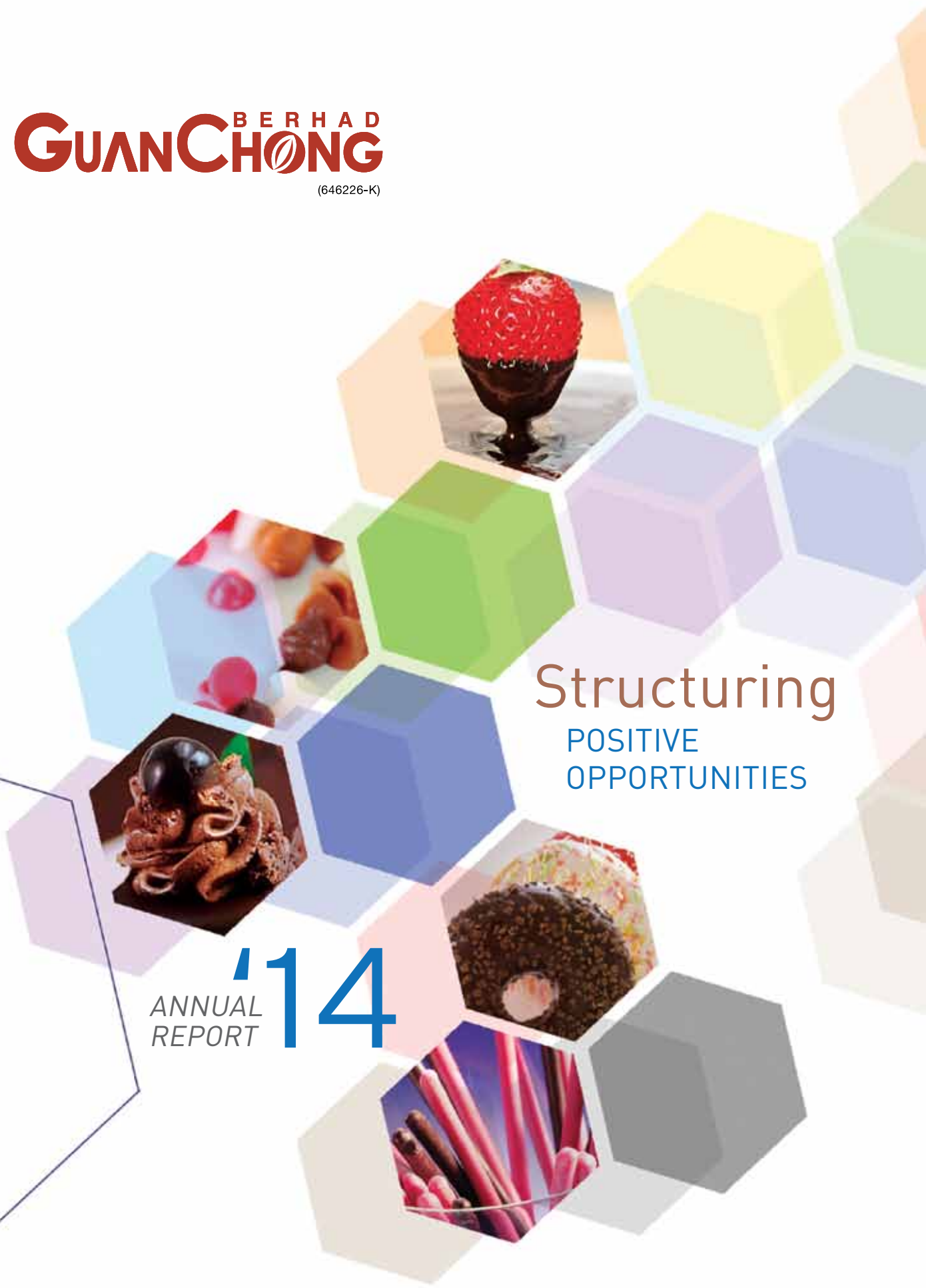


Structuring
POSITIVE
OPPORTUNITIES

ANNUAL
REPORT '14



11

Eleventh Annual General Meeting

Place: Sri Panti, 1st Hall, 2nd Floor,
Mutiara Hotel, Jalan Dato Sulaiman,
Taman Century, KB No. 779,
80990 Johor Bahru,
Johor Darul Takzim.

Time: Tuesday
16 June 2015
11.00am



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GUAN CHONG BERHAD (646226-K)
Annual Report 2014

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Corporate Information

BOARD OF DIRECTORS

YBhg Dato Dr. Mohamad Musa bin Md. Jamil
(Non-Independent Non-Executive Chairman)

Tay Hoe Lian
(Managing Director/Chief Executive Officer)

Tay How Sik @ Tay How Sick
(Executive Director/Chief Operating Officer)

Hia Cheng
(Executive Director/Chief Financial Officer)

Tan Ah Lai
(Independent Non-Executive Director)

YBhg Datuk Tay Puay Chuan
(Independent Non-Executive Director)

AUDIT COMMITTEE

Tan Ah Lai
(Chairman, Independent Non-Executive Director)

YBhg Dato Dr Mohamad Musa bin Md Jamil
(Member, Non-Independent Non-Executive Director)

YBhg Datuk Tay Puay Chuan
(Member, Independent Non-Executive Director)

NOMINATION COMMITTEE

YBhg Datuk Tay Puay Chuan
(Chairman, Independent Non-Executive Director)

YBhg Dato Dr Mohamad Musa bin Md Jamil
(Member, Non-Independent Non-Executive Director)

Tan Ah Lai
(Member, Independent Non-Executive Director)

REMUNERATION COMMITTEE

YBhg Dato Dr. Mohamad Musa bin Md. Jamil
(Chairman, Non-Independent Non-Executive Director)

Tan Ah Lai
(Member, Independent Non-Executive Director)

YBhg Datuk Tay Puay Chuan
(Member, Independent Non-Executive Director)

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

YBhg Datuk Tay Puay Chuan

SECRETARY

Pang Kah Man (MIA 18831)

REGISTERED OFFICE

No. 7 (1st Floor) Jalan Pesta 1/1
Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar Johor
Tel : 06-9541 705 Fax : 06-9541 707

PRINCIPAL PLACE OF BUSINESS

PLO 273, Jalan Timah Dua
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang Johor
Tel : 07-251 1588 Fax : 07-251 1711
Website : www.favorich.com

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6 Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301
Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7841 8000 Fax : 03-7841 8008

AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
No. 8 Jalan Pesta 1/1, Taman Tun Dr. Ismail 1
Jalan Bakri, 84000 Muar Johor

PRINCIPAL BANKERS

AmBank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
CIMB Bank Berhad
Bangkok Bank Berhad
HL Bank Singapore
Oversea-Chinese Banking Corporation Limited
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad

