively secured on the rights of the assets under finance lease.

(b) Loan and borrowings

The remaining maturities of the loans and borrowings (excluding finance lease liabilities) as at 31st December 2014 are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
On demand and within one year	16,941,237	16,736,171	16,941,237	16,736,171
Later than one year but not later than two years	43,912	108,680	43,912	108,680
Later than two years but not later than five years	–	47,903	–	47,903
	16,985,149	16,892,754	16,985,149	16,892,754

Floating rate bank loan

The effective interest rate as at the reporting date is 7.85% (2013: 7.85% to 8.10%) per annum.

Bankers' acceptances

The bankers' acceptances of the Group and the Company are granted on the undertaking that the Group and the Company will not pledge or execute any charges on its assets, other than those assets under finance lease.

Effective interest rates as at reporting date is range from 4.38% to 6.24% (2013: 4.38% to 6.24%) per annum.

*Notes to the
Financial Statements (cont'd)*

11. LOANS AND BORROWINGS (Continued)

(b) Loan and borrowings (Continued)

Bank overdrafts

The bank overdrafts of the Group and the Company are granted on the undertaking that the Group and the Company will not pledge or execute any charges on its assets, other than those assets under finance lease.

The effective interest rates as at the reporting date range from 7.85% to 9.10% (2013: 7.85% to 10.10%) per annum.

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade payables				
Third parties	9,784,628	10,677,453	6,523,183	6,561,437
Other payables				
Accrued operating expenses	6,340,393	6,304,437	5,539,173	5,551,903
Other payables	2,791,193	814,059	2,701,933	705,711
Refundable deposits	158,296	67,275	158,296	67,275
Amount owing to subsidiary companies	–	–	216,409	260,934
	9,289,882	7,185,771	8,615,811	6,585,823
Total trade and other payables	19,074,510	17,863,224	15,138,994	13,147,260
Add: Loans and borrowings (Note 11)	17,737,468	17,836,647	17,608,526	17,557,685
Total financial liabilities carried at amortised cost	36,811,978	35,699,871	32,747,520	30,704,945

The trade and other payables are non-interest bearing and are normally granted on 30 to 120 days (2013: 30 to 120 days) terms.

The amount owing to subsidiary companies is non-trade in nature, unsecured, non-interest bearing, expected to be settled in cash and is repayable on demand.

Included in other payables is amount due to a director amounted to RM1,700,000/- (2013: Nil), which are non-trade in nature, unsecured, non interest bearing and repayable on demand.

Notes to the
Financial Statements (cont'd)

13. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sales of trading goods	15,197,263	17,772,195	–	–
Sales of manufactured goods	46,134,337	48,027,091	48,384,347	51,451,517
	61,331,600	65,799,286	48,384,347	51,451,517

14. COST OF SALES

Cost of sales represents cost of inventories sold.

15. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expenses				
- trade financing	806,018	808,582	752,823	752,386
- bank overdrafts	159,252	150,346	159,252	150,346
- finance lease	60,813	81,928	44,455	58,446
- term loans	31,332	75,173	31,332	75,173
	1,057,415	1,116,029	987,862	1,036,351