SOLICITORS

Chee Siah Le Kee & Partners

STOCK EXCHANGE LISTING

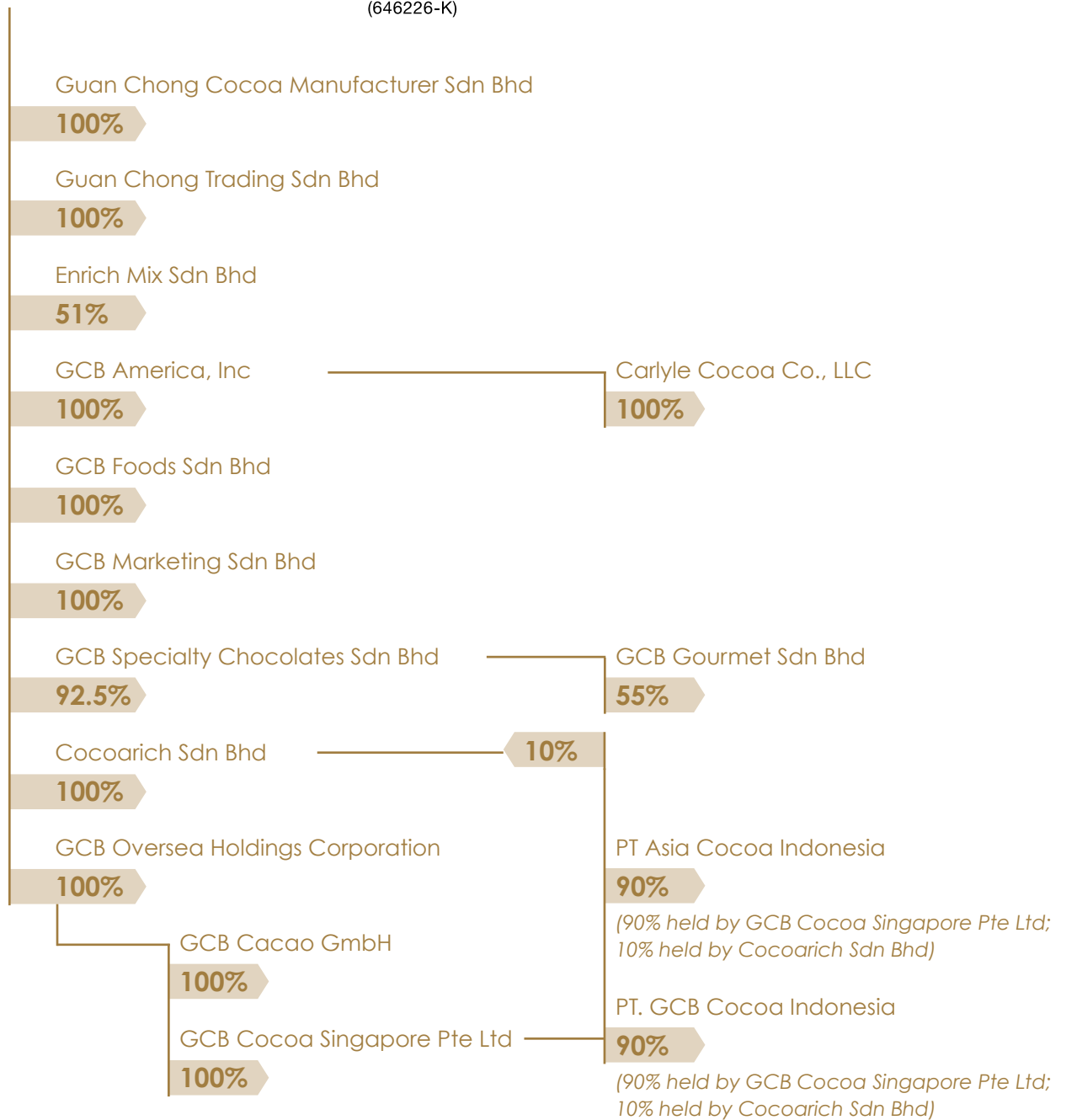
Main Market of Bursa Malaysia Securities Berhad
Stock Name : GCB
Stock Code : 5102

DATE OF LISTING

8 April 2005

GUAN CHONG BERHAD

(646226-K)



Financial Highlights

SUMMARIZED GROUP INCOME STATEMENT

	For The Financial Year Ended 31 December (RM'000)							
	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	464,111	694,335	642,650	1,160,058	1,381,282	1,453,259	1,362,713	1,818,871
EBITDA	29,438	23,716	32,510	122,171	161,325	175,163	39,191	20,854
Profit / (Loss) Before Taxation	17,619	9,531	20,741	111,089	145,842	150,279	7,871	(18,481)
Net Profit / (Loss) Attributable to Equity Holders	14,212	6,778	14,265	100,788	121,652	118,982	3,414	(17,558)

SUMMARIZED GROUP STATEMENT OF FINANCIAL POSITION

	As At 31 December (RM'000)							
	2007	2008	2009	2010	2011	2012	2013	2014
Total Non-Current Assets	116,795	115,852	112,007	154,498	250,768	339,292	430,845	440,249
Total Current Assets	189,827	216,906	299,083	329,996	660,416	805,009	1,092,583	1,017,694
Total Assets	306,622	332,758	411,090	484,494	911,184	1,144,301	1,523,428	1,457,943
Share Capital	60,000	60,000	60,000	60,000	79,936	119,629	119,629	119,629
Reserves	34,928	37,581	45,282	122,673	187,204	225,985	214,332	205,979
Treasury Shares	-	-	-	(20)	(5,195)	(5,195)	(5,195)	(5,195)
Shareholders' Equity	94,928	97,581	105,282	182,653	261,945	340,419	328,766	320,413
Minority Interests	1,436	1,763	2,031	4,722	6,348	3,905	4,908	3,958
	96,365	99,344	107,313	187,375	268,293	344,324	333,674	324,371
Total Non-Current Liabilities	23,637	25,777	33,743	26,804	22,056	128,583	137,381	172,904
Total Current Liabilities	186,620	207,637	270,034	270,315	620,835	671,393	1,052,374	960,669
	306,622	332,758	411,090	484,494	911,184	1,144,301	1,523,429	1,457,944

Financial Highlights

SUMMARIZED GROUP CASH FLOWS

	For the Financial Year Ended 31 Dec (RM'000)							
	2007	2008	2009	2010	2011	2012	2013	2014
Operating Profit Before Working Capital Changes	27,441	23,729	38,820	120,958	181,058	187,018	87,443	55,692
Net Cash Flows (Used in)/ From Operating Activities	2,575	(33,655)	(21,911)	85,099	(88,937)	14,272	(200,308)	136,613
Net Cash Flows (Used in)/ From Investing Activities	(34,400)	(7,872)	(4,194)	(44,424)	(107,197)	(112,462)	(101,092)	(22,775)
Net Cash Flows From/ (Used in) Financing Activities	29,738	42,587	36,187	(38,568)	196,020	136,788	281,081	(93,780)
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,087)	1,030	10,156	1,412	1,068	38,685	(25,912)	13,981
Cash and Cash Equivalents at Beginning of Year	792	(1,184)	(154)	10,002	11,414	12,482	51,167	25,255
Cash and Cash Equivalents at End of Year*	(1,184)	(154)	10,002	11,414	12,482	51,167	25,255	39,236

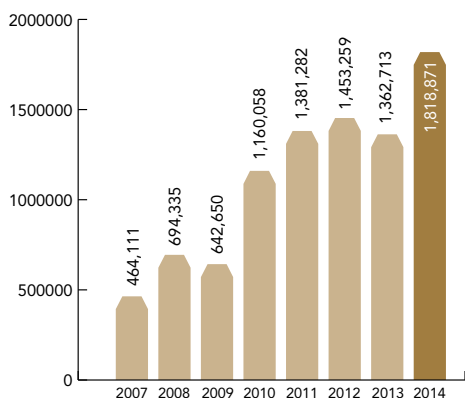
* including effect on exchange rate difference

	Financial Analysis							
	2007	2008	2009	2010	2011	2012	2013	2014
EBITDA Margin	6.34%	3.42%	5.06%	10.53%	11.68%	12.05%	2.88%	1.15%
Profit / (Loss) Before Tax Margin	3.80%	1.37%	3.23%	9.58%	10.56%	10.34%	0.58%	-1.02%
Net Profit / (Loss) Margin	3.06%	0.98%	2.22%	8.69%	8.81%	8.19%	0.25%	-0.97%
Free Cash Flow (RM'000)	(33,562)	(41,498)	(26,193)	44,737	(196,246)	(77,385)	(301,551)	113,339
ROE (Average Equity)	15.5%	7.0%	14.1%	70.0%	54.8%	39.6%	1.0%	-5.4%
ROA (Average Total Assets)	5.2%	2.1%	3.8%	22.5%	17.4%	11.6%	0.3%	-1.2%
Net Dividends Per Share (sen)*	1.12	0.25	1.38	8.71	7.50	8.70	3.00	0.00
Payout Ratio	42.3%	17.7%	46.3%	27.6%	29.4%	34.7%	418.5%	0.0%
Cash and Bank Balances (RM '000)	3,741	3,671	10,002	11,414	13,090	52,231	27,442	41,317
Total Borrowings (RM '000)	145,450	188,459	228,214	205,980	439,772	625,326	942,101	865,814
Gearing (net of cash)	1.49	1.89	2.07	1.07	1.63	1.68	2.78	2.57

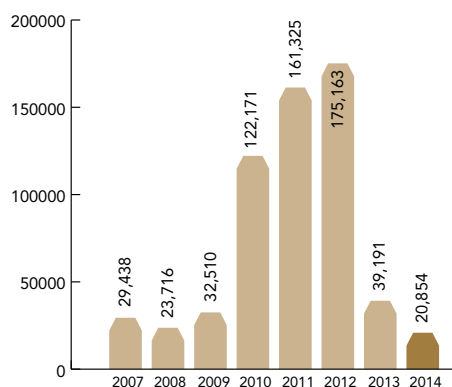
* Net DPS adjusted for 1-for-3 Bonus Issue in February 2011 and 1-for-2 Bonus Issue in September 2012

Financial Highlights

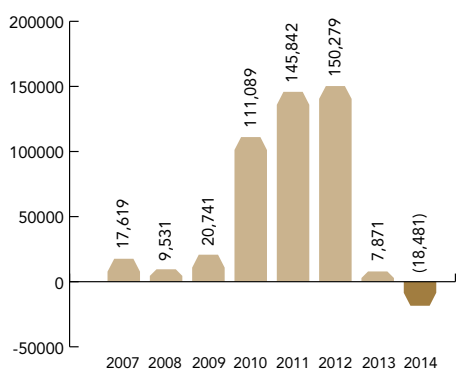
REVENUE (RM'000)



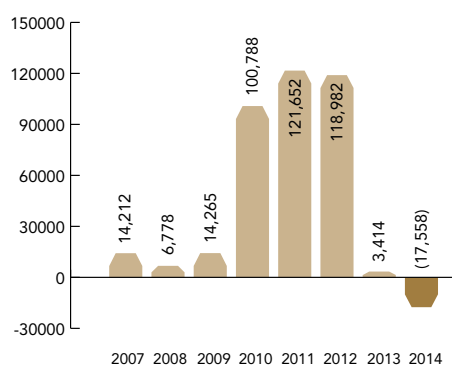
EBITDA (RM'000)



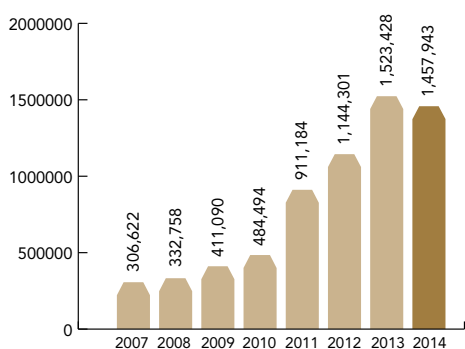
PBT (RM'000)



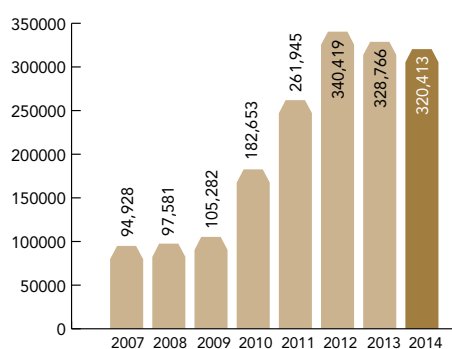
NET PROFIT (RM'000)



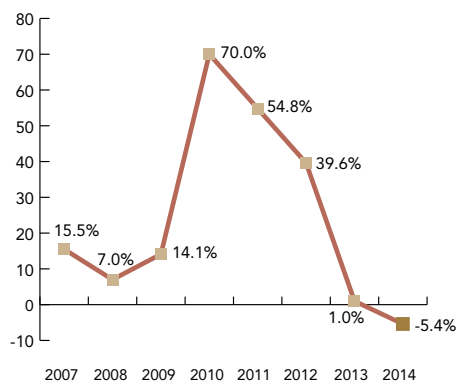
TOTAL ASSETS (RM'000)



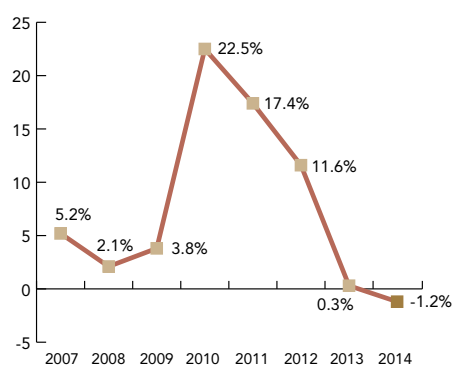
SHAREHOLDERS' EQUITY (RM'000)



RETURN ON AVERAGE EQUITY (ROE)



RETURN ON AVERAGE ASSETS (ROA)



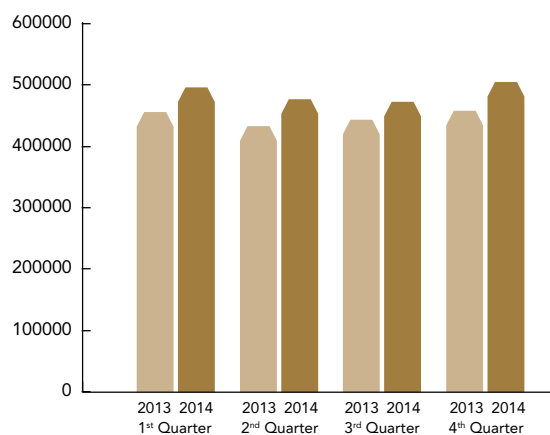
Financial Highlights

QUARTERLY ANALYSIS

Year Ended 31 Dec (RM'000)	2013	2014	% Chg
Turnover			
1st Quarter	364,283	479,620	31.7%
2nd Quarter	299,129	423,807	41.7%
3rd Quarter	328,287	411,551	25.4%
4th Quarter	371,014	503,893	35.8%
	1,362,713	1,818,871	-33.5%
Net Profit			
1st Quarter	16,539	5,283	-68.1%
2nd Quarter	7,427	(150)	-102.0%
3rd Quarter	(11,845)	(13,239)	11.8%
4th Quarter	(8,707)	(9,452)	8.6%
	3,414	(17,558)	-614.3%

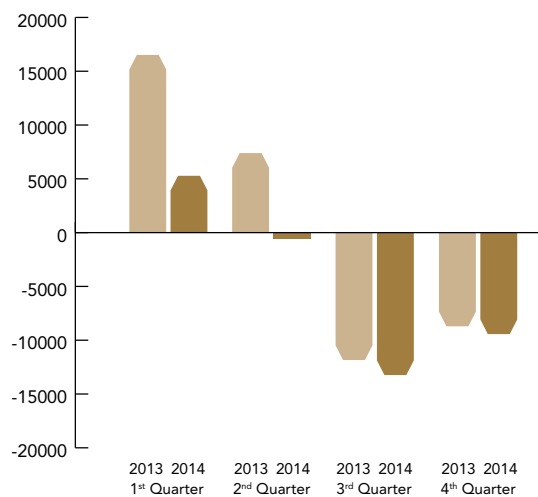
QUARTERLY REVENUE

(RM'000)