*Notes to the
Financial Statements (cont'd)*

16. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
After charging:-				
Impairment loss				
- trade receivables	357,184	227,612	357,184	188,399
- subsidiary companies	–	–	–	89,794
Amortisation of prepaid land lease payments	43,434	43,434	26,797	26,797
Audit fee:				
- current year	114,020	113,220	78,000	78,000
- under accrual in prior year	140	16,100	–	15,000
Bad debts written off	25,071	3,000	19,722	–
Directors' remunerations				
- salaries and allowances	998,000	888,000	998,000	888,000
- fees	100,000	100,000	100,000	100,000
- other emoluments	105,504	92,304	105,504	92,304
Allowance for a director of a subsidiary company	117,650	117,650	–	–
Deposit written off	–	18,000	–	–
Depreciation of property, plant and equipment	1,964,652	1,920,895	1,665,539	1,634,555
Hire of vehicles	99,755	175,135	98,253	175,135
Realised loss on foreign exchange	529	100	–	–
Loss on disposal of property plant and equipment	2,987	–	2,987	–
Property, plant and equipment written off	7,384	5,945	7,384	5,945
Rental of premises	132,000	127,000	81,600	78,600
Staff costs:				
- salaries, wages and allowances	7,294,544	7,605,732	6,050,870	6,496,092
- bonus	189,741	141,869	172,125	136,844
- Employees Provident Fund	753,463	713,796	619,308	600,507
- SOCSO	83,639	81,523	67,577	67,741
- other staff related expenses	400,498	320,860	337,504	229,068

Notes to the
Financial Statements (cont'd)

16. (LOSS)/PROFIT BEFORE TAXATION (Continued)

(Loss)/profit before taxation has been arrived at: - (Continued)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
And crediting:-				
Impairment loss no longer required on trade receivables	277,976	285,397	277,976	235,397
Interest income	8,411	14,126	8,219	13,964
Rental income	3,600	3,600	—	—
Gain on disposal of property, plant and equipment	—	32,533	—	32,533
Gain on foreign exchange				
- realised	295,616	380,731	295,616	380,731
- unrealised	157,782	32,265	157,782	32,265

(a) Directors' remuneration

Details of Directors' remuneration including the estimated monetary value of benefits-in-kind are as follows:-

	Group and Company	
	2014 RM	2013 RM
Executive Director		
Director's fees	10,000	10,000
Salaries	854,000	744,000
Allowances	24,000	24,000
Other emoluments	105,504	92,304
	993,504	870,304
Non-Executive Directors		
Directors' fees	90,000	90,000
Allowances	120,000	120,000
	210,000	210,000
Grand Total		
Directors' fees	100,000	100,000
Salaries	854,000	744,000
Allowances	144,000	144,000
Other emoluments	105,504	92,304
	1,203,504	1,080,304

*Notes to the
Financial Statements (cont'd)*

16. (LOSS)/PROFIT BEFORE TAXATION (Continued)

(a) Directors' remuneration (Continued)

The number of directors of the Company whose total remuneration fall within the respective ranges are as follows:-

	<----- Number of Directors ----->			
	2014		2013	
	Executive Director	Non- Executive Director	Executive Director	Non- Executive Director
Ranges of Remuneration (RM)				
RM0 - RM50,000	-	3	-	3
RM100,001 - RM150,000	-	1	-	1
RM150,001 - RM200,000	-	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM450,000 - RM500,000	-	-	-	-
RM850,000 - RM900,000	1	-	1	-

(b) Key Management Personnel

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors' remuneration (Note 16(a))	1,203,504	1,080,304	1,203,504	1,080,304
Other key management personnel				
- salaries, bonus and other emoluments	1,873,399	2,102,613	1,390,807	1,663,001
- Defined contribution plans (Employees Provident Fund)	209,945	238,102	163,699	194,234
	3,286,848	3,421,019	2,758,010	2,937,539

17. TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Income tax				
- current year	(64,000)	(290,000)	(64,000)	(290,000)
- over/(under) provision in prior year	98,560	(41,545)	98,560	(58,178)
	34,560	(331,545)	34,560	(348,178)

Income tax is calculated at the statutory rate of 25% of the estimated taxable profit for the year. In the Budget Speech 2014, the Government announced that the corporate tax rate would be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. Accordingly, the deferred tax was re-measured to reflect these changes.