QUARTERLY NET PROFIT

(RM'000)



Board of Directors' Profile

YBHG DATO DR MOHAMAD MUSA BIN MD JAMIL

Malaysian • Aged 69

YBhg Dato Dr Mohamad Musa Bin Md Jamil was appointed the Executive Chairman of Guan Chong Berhad on 8 January 2005. He was re-designated as Non-Independent Non-Executive Chairman on 1 April 2013. He is responsible for the overall strategic business planning and advises on the product development activities of the Group. He graduated with a Bachelor of Science in Biology from University of Malaya in 1972. Upon his graduation, he joined Malaysian Agricultural Research & Development Institute (MARDI) (Crop Protection Division), as a research assistant and later promoted to the research officer. In 1979, he obtained a PhD, in Mycology and Plant Pathology from Queens's University, Belfast, Northern Ireland. In 1980, he held the position of research officer of MARDI (Cocoa and Coconut Research Division) and promoted to the position of Deputy Director in 1984. Later, in 1985, he became the Director of the Cocoa and Coconut Research Division. As a Director, he was responsible for planning, managing and overseeing all research programmes under this division. In addition, he was also involved in the implementation and development programmes for cocoa smallholders. In 1990, he joined MCB as the Deputy Director General (Market Development and Regulatory). He was in charge of marketing, promoting, licensing and grading of cocoa beans and cocoa products. He also represented

Malaysia in various meetings and trade negotiations held by International Cocoa Organisation (ICCO). In 1996, he was promoted to the post of Director General of MCB. As the Director General, he was responsible for planning, developing and managing of all research programmes which involved improvement of cocoa yield and quality as well as development of cocoa products and related downstream activities. In addition, he oversaw the implementation and enforcement of regulations on quality of cocoa beans and cocoa products. He held this position until he retired in 2001. Through the years, he has published more than 30 papers, mostly on cocoa. Currently, he is a member of Malaysian Plant Protection Society and Incorporated Society of Planters (ISP).

He is the Chairman of the Remuneration Committee of the Company. He is also the Member of the Audit Committee and Nomination Committee of the Company. He is not a director of any other public company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

He has attended all the five board meetings which were held in the financial year ended 31 December 2014.

TAY HOE LIAN

Malaysian • Aged 50

Tay Hoe Lian was appointed the Managing Director and Chief Executive Officer of Guan Chong Berhad on 8 January 2005. He graduated with a degree in Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA in 1993. Upon his graduation, he was appointed as manager of JB Cocoa Group Sdn Bhd's Transport Division and overseeing the operation of the division. In 1997, he joined Guan Chong Cocoa Manufacturer Sdn Bhd ("GCC") as the Marketing Manager and has successfully marketed cocoa powder to the European, Middle East and South American markets. In 1999, he was appointed as a Director of GCC and promoted to the position of General Manager in 2002 and Managing Director in 2003. He also held the position of Human Resource and Administration Manager of GCC since 2002. With his contribution, GCC has successfully expanded its production capacity to become one of the leading players in the regional cocoa bean processing industry in terms of processing capacity and market share.

He was elected a member of Malaysian Cocoa Board by Ministry of Plantation Industries and Commodities from 1 February 2013 to 31 January 2015.

He is not a director of any other public company. He is the cousin of Tay How Sik @ Tay How Sick, an Executive Director and shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

He has attended all the five board meetings which were held in the financial year ended 31 December 2014.

Board of Directors' Profile

TAY HOW SIK @ TAY HOW SICK

Malaysian • Aged 55

Tay How Sik @ Tay How Sick was appointed the Executive Director and Chief Operating Officer of Guan Chong Berhad on 8 January 2005. He has been a director and Factory Manager of Guan Chong Cocoa Manufacturer Sdn Bhd ("GCC") since 1989 and is currently in charge of the factory operations of GCC. As a director of JB Cocoa Group Sdn Bhd from 1987 to 2003, he was involved in the initial setting up of the cocoa beans processing plant including the building of factory, setting up the production line and machinery installation. Over the years, he has gained extensive knowledge and experience in the production of cocoa-derived food ingredients as well as maintenance and modification of machines to enhance production efficiency and improve the quality of cocoa-derived food ingredients. He is also a director and factory manager of Enrich Mix Sdn Bhd since 2002 and oversees the factory and processing of the products.

He is not a director of any other public company. He is the cousin of Tay Hoe Lian, the Managing Director and major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

He has attended all the five board meetings which were held in the financial year ended 31 December 2014.

HIA CHENG

Malaysian • Aged 50

Hia Cheng was appointed the Executive Director and Chief Financial Officer of Guan Chong Berhad on 8 January 2005. He obtained professional accounting qualification from The Chartered Association of Certified Accountants ("ACCA") in 1991 and became a fellow member of ACCA in 2001. He was with TH Liew & Gan, a local audit firm from 1986 to 1990. He joined Guan Chong Cocoa Manufacturer Sdn Bhd ("GCC") in 1991 as the Accounts Supervisor and has been actively involved in the administration, financial management and foreign currency management of GCC. In addition, he also carries out feasibility studies and investment appraisal for all of GCC's expansion projects. In 1996, he was promoted to his current position as Finance and Trading Manager of GCC. Since then, he has been heading the finance and trading department as well as sourcing cocoa beans and marketing of cocoa butter, cocoa liquor and cocoa cake. He has successfully strengthened GCC's relationships with its customers which include international trading companies.

He is not a director of any other public company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

He has attended all the five board meetings which were held in the financial year ended 31 December 2014.

Board of Directors' Profile

TAN AH LAI Malaysian • Aged 46

Tan Ah Lai was appointed as an Independent Non-Executive Director of Guan Chong Berhad on 26 October 2007. He is a fellow member of the Association of Chartered Certified Accountants, UK and a Chartered Accountant of the Malaysian Institute of Accountants. He started his career as an Audit Assistant in a public accounting firm in year 1994. In 2011, he incorporated his own consulting and accounting firm which provides accounting, tax and consultation services. He has extensive experience in financial and tax related work. Currently, he is an independent non-executive director of Crescendo Corporation Berhad.

He is the Chairman of the Audit Committee of the Company. He is also a Member of the Remuneration Committee and Nomination Committee of the Company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

He has attended all the five board meetings which were held in the financial year ended 31 December 2014.

YBHG DATUK TAY PUAY CHUAN Malaysian • Aged 51

YBhg Datuk Tay Puay Chuan was appointed as an Independent Non-Executive Director of Guan Chong Berhad on 8 January 2005. He started his career with the Polis DiRaja Malaysia, Bukit Aman in 1987 and later left the police force as a Police Inspector in 1992. He joined Fajar Sawmill Sdn Bhd as a Factory Manager from 1992 to 1997. In 1997, he obtained a Bachelor of Law (Honours) degree from University of London, UK. He was called to the Bar and admitted as an advocate and solicitor in 1998. He was the partner in Fazilah, Ong Chee Seong & Associates from 1998 to 2003 until he set up his own legal practice, Tay Puay Chuan & Co in Muar, Johor Darul Takzim in 2003. Currently, he is the Independent Non-Executive Director of Sern Kou Resources Berhad and Homeritz Corporation Berhad.

He is a Member of the Audit Committee and Remuneration Committee and the Chairman of Nomination Committee of the Company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

He has attended all the five board meetings which were held in the financial year ended 31 December 2014.

Dear Shareholders,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT TO YOU THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF GUAN CHONG BERHAD (GCB OR THE GROUP) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (FY2014).

Overall, the global cocoa industry was beset by several fundamental issues in 2014, namely the oversupply situation in the market, particularly cocoa powder, as well as the slowdown in demand in both emerging and developed markets. These factors drove prices of cocoa products down and affected the industry's profitability.

Ebola outbreak in the African continent had also severely paralyzed the supply of cocoa beans in the global market during the second half of the year, resulting in prices of cocoa beans shooting up, in light of the fact that the African continent accounts for more than half of the world's supply of cocoa beans. This had effectively swollen the working capital required for our operation.

The appreciating US Dollar towards the end of the year caused a rapid rise in costs too, in terms of raw materials and financing. This was particularly true for grinders based in Asia, which saw most of the region's currencies including Ringgit Malaysia sliding down.

Despite these difficult times, the Group's prospects remain positive as we believe that we are fundamentally strong and the current situation in the cocoa industry will not last permanently. More importantly, during the year we continued to see strong support from our loyal customer base, and dedication from our experienced and proven management team. We are confident that we will be in a better position to increase our sales to existing and new customers as they seek continued backing from the shrinking pool of cocoa ingredient suppliers, after having witnessed consolidation in the industry amongst the biggest cocoa processing companies in the world.

FY2014 FINANCIAL HIGHLIGHTS

The many challenges in the cocoa grinding industry in 2014 had no doubt affected our financial performance for the year under review.

In spite of this adverse situation, the Group achieved revenue of RM1.82 billion during the year, which was 33% higher than RM1.36 billion achieved in FY2013. The Group's higher topline was due mainly to the increase in sales tonnage during the year, as well as better prices of cocoa ingredients. The increase in sales tonnage is evident of the Group's ability to sustain its market share and our team's relentless efforts in meeting our customers' demand and capturing new sales.

FY2014 saw GCB posting a group loss after taxation and non-controlling interest amounting to RM17.3 million, compared to a net profit of RM4.3 million in the previous financial year. This was mainly due to lower margin as a result of an oversupply situation in the cocoa ingredient market.

In addition, with substantial portion of our costs of sales and borrowings in US Dollar, the appreciating US Dollar resulted in close to RM32.3 million foreign exchange losses, both realized and unrealized. This was further compounded by the still-depressed prices of cocoa solids; and for prudence sake, we provided an inventory write down of RM19.9 million during the year.

Although we weathered through this storm comparatively well in the cocoa industry, we ended FY2014 as our first loss-making year, after our listing on the Main Market of Bursa Malaysia in 2005. The RM17.3 million loss is equivalent to a basic loss per share of 3.69 sen, versus a basic earnings per share of 0.72 sen previously. We are optimistic that we can navigate through these challenges and excel again when the cocoa market returns to normalcy.

In terms of the Group's balance sheet, we continued to seek ways to reduce our gearing during the year.

As at end-FY2014, our total borrowings after netting off cash and cash equivalents stood at RM824.5 million, versus RM914.7 million previously. The improvement was in line with our focus on reducing our inventories as we started the year. The ending inventories stood at RM724.6 million, which was approximately 15% lower than before.



Chairman's Statement

DIVIDEND

Due to our financial performance, the Board will remain prudent with our cash flows management and thus will not declare any dividends in respect of FY2014.

We hope to resume the practice when we successfully turnaround the Group in the future.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

GCB remains committed to CSR - to acting responsibly, operating sustainably, and contributing to the communities in which we work in. There is no doubt that the Group have witnessed the positive impact that CSR had on the wellbeing of our employees, the environment, and our business operations. Thus, we believe that the implementation of CSR initiatives is vital for generating value for shareholders and to the Group.

Some highlights of our CSR initiatives include our cocoa processing factories having obtained Rainforest Alliance certification and UTZ certification, as well as contributing our effort to support chain of custody for sustainability programs for cocoa farming. These efforts reflect our principles of embracing sustainability standards.

The Group's CSR initiatives are highlighted in the Statement on Corporate Social Responsibility of the Annual Report.

CORPORATE GOVERNANCE

The Board of GCB is a strong advocate of good and sound corporate governance. Moreover, the Board is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders.

The implementation methods are highlighted in the Corporate Governance Statement of the Annual Report.

APPRECIATION

In conclusion, I wish to express my gratitude to our dedicated and committed management team and staff, who have helped pull through an otherwise challenging year for the Group. On behalf of the Board, I would also like to thank our loyal customers, suppliers, business associates, and the various regulatory authorities for the continued support and trust in the Group.

Finally, I would like to express my warmest appreciation to my fellow Board members and our faithful shareholders for the unfailing cooperation and guidance throughout these years.

Thank you.

Dato' Dr Mohamad Musa bin Md Jamil
Chairman

Statement on Corporate Social Responsibility

Guan Chong Berhad ("GCB" or "the Group") acknowledges that our corporate responsibility is as much about making profits for our shareholders as it is about creating a sustainable business environment for the benefits of our other stakeholders, such as our employees, our customers and suppliers, the natural resources that we use for our business, and the society at large.

At GCB, our corporate social responsibility ("CSR") activities are generally in line with Bursa Malaysia Securities Berhad's CSR framework. During the year under review, we have focused our CSR activities in the following four key areas.

THE WORKPLACE

The Group aims to create a positive work culture in our workplace where our employees are able to constantly learn new skills and improve their efficiency in carrying out their tasks, with the intent of improving their quality of living as an individual.

We recognise the value of our employees, therefore see the need to care for their wellbeing, in order to safeguard the Group's human capital. In addition, we also strongly believe in equal opportunity for all employees as our main CSR guideline, so as to attract and retain talents in our organization.

The case in point for talent retention was the presentation of long service awards to our loyal and dedicated employees. With our corporate history extending more than 30 years, we are proud to have quite a number of them being with us for over two decades. These tokens of appreciation were given out to those who have completed 5, 10, 15, 20, and 25 years of service.

A recurring CSR activity that the Group upholds is the organization of sports events for the employees. The objectives are not only to keep everyone healthy but also to encourage camaraderie. Some of the events include badminton tournaments, bowling outings, inter-department football and futsal competitions.

THE MARKETPLACE

The success of GCB is based on the Group's strong foundation in understanding its marketplace, meanwhile providing our diverse clientele with excellent product offerings and services.

In order to ensure impeccable quality in our products to our customers and subsequently their end-consumers, GCB has not only committed to responsible production with the highest level of ethical standards in accordance to internationally recognised values on human rights, labour and environment, but also ensured our suppliers of raw materials and inputs comply with the very standards that we adhere to.

For instance, we source our cocoa beans only from UTZ certified suppliers, so that our clients are assured of the sustainability of our supply chain.

In FY2014, we raised our standards further by fulfilling the requirement to be a member of Sedex, i.e. Supplier Ethical Data Exchange, alongside the increased number of multinational corporation customers in our portfolio.

In addition, we continued a project we started in 2013 in collaboration with the Cocoa Association of Asia by engaging in a cocoa cultivation initiative in the region. This project was aimed to increase production and yield of cocoa crops through the introduction of model farming to cocoa farmers in the region by education.



Statement on Corporate Social Responsibility

THE ENVIRONMENT

We are mindful of the limitations in the supply of natural resources. The health of the cocoa industry that we are in is highly dependent on how the various stakeholders play their role in safeguarding sustainability. At GCB, we aim to do our part as a cocoa grinder and processor to protect our environment, by being efficient in our production to minimise waste and to ensure that the Group's carbon footprint remains low.