Notes to the Financial Statements (cont'd)

17. TAXATION (Continued)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the average effective income tax rate of the Group and Company are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(Loss)/profit before taxation	(2,469,659)	744,951	(1,344,096)	1,320,703
Tax at applicable tax rate of 25%	617,415	(186,238)	336,024	(330,176)
Tax effects arising from				
- non-taxable income	344,140	67,400	230,871	43,808
- non-deductible expenses	(977,504)	(286,448)	(860,819)	(549,120)
- utilisation of deferred tax assets not recognised in prior years.	—	156,733	220,726	562,763
- deferred tax assets not recognised during the financial year	(46,501)	—	—	—
- effect of changes in tax rate	(1,550)	(41,447)	9,198	(17,275)
- over/(under) provision in prior year	98,560	(41,545)	98,560	(58,178)
Tax credit/(expense) for the financial year	34,560	(331,545)	34,560	(348,178)

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deductible temporary differences	17,202,459	17,563,038	17,874,165	18,154,565
Unabsorbed capital allowances	2,038,684	1,148,429	—	—
Unabsorbed reinvestment allowances	3,235,656	3,813,088	2,480,783	3,120,078
Unutilised tax losses	20,232,262	19,990,751	—	—
	42,709,061	42,515,306	20,354,948	21,274,643
Potential deferred tax assets not recognised at 24% (2013: 24%)	10,250,175	10,203,673	4,885,188	5,105,914

18. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share for the financial year has been calculated based on the Group's (loss)/profit after taxation and non-controlling interests divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
(Loss)/profit attributable to owners of the Company (RM)	(2,439,745)	401,572
Weighted average number of ordinary shares in issue	40,042,400	40,042,400
(Loss)/basic earnings per ordinary share (sen)	(6.09)	1.00

*Notes to the
Financial Statements (cont'd)*

18. (LOSS)/EARNINGS PER ORDINARY SHARE (Continued)

(b) Diluted earnings per share

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the (loss)/earnings per share of the Group.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<i>Transactions with subsidiary companies</i>				
Sales to subsidiary companies				
- Hwa Tai Distribution Sdn. Bhd.	—	—	7,223,657	7,881,357
- Hwa Tai Wholesale Sdn. Bhd.	—	—	250,491	184,209
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	—	—	124,354	107,059
- Acetai Corporation Sdn. Bhd.	—	—	175,501	159,440
Management fees, administration fee and rental received/receivable from subsidiary companies				
- Hwa Tai Distribution Sdn. Bhd.	—	—	3,600	3,600
- Hwa Tai Wholesale Sdn. Bhd.	—	—	1,200	1,200
- Epro Industries Sdn. Bhd.	—	—	13,200	13,200
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	—	—	1,200	1,200
- Suria Merah Manufactory (Segamat) Sdn. Bhd.	—	—	13,200	13,200
<i>Transactions with a firm in which a director is a partner</i>				
Rental of premises paid to Soo Thien Ming & Nashrah, a firm in which a director is a partner	36,000	36,000	36,000	36,000
Legal and consultancy fees paid to Soo Thien Ming & Nashrah, a firm in which a director is a partner	350	13,870	350	12,000

Notes to the Financial Statements (cont'd)

20. FINANCIAL GUARANTEE

	Company 2014 RM	2013 RM
Unsecured		
Corporate guarantees issued to financial institutions for credit facilities granted to a subsidiary company	186,636	344,021

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value of the financial guarantees is nil.

21. CAPITAL COMMITMENT

	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
Capital expenditure approved and contracted for				
- purchase of property, plant and equipment	186,075	533,052	186,075	533,052

22. SEGMENTAL INFORMATION

For management purposes, the Group is organised into operating units based on the nature of the business and has two reportable operating segments as follow:-

- (i) Manufacturing
- (ii) Trading

Management monitors the operating results of its operating units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluate based on profit or loss before tax of each unit. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segmental revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represents profit before tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment, excluding current tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities.