Our core values with regard to the environment comprises the protection of biodiversity, a recycling-oriented society, and emphasising on global environmental issues.

The Group's initiatives as such include finding ways to optimize on energy requirements for our production processes, as well as installing waste water treatment equipment at our facilities to protect our rivers. Our new industrial chocolate plant at PTP is a good example as it is equipped with state of the art equipment for energy saving and waste management.

We also emphasize to our employees on the importance of recycling, as we place recycling bins throughout our plants to cultivate the recycling habit and create tangible reminders to be environmental friendly.

THE COMMUNITY

GCB derives its profitability from consumers in the society as an enterprise that produces cocoa ingredients that are eventually used in the production of many food and beverage products. Therefore, we believe in contributing back to the society in ways that show our appreciation. In the past, we have undertaken ad-hoc projects of supporting orphanages, welfare houses, and the like with donations in cash and in-kind.

In FY2014, our charitable activities include making a donation to a religious entity for its welfare program. In addition, we initiated a donation drive to raise money for some of our employees whose homes and families in the East Coast were badly affected by the flood in end 2014. The amount raised will come from fellow workers and the management to help the victims rebuild their homes.

Statement of Corporate Governance

The Board of Directors of the Company ("the Board") recognizes the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board having duly considered the rationale for the said exception as explained in this Annual Report is committed to the establishment and implementation of a proper framework for governance and controls that are consistent with the principles recommended in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and other applicable laws, regulations, directives and guidelines.

This corporate governance statement ("Statement") sets out the adoption and practices of the principles and recommendations as set out in the MCCG 2012 and the relevant chapters of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") on corporate governance.

The manner in and the extent in which the corporate governance framework is applied throughout the financial year ended 31 December 2014 is summarized as follows:

PRINCIPAL 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT

Principle Responsibilities of the Board of Directors

The Board directs the risk assessment, strategic planning, succession planning and financial and operational management of the Company and each of its subsidiaries (collectively referred to as "the Group" or "GCB Group") to ensure that obligations to shareholders and other stakeholders are understood and met. The Board provides the leadership necessary to enable the Group's business objectives to be met within the framework of internal controls described in this Statement.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Group, including giving inputs to address the sustainability of the Group's business;
- overseeing the conduct of the Group's business, including the Group's and Management Team's performance, and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient caliber, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- giving inputs to the development and implementation of an investor relations programme and stakeholder communications policy; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to which it has delegated certain responsibilities. The Board Committees have their roles and functions, written terms of reference, operating procedures and authority to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Board Committees prior to submission as agenda items for deliberation at the meeting of the Board. The ultimate responsibility for decision making, however, still lies with the Board. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance.

Clear roles and responsibilities

The Board has a collective responsibility for the management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.



Statement of Corporate Governance

PRINCIPAL 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT (Cont'd)

Clear roles and responsibilities (Cont'd)

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. To enhance accountability, the Board has specific functions reserved for the Board and those delegated to the Management. There is a schedule of key matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Group are in its hands.

Key matters reserved to the Board for decision comprise the following:

- acquisition and disposal or closure of a business;
- declaration of dividends and approval of financial statements, including accounting policies of the Group;
- establishment of new businesses;
- annual strategic plan;
- capital investment and disposal of tangible assets from existing business to third party;
- increase or reduction by a subsidiary of its authorized or issued capital;
- financing on the Group's activities;
- any corporate restructuring not covered by the above-mentioned paragraphs; and
- the change of name of any company in the Group and establishment of any new company.

Code of Ethics for Directors and Code of Conduct

Board Conduct

The Board recognizes the importance of establishing a single source of reference for Board activities through a Board Charter as recommended by the MCCG 2012. As such, the Board has adopted a Board Charter to clearly delineate the roles of the Board, Board Committees and Management in order to provide a structured guidance for Directors and Management regarding their responsibilities of the Board, its Committees and Management, including the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities. The salient features of the Board Charter are also accessible by the public through the Company website www.guanchong.com.

Conflict of Interest and Related Party Transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

Trading on Insider Information

The Directors and employees of the Group are prohibited from trading in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced.

Directors are also prompted not to deal in the Company's shares at any point when price sensitive information is shared with them, occasionally in the form of Board papers.

Code of Ethics and Code of Conduct

Apart from the above, the Board recognizes the importance of establishing a Code of Ethics and Code of Conduct (collectively referred to as the "Code") as recommended by the MCCG 2012. As such, the Board has formalized such Code which aims to instill, internalize and uphold the value of 'uncompromising integrity' in the behavior and conduct of the Board of Directors, Management, employees and all stakeholders of the Company.

Statement of Corporate Governance

PRINCIPAL 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT (Cont'd)

Promoting Sustainability

The Company manages its business responsibly by managing the economic, social and environmental aspects of its operations. The Company produces the annual report, which highlights the financial aspects of the business and provides a clear, comprehensive and transparent representation of the Company's performance annually.

Access to Information and Advice

The Board and the Board Committees receive timely and up-to-date information and the Company Secretary, under the direction of the Chairman, to ensure a balanced flow of information is disseminated for decisions to be made on an informed basis and for the effective discharge of the Board's responsibilities. Prior to the Board and the Board Committees meetings, a formal and structured agenda, together with a set of Board and Board Committees papers, are forwarded to all Directors at least seven (7) days prior to the Board and Board Committees meetings, to enable the Board to make decisions and for Directors to be prepared to deal with matters arising from such meetings. The Board firmly believes that effective deliberation and its decision making process is highly dependent on the quality of information furnished by Management.

Presentations to the Board and the Board Committees are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter. In addition, reading materials on the subject matter are prepared and circulated prior to each meeting to assist Directors in having an understanding of the subject matter. The Management Team and external advisers are invited to attend Board and Board Committees meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.

The Company Secretary of the Company is a person with legal qualifications, and is qualified to act as company secretary under Section 139A of the Companies Act, 1965. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her functions. All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and their impact and implication to the Company and Directors in carrying out their fiduciary duties and responsibilities.

The Company Secretary organizes and attends all Board and Board Committees meetings and ensures meetings are properly convened; accurate and proper records are maintained accordingly at the Registered Office of the Company, and produced for inspection, if required. The removal of the Company Secretary is a matter for the Board, as a whole to decide.

PRINCIPLE 2 : STRENGTHEN THE COMPOSITION OF THE BOARD

The Composition of the Board

The Board consists of six (6) members, comprising one (1) Non-Independent Non-Executive Chairman, three (3) Executive Directors including the Managing Director/Chief Executive Officer and two (2) Independent Non-Executive Directors. The Board members provide an effective Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. Furthermore, there is effective check and balance on the Board, with one third (1/3) of the Board members being Independent Non-Executive Directors.

The Board has identified YBhg Datuk Tay Puay Chuan as the Senior Independent Non-Executive Director of the Company to whom concerns may be conveyed. A brief description of the background of each Director is presented in the Directors' Profile on pages 8 to 10 of this Annual Report.



Statement of Corporate Governance

PRINCIPLE 2 : STRENGTHEN THE COMPOSITION OF THE BOARD (Cont'd)

Nomination Committee – Selection and Assessment of Directors

The Nomination Committee was established on 26 April 2005 and is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board. As and when the need arises, the Nomination Committee shall also identify and recommend candidates with the necessary qualities to strengthen the Board.

On appointment of new Directors, the Management would facilitate the Directors' induction by providing the Directors with relevant information about the Group and encouraging them to visit the sites of the Group's operating units and meet with key senior executives.

The Nomination Committee chaired by the Senior Independent Non-Executive Director, comprises wholly of Non-Executive Directors, with a majority of whom are independent. The members of the Nomination Committee are:

- (i) YBhg Datuk Tay Puay Chuan (*Chairman, Independent Non-Executive Director*)
- (ii) YBhg Dato Dr. Mohamad Musa bin Md. Jamil (*Member, Non-Independent Non-Executive Director*)
- (iii) Tan Ah Lai (*Member, Independent Non-Executive Director*)

The Nomination Committee operates under its terms of reference and had one (1) meeting during the financial year ended 31 December 2014. This meeting was attended by all members.

The Board through the Nomination Committee's annual appraisal, believes that the current composition of the Board brings the requisite mix of skills and core competencies required for the Board to discharge its duties effectively. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a formal selection process. This process has been reviewed, approved and adopted by the Board. New candidates will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, that all necessary information is obtained, as well as legal and regulatory obligation are met.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("AGM") provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

The Nomination Committee is tasked to review succession plans and boardroom diversity and to develop criteria for the assessment of the Board, Board Committees and individual Directors, including where appropriate, criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors and to assess the contribution and performance of members of the Board. The Board recognises that gender diversity as encouraged by Bursa Securities, is critical to a well-functioning Board and an essential measure of good governance. However, the appointment of a new Board member shall not be guided solely by gender but rather the skills-set, experience and knowledge of the candidate. Currently, the Company does not have a female member of the Board and will evaluate and assess the possibility of appointing any female member to the Board.

In respect of the assessment for the financial year ended 31 December 2014, the Board, through the Nomination Committee assessed and was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between Executive Directors, Non-Executive and Independent Directors and mix of skills was adequate.

The Nomination Committee will also ensure that orientation programme is provided for new members of the Board and is also tasked to review the Directors' continuing education programmes.

Statement of Corporate Governance

PRINCIPLE 2 : STRENGTHEN THE COMPOSITION OF THE BOARD (Cont'd)

Nomination Committee – Selection and Assessment of Directors

The Nomination Committee has accessed to any form of independent professional advice, information and the advice and services of the Company Secretary, if and when required, in carrying out its functions. Directors seeking re-election and re-appointment abstain from all deliberations regarding his/her re-election and re-appointment to the Board and/or Board Committees. The Nomination Committee shall meet at least once in a financial year or more frequent if needed.

Remuneration Committee – Directors' Remuneration

The Remuneration Committee was established on 26 April 2005 and is primarily responsible for the development and review of the remuneration policy and packages for the Board members. The Remuneration Committee comprises wholly of Non-Executive Directors. The members of the Remuneration Committee are as follows:

- (i) YBhg Dato Dr. Mohamad Musa bin Md. Jamil (*Chairman, Non-Independent Non-Executive Director*)
- (ii) Tan Ah Lai (*Member, Independent Non-Executive Director*)
- (iii) YBhg Datuk Tay Puay Chuan (*Member, Independent Non-Executive Director*)

The Remuneration Committee had one (1) meeting during the financial year ended 31 December 2014. This meeting was attended by all members.

The remuneration policy aims to attract and retain Directors necessary for proper governance and hence success of the Group. The Remuneration Committee is responsible for recommending the remuneration packages of Executive Directors to the Board. None of the Executive Directors participated in any way in determining their individual remuneration. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The Board as a whole recommends the remuneration of Non-Executive Directors in accordance with the fiduciary duties, experience, level of responsibilities undertaken and time commitments expected of Non-Executive Directors and Board Committee members with individual Directors abstaining from decision in respect of their individual remuneration. The Board, where appropriate, recommends payment of fees to Directors for approval by shareholders at the Company's AGM.

Directors' Remuneration

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 December 2014, by category and in successive bands of RM50,000 are as follows:

	Executive Directors RM	Non-Executive Directors# RM	Total RM
Fees	150,000	90,000	240,000
Salaries & Allowances	2,427,934	5,400	2,433,334
Bonuses	-	15,000	15,000
EPF & SOCSO	92,291	-	92,291
Share options granted under ESOS	-	-	-
Benefits-in-kind	65,275	-	65,275

Statement of Corporate Governance

PRINCIPLE 2 : STRENGTHEN THE COMPOSITION OF THE BOARD (Cont'd)

Directors' Remuneration (Cont'd)

	Number of Directors		Total
	Executive Directors	Non-Executive Directors#	
RM1 to RM50,000	-	3	3
RM600,000 - 650,000	1		1
RM900,000 - 950,000	1	-	1
RM1,200,000 - 1,250,000	1	-	1

In respect of the non-disclosure of detailed remuneration of each director, the Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented in this Statement.

PRINCIPLE 3 : REINFORCE INDEPENDENCE OF THE BOARD

Independence of the Board

The responsibilities of the Chairman and Chief Executive Officer are clearly divided in accordance with the requirements of the MCCG 2012 to ensure that there is a balance of power and authority. The Chairman, a Non-Independent Non-Executive Director is primarily responsible for ensuring the effective conduct of the Board. Executive management led by the Managing Director/Chief Executive Officer who is responsible for the day to day management of the business as well as the implementation of the Board policies, decisions and operational effectiveness.

The Independent Directors provide the necessary independent perspective and rigour in the formulation of strategies, deliberation of issues and implementation of major undertakings to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented. The Board, through the Nomination Committee reviewed and was satisfied that all such Directors had satisfied the criteria for an Independent Director as prescribed in the Listing Requirements and Practice Note 13. This mixture of experience and expertise is deemed necessary in light of the increasing challenging economic and operating environment in which the Group operates.

Having a Non-Independent Chairman, the two Independent Directors have not formed a majority on the Board of Directors. However, the Board continues with the view that although with the representative of major shareholder on the Board, its existing two (2) Independent Non-Executive Directors, with their extensive knowledge and experience would be able to represent the investment of the public and the minority shareholders. They are independent of Management and free from any undue influence from interested parties which could materially interfere with the exercise of their independent judgment. They play a significant role in bringing impartiality and scrutiny to Board deliberations and decision making, and also serve to stimulate and challenge the Management in an objective manner.

The MCCG 2012 provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements on independence and recommend to the Board for its consideration.

Statement of Corporate Governance

PRINCIPLE 3 : REINFORCE INDEPENDENCE OF THE BOARD (Cont'd)

Tenure of Independent Director

YBhg Datuk Tay Puay Chuan was appointed as Independent Director since 8 January 2005 and resumed the role as Senior Independent Director of the Company. Pursuant to Recommendation 3.2 of the MCCG 2012, YBhg Datuk Tay Puay Chuan will have served as Independent Director for a period of more than nine (9) years by 16 June 2015 the scheduled date for the 2015 AGM.

Pursuant to Recommendation 3.3 of the MCCG 2012 and notwithstanding his long tenure in office; the Board is unanimous in its opinion that YBhg Datuk Tay Puay Chuan's independence has not been compromised or impaired in any way after having noted the following considerations during the review and assessment of his independence:

- He continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements;
- During his tenure in office, he has not developed, established or maintained any significant relationship which would impair his independence as an Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out his duties as Independent Non-Executive Director and Chairman or member of the Board's Committees;
- During his tenure in office, he has never transacted or entered into any transactions with, nor provided any services to the Company and any of its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of Listing Requirements;
- He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group; and
- During his tenure in office as Independent Non-Executive Director in the Company, he has not been offered or granted any options by the Company. Other than Director's fees and allowances paid which has been an industry norm and within acceptable market rates, duly disclosed in this Annual Report, no other incentives or benefits of whatsoever nature had been paid to him by the Company.