Notes to the
Financial Statements (cont'd)

22. SEGMENTAL INFORMATION (Continued)

Business Segments

	MANUFACTURING		TRADING		OTHERS		TOTAL		ELIMINATION		CONSOLIDATED	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
REVENUE												
External sales	46,134,337	48,027,091	15,197,263	17,772,195	-	-	61,331,600	65,799,286	-	-	61,331,600	65,799,286
Inter - segment sales	7,774,003	8,332,065	-	-	-	-	7,774,003	8,332,065	7,774,003	8,332,065	-	-
	53,908,340	56,359,156	15,197,263	17,772,195	-	-	69,105,603	74,131,351	7,774,003	8,332,065	61,331,600	65,799,286
RESULTS												
Segmental results	(1,687,605)	928,381	(170,701)	131,676	(116,949)	(123,602)	(1,975,255)	936,455	32,400	32,400	(1,942,855)	968,855
Other operating income	931,510	991,281	13,755	163,856	-	-	945,265	1,155,137	(32,400)	(32,400)	912,865	1,122,737
Other operating expenses	(382,254)	(281,193)	-	(39,213)	-	-	(382,254)	(320,406)	-	89,794	(382,254)	(230,612)
Finance cost (net)	1,004,220	(1,059,833)	(53,195)	(56,196)	-	-	(1,057,415)	(1,116,029)	-	-	(1,057,415)	(1,116,029)
(Loss)/profit before taxation	(2,142,569)	578,636	(210,141)	200,123	(116,949)	(123,602)	(2,469,659)	655,157	-	89,794	(2,469,659)	744,951

Notes to the
Financial Statements (cont'd)

22. SEGMENTAL INFORMATION (Continued)

	MANUFACTURING		TRADING		OTHERS		TOTAL		ELIMINATION		CONSOLIDATED	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
OTHER INFORMATION												
Segmental assets	45,936,846	46,370,545	3,491,935	3,868,769	612,245	644,661	50,041,026	50,883,975	-	-	50,041,026	50,883,975
Total assets	46,047,606	46,505,125	3,493,103	3,869,936	612,245	644,661	50,152,954	51,019,722	-	-	50,152,954	51,019,722
Segmental liabilities	34,107,472	32,121,144	2,687,580	3,559,725	16,925	19,002	36,811,977	35,699,871	-	-	36,811,977	35,699,871
Total liabilities	34,107,472	32,196,065	2,687,581	3,559,725	172,989	175,066	36,968,042	35,930,856	-	-	36,968,042	35,930,856
Capital expenditure	1,298,161	982,038	20,080	20,365	-	-	1,318,241	1,002,403	-	-	1,318,241	1,002,403
Depreciation and amortisation	1,958,055	1,919,148	25,397	20,547	24,634	24,634	2,008,086	1,964,329	-	-	2,008,086	1,964,329
Non cash expenditure other than depreciation and amortisation	129,684	86,734	-	-	-	15,300	129,684	102,034	-	-	129,684	102,034

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

A Inter-segment revenues are eliminated on consolidation

B Inter-segment administrative fee are eliminated on consolidation

*Notes to the
Financial Statements (cont'd)*

22. SEGMENTAL INFORMATION (Continued)

Information about major customers

Revenue from 3 major customers amount to RM26,292,497/- (2013: RM27,248,497), arising from sales of manufactured products.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of their fair value:-

	Note
Trade and other receivables (current)	9
Trade and other payables (current)	12
Loans and borrowings	11

The Group classifies fair value measurements using a fair value hierarchy that reflects the significant of the inputs used in making the measurement. The fair value hierarchy has the following levels:-

- 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).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date hence the fair value hierarchy is not presented.

The carrying amounts of the current portion of loans and borrowings are a reasonable approximation of their fair values due to the insignificant impact of discounting.

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) Credit risk

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

The Group and the Company does not hold any collateral as security and other credit enhancements for the above financial assets.

*Notes to the
Financial Statements (cont'd)*

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Credit risk (Continued)

The management has a credit policy in place to monitor and minimise the exposure of default. The Group trades only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis.

At the reporting date, approximately 49% (2013: 51%) of the Group's trade receivables are due from 3 major customers. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial instrument.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to third parties.

The Company monitors on an ongoing basis the repayments made by the Company and their financial performance.

The maximum exposure to credit risk amounts to RM186,636/- (2013: RM344,201) representing the outstanding credit facilities guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the Company would default on its repayment.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9 to the financial statements. Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 9 to the financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

*Notes to the
Financial Statements (cont'd)*

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Liquidity risk (Continued)

	Group		
	On demand or within one year RM	One to five years RM	Total RM
31st December 2014			
Financial assets			
Trade and other receivables	24,465,681	–	24,465,681
Cash and bank balances	1,666,495	–	1,666,495
Total undiscounted financial assets	26,132,176	–	26,132,176
Financial liabilities			
Trade and other payables	19,074,510	–	19,074,510
Loans and borrowings	17,277,389	539,577	17,816,966
Total undiscounted financial liabilities	36,351,899	539,577	36,891,476
	Company		
	On demand or within one year RM	One to five years RM	Total RM
31st December 2014			
Financial assets			
Trade and other receivables	24,303,873	–	24,303,873
Cash and bank balances	1,124,706	–	1,124,706
Total undiscounted financial assets	25,428,579	–	25,428,579
Financial liabilities			
Trade and other payables	15,138,994	–	15,138,994
Loans and borrowings	17,184,446	493,997	17,678,443
Total undiscounted financial liabilities	32,323,440	–	32,817,437

Notes to the
Financial Statements (cont'd)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Group		
	On demand or within one year RM	One to five years RM	Total RM
31st December 2013			
Financial assets			
Trade and other receivables	24,624,077	–	24,624,077
Cash and bank balances	1,972,514	–	1,972,514
Total undiscounted financial assets	26,596,591	–	26,596,591
Financial liabilities			
Trade and other payables	17,863,224	–	17,863,224
Loans and borrowings	17,171,652	767,514	17,939,166
Total undiscounted financial liabilities	35,034,876	767,514	35,802,390
	Company		
	On demand or within one year RM	One to five years RM	Total RM
31st December 2013			
Financial assets			
Trade and other receivables	22,522,805	–	22,522,805
Cash and bank balances	1,657,388	–	1,657,388
Total undiscounted financial assets	24,180,193	–	24,180,193
Financial liabilities			
Trade and other payables	13,147,260	–	13,147,260
Loans and borrowings	17,005,275	628,991	17,634,266
Total undiscounted financial liabilities	30,152,535	628,991	30,781,526

(iii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group and the Company do not manage the net exposure to interest rate risk since they consider that the cost to manage such instruments outweigh the potential risk of interest rate fluctuation.

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

Notes to the
Financial Statements (cont'd)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

Cash flows sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss and Equity			
	2014	2014	2013	2013
	100bp Increase RM	100bp Decrease RM	100bp Increase RM	100bp Decrease RM
Group				
Variable rate instruments	(169,851)	169,851	(168,928)	168,928
Company				
Variable rate instruments	(169,851)	169,851	(168,928)	168,928

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia ("RM"). The foreign currency in which these transactions are denominated are mainly US Dollar ("USD") and Singapore Dollar ("SGD").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

Notes to the
Financial Statements (cont'd)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

A 10% strengthening of the USD and SGD against the RM at the end of the financial year would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variable, in particular interest rates, remain constant.

	2014 RM	2013 RM
Effect of profit or loss and equity		
USD		
- strengthen 10%	86,917	15,318
- weakened 10%	(86,917)	(15,318)
SGD		
- strengthen 10%	42,516	17,183
- weakened 10%	(42,516)	(17,183)

25. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial year, the Group's strategy, which was unchanged from year 2013, was to maintain the debt-to-equity ratio at an appropriate level. The debt-to-equity ratio is calculated as net debts divided by total capital of the Group. The debt-to-equity ratios at 31st December 2014 and 31st December 2013 were as follows:-

	2014 RM	2013 RM
Total liabilities	36,968,042	35,930,856
Equity attributable to owners of the Company	13,168,432	15,077,032
Debt-to-equity ratio	2.81	2.38

There were no changes in the Group's approach to capital management during the financial year.

*Notes to the
Financial Statements (cont'd)*

26. SIGNIFICANT SUBSEQUENT EVENT

The Company's following corporate exercise which had been approved by the Shareholders at the Extraordinary General Meeting held on 12th November 2014 were fully completed on 14th April 2015.

- (i) The reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965, involving the cancellation of RM0.60 of the par value of each ordinary share of RM1.00 in the Company was completed on 13th January 2015. As such, the par value of each existing ordinary share in the Company has been reduced from RM1.00 to RM0.40 each;
- (ii) The amendment to the Memorandum of Association of the Company to facilitate the Par Value Reduction was completed on 13th January 2015;
- (iii) The renounceable rights issue of up to 60,063,600 new shares of RM0.40 each at an issue price of RM0.40 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing shares held after the Par Value Reduction based on a minimum subscription level of 30,031,800 Rights Share was completed on 14th April 2015; and
- (iv) The exemption to Mr. Soo Thien Ming @ Soo Thien See and persons acting in concert with Mr. Soo from the obligation to undertake a mandatory take-over offer to acquire all the remaining shares not already owned by Mr. Soo upon completion of the Rights Issue pursuant to Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-overs and Mergers 2010 was approved by the Securities Commission on 15th December 2014.

The acceptance and excess applications received under the Rights Issue were 34,790,870 Rights Shares. This represents an under-subscription of 25,272,730 Rights Shares or approximately 42.08% over the total of 60,063,600 Rights Shares available for subscription under the Rights Issue. Notwithstanding the under-subscription, the minimum subscription level of 30,031,800 Rights Shares for the Rights Issues had been achieved and a total of RM13,916,348/- was raised.

Arising from the corporate exercise, the latest issued and paid up share capital of the Company is RM29,933,308/- comprising 74,833,270 ordinary shares of RM0.40 each.

SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31st December 2014 and 31st December 2013 are as follows:-

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Accumulated losses of the Group and its subsidiaries:-				
- realised	(27,401,782)	(24,839,391)	(22,564,339)	(21,129,286)
- unrealised	157,782	32,265	157,782	32,265
As at 31st December	(27,244,000)	(24,807,126)	(22,406,557)	(21,097,021)
Associate company				
- realised	(161,113)	(158,242)	–	–
Total Group accumulated losses as per statements of financial position	(27,405,113)	(24,965,368)	(22,406,557)	(21,097,021)

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

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

STATEMENT BY DIRECTORS

We, **SOO THIEN MING @ SOO THIEN SEE** and **SOO CHUNG YEE**, being two of the directors of Hwa Tai Industries Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 25 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out on Page 82 have been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

SOO THIEN MING @ SOO THIEN SEE

Director

SOO CHUNG YEE

Director

Kuala Lumpur

Date: 23rd April 2015

STATUTORY DECLARATION

I, **LEE KIM HONG**, being the officer primarily responsible for the financial management of Hwa Tai Industries Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 25 to 81, and the supplementary information set out on page 82 are 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.

LEE KIM HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23rd April 2015.

Before me,

ZULKLIFA MOHD DAHLIM (W541)

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Hwa Tai Industries Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Hwa Tai Industries Berhad, which comprise the statements of financial position as at 31st December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 25 to 81.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the 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 controls as the directors determine are 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 controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

*Independent
Auditors' Report (cont'd)*

To the members of Hwa Tai Industries Berhad (Incorporated 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:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) 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.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification, or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 82 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ong Teng Yan
No. 3076/07/15(J)
Chartered Accountant

Kuala Lumpur

Date: 23rd April 2015

Analysis of Shareholdings

As at 30 April 2015

Class of securities	:	Ordinary shares of RM1/- each fully paid.
Authorised share capital	:	RM1,000,000,000/-
Issued and fully paid-up share capital	:	RM29,933,308/-
Voting rights	:	Registered shareholders are entitled to one vote per ordinary share held at all general meetings.

SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	128	4.35	2,488	0.01
100 - 1,000	658	22.38	569,873	0.76
1,001 - 10,000	1,611	54.80	7,209,790	9.63
10,001 - 100,000	494	16.80	13,830,252	18.48
100,001 - less than 5% of issued shares	47	1.60	22,271,300	29.76
5% and above of issued shares	2	0.07	30,949,567	41.36
Total	2,940	100.00	74,833,270	100.00

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members	No. of Shares	% of Shareholdings
1. Soo Thien Ming @ Soo Thien See (A/C 1)	19,962,092	26.68
2. Public Nominees (Tempatan) Sdn Bhd (A/C Soo Thien Ming @ Soo Thien See)	9,635,975	12.88
3. Teh Leong Kok	3,143,000	4.20
4. Kenanga Nominees (Tempatan) Sdn Bhd (A/C Gan Boon Guat)	2,500,000	3.34
5. HLB Nominees (Tempatan) Sdn Bhd (A/C Heng Yong Kang @ Wang Yong Kang)	2,000,000	2.67
6. Lanjut Bestari Sdn Bhd	1,434,750	1.92
7. Soo Thien Ming @ Soo Thien See (A/C 2)	1,284,000	1.72
8. Yam Lai Mun	1,214,500	1.62
9. Lai Thiam Poh	1,007,100	1.35
10. Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Heng Yong Kang @ Wang Yong Kang)	1,000,000	1.34
11. Rosnan Bin Mahat	850,050	1.14
12. Teo Kwee Hock	611,900	0.82
13. Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Tan Pow Choo @ Wong Seng Eng)	583,900	0.78
14. Public Nominees (Tempatan) Sdn Bhd (A/C Ung Bok @ Hoong Thean Sooi)	553,900	0.74
15. Lim Poh Fong	400,400	0.54
16. Lee Bee Geok	400,000	0.53
17. Bijak Tulus Sdn Bhd	380,800	0.51
18. Siah Leong Hoe	377,000	0.50

*Analysis of
Shareholdings (cont'd)
As at 30 April 2015*

THIRTY LARGEST SHAREHOLDERS (Continued)

Name of Shareholders as per Register of Members	No. of Shares	% of Shareholdings
19. Ng Ah Poh	334,100	0.45
20. Bek Thiam Hong	257,000	0.34
21. Kenanga Nominees (Tempatan) Sdn Bhd (A/C Ling Chua Hua)	250,000	0.33
22. Lee Sau Kwang	250,000	0.33
23. JF Apex Nominees (Tempatan) Sdn Bhd (A/C Teo Siew Lai)	237,100	0.32
24. Thong Foo Ching @ Thong Chuan Ching	220,800	0.30
25. Tan Leok Kwee	216,500	0.29
26. CIMSEC Nominees (Tempatan) Sdn Bhd (A/C Noor Syaziah Binti Salim)	215,400	0.29
27. Ooi Phuay Gim	201,700	0.27
28. Lowe Teck Huat	200,000	0.27
29. Te Yang Lee Sing @ Thian Lee Sing	200,000	0.27
30. Tan Tiong Cheng	179,000	0.24
Total	50,100,967	66.98

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A) + (B)	%
Soo Thien Ming @ Soo Thien See	30,949,567	41.36	—	—	30,949,567	41.36

DIRECTORS' SHAREHOLDINGS

According to the registers required to be kept under Section 134 of the Companies Act, 1965, the directors' interest in the ordinary shares of the Company are as follows:-

Name of Director	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A) + (B)	%
Soo Thien Ming @ Soo Thien See	30,949,567	41.36	—	—	30,949,567	41.36
Col. (Rtd.) Dato' Ir. Cheng Wah	50,000	0.07	—	—	50,000	0.07

Soo Thien Ming @ Soo Thien See is deemed to have an interest in the equity holdings held by the Company in its subsidiaries by virtue of his controlling interest in the Company.

Other than as disclosed above, none of the other directors hold any share in the Company or its related companies.

List of Group Properties

As at 31 December 2014

	Location	Land Area (Sq.ft.)	Build up Area (Sq.ft.)	Tenure	Description	Date of Acquisition/ Revaluation (Year)	Date of Expiry (Year)	Estimated Age of Building (Years)	Net Book Value (RM'000)
1	Lot No. PTD 1098 & PTD 1099 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	87,120	56,150	Leasehold	Factory land & Industrial buildings (Own Occupation)	1983 (R)	2037	37	1,729
2	Lot No. PTD 1731 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	43,560	23,745	Leasehold	Factory land & Industrial buildings (Own Occupation)	1985 (R)	2039	32	198
3	Lot No. PTD 1171 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	43,560	19,670	Leasehold	Factory land & Industrial buildings (Own Occupation)	1978	2038	35	400
4	Lot No. PTD 881 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	21,780	6,600	Leasehold	Factory land & Industrial buildings (Own Occupation)	1991	2035	35	237
5	Lot No. PTD 1007 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	21,775	15,923	Leasehold	Factory land & Industrial buildings (Own Occupation)	2011	2036	Not available	958
6	Lot No. PTD 7028 & 7029 at Mukim Linau, District of Batu Pahat, Johor Darul Takzim	1,540 (per unit)	1,540 (per unit)	Freehold	2 units single storey terrace houses (Own Occupation)	1991	–	22	133
7	Lot No. PTD 80369 1 Jalan Impian Ria 6, Taman Impian Ria, Skudai, Johor Darul Takzim	7,476	1,592	Leasehold	1 unit 2 storey corner house (Vacant)	2006	2097	17	428
8	Lot No. PTD 40 & 41 Lok Kawi Light Industrial Estate, District of Kota Kinabalu, Sabah	121,908	49,237	Leasehold	Factory land & Industrial buildings (Own Occupation)	1989	2042	23	2,177



Hwa Tai Industries Berhad

华大工业有限公司

(Company No. 19688-V)

FORM OF PROXY

I / We,
of.....
being a member of HWA TAI INDUSTRIES BERHAD, hereby appoint
of.....
or failing him/her
of.....
or failing him / her the Chairman of the Meeting, as my / our proxy, to vote for me / us and on my / our behalf at the Fortieth Annual General Meeting of the Company to be held on 20 June 2015 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

Agenda			
1.	To present the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon.		
Resolutions relating to:		For	Against
2.	The payment of Directors' fees		
3.	The re-appointment of Director, YBhg. Col. (Rtd.) Dato' Ir. Cheng Wah		
4.	The re-election of Director, Soo Chung Yee		
5.	The re-election of Independent Directors: YBhg. Col. (Rtd.) Dato' Ir. Cheng Wah		
	En. Mohamed Razif Bin Tan Sri Abdul Aziz		
	Mr. Soo Wei Chian		
6.	Appointment of Auditors and their remuneration		
7.	Ordinary Resolution – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		

Please indicate with (X) how you wish your vote to be cast.

No. of Shares Held	
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Date:

Signature:.....

NOTES:

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint at least 1 proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Where a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (3) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of such securities account.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- (5) The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.



Please fold this flap for sealing

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Postage

THE SECRETARY
HWA TAI INDUSTRIES BERHAD
NO. 12 JALAN JORAK
KAWASAN PERINDUSTRIAN TONGKANG PECAH
83010 BATU PAHAT
JOHOR DARUL TAKZIM
MALAYSIA

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