Accordingly the Board strongly recommends retaining YBhg Datuk Tay Puay Chuan as Independent Non-Executive Director and will be tabling an Ordinary Resolution to shareholders at the 2015 AGM for the said purpose.

PRINCIPLE 4 : FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily schedules four (4) meetings in a year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

A total of five (5) Board Meetings were held for the financial year ended 31 December 2014. The details of attendance of each Board Member are as follows:

<i>Name of Directors</i>	<i>Attendance</i>
YBhg Dato Dr. Mohamad Musa bin Md. Jamil	5/5
Tay Hoe Lian	5/5
Tay How Sik @ Tay How Sick	5/5
Hia Cheng	5/5
Tan Ah Lai	5/5
YBhg Datuk Tay Puay Chuan	5/5

Statement of Corporate Governance

PRINCIPLE 4 : FOSTER COMMITMENT OF DIRECTORS (Cont'd)

Time Commitment

Where any direction or decisions are required expeditiously or urgently for the Board between the regular meetings, special meetings of the Board are convened by the Company Secretary, after consultation with the Chairman. The agenda for the meeting of the Board are set by the Company Secretary in consultation with the Chairman and the Managing Director/Chief Executive Officer.

Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

The agenda, the relevant reports and Board papers are furnished to Directors in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year, namely, presentation on quarterly reports; the quarterly unaudited consolidated results; recommendations of the various Board Committees; announcements to Bursa Securities; the Company's audited financial statements; the Company's annual report which includes Statement on Corporate Social Responsibility, this Statement, Statement of Risk Management and Internal Control, Audit Committee Report and Statement of Directors' responsibilities. Members of the Management Team or external advisors are invited, as and when required, to attend the Board and/or Board Committees meetings to advise and furnish the members of the Board and/or Board Committees with information and clarification relating to the items on the agenda for effective discussion and decision making.

All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment.

Directors' Training

Under the Listing Requirements, the Nomination Committee has assumed the onus of determining or overseeing the training needs of the Directors. All the Directors have attended the Mandatory Accreditation Programme.

During the financial year ended 31 December 2014, all Directors have attended relevant courses and training programmes to enhance their knowledge to effectively discharge their duties and obligations.

The courses and training programmes attended by the Directors are as follows:

Name of Director	Courses/Training Programmes Attended
YBhg Dato Dr. Mohamad Musa bin Md. Jamil	Advocacy Session on Corporate Disclosure for Directors
Tay Hoe Lian	GST Awareness & Implications Leadership Effectiveness Zone 2014 Economy Update Superior Decision – Making & Execution
Tay How Sik @ Tay How Sick	Goods & Services Tax (GST)
Hia Cheng	Goods & Services Tax (GST) World Cocoa Conference
Tan Ah Lai	Goods & Services Tax (GST) Nominating Committee Programme 2: Effective Board Evaluation 2014 National Conference on Internal Auditing Embracing Chance 2015 Budget Seminar
YBhg Datuk Tay Puay Chuan	Strategy for Corporate Sustainability under Economic Pressure

Statement of Corporate Governance

PRINCIPLE 4 : FOSTER COMMITMENT OF DIRECTORS (Cont'd)

Directors' Training (Cont'd)

The Directors are mindful that they shall continue to undergo the relevant training programmes in order to stay abreast with the latest developments in the industry and to better enable them to fulfill their responsibilities.

The Company Secretary and external auditors have also regularly updated the Directors on the latest relevant regulatory requirements and accounting standards to enable them to keep abreast with such developments and amendments.

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders, as well as the interview with the Managing Director/Chief Executive Officer and review of the Group's operations in this Annual Report.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors ensure that accounting standards approved by the Malaysian Accounting Standards Board in Malaysia and the provisions of the Companies Act, 1965 are complied with and reasonable and prudent judgments and estimates have been made. The Directors' overall responsibilities also include taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the Financial Statements set out in this Annual Report.

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee on 10 January 2005. The composition of the Audit Committee, including its roles and responsibilities are set out in this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board's obligation to establish formal and transparent arrangements in considering how it should apply financial reporting and internal controls, and maintaining an appropriate relationship with the Group's external auditors is met through the Audit Committee. The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before audit commences. The Audit Committee ensures that the Management provides timely response on any material queries raised by the external auditors, in respect of the accounting records, financial accounts or system of controls. The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors. The Audit Committee works closely with the external auditors in establishing procedures in assessing the sustainability and independence of the external auditors.



Statement of Corporate Governance

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS OF THE GROUP

The Board recognizes its responsibility over the principal risks of various aspects in the Group's business. In the absence of the Risk Management Committee, the Board oversees the risk management framework of the Group.

The responsibilities of identifying and managing risks are delegated to the respective Head of each business units. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The Board is fully aware of the importance of the internal audit function and has outsourced this function to an independent consulting service provider to provide an independent appraisal over the system of internal control of the Group to the Audit Committee.

The internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business unit of the Group. Scheduled internal audits are carried out by the internal auditors based on the approved internal audit plan. The internal auditors provide quarterly reports to the Audit Committee, reporting on the outcome of the audits conducted which highlight the effectiveness of the system of internal control and significant risks. The Audit Committee reviews and evaluates the key concerns and issues raised by the internal auditors and ensures that appropriate and prompt remedial action is taken by the Management.

The key features of the risk management and internal controls are set out in the Statement on Risk Management and Internal Control as stated on pages 31 to 35 of this Annual Report.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

An essential aspect of an active and constructive communication policy is the promptness in disseminating information to shareholders and investors. The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures pertaining to the Group to the regulators, shareholders and stakeholders of the Company.

The Company acknowledges the need for investors to be informed of all material business and corporate developments affecting the Group.

The timely release of quarterly results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affairs of the Group. These, together with the announcements to Bursa Securities, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information by the Company to its investors, stakeholders and the public generally. This information is also accessible by the public through the Bursa Securities' website at <http://www.bursamalaysia.com>.

In addition, the Company's website at www.guanchong.com provides information on the Group's business, corporate development and announcements to Bursa Securities. Other information relevant to shareholders and investors such as Annual Reports, circulars to shareholders and quarterly reports are available for download at the Company's website.

Statement of Corporate Governance

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHREHOLDERS

The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders.

Annual Report and shareholder participation at general meetings

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Board provides its shareholders and investors with information on its business, financials and other key activities in this Annual Report, which contents are continuously enhanced to take into account the developments, amongst others, in corporate governance.

Annual Report and shareholder participation at general meetings (Cont'd)

The Company's AGM provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group. Shareholders are encouraged to attend and participate at the AGM by raising questions on the resolutions being proposed or on the Group's business operations in general. The Notice of the AGM and related documents are issued to the shareholders at least twenty-one (21) days before the meeting. Shareholders who are unable to attend are allowed to appoint proxies. Members of the Board, the external auditors and where applicable, other advisers of the Company are present to answer queries at the AGM as well as to discuss with shareholders and invited attendees and members of the press. Shareholders and the public can convey their concerns and queries to the Company's Senior Independent Non-Executive Director. All the resolutions set out in the Notice of the AGM are put to vote by show of hands. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of votes received, both for and against each separate resolution where appropriate. The Company shall endeavor, whenever possible, to put to vote of substantive resolutions at the AGM by poll. The outcome of the AGM is announced to Bursa Securities on the same meeting day.

Communication and engagement with shareholders

The Company recognizes the importance of being transparent and accountable to its stakeholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally.

The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the annual and extraordinary general meetings and through the Company's corporate website at www.guanchong.com, from which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company.

COMPLIANCE STATEMENT

The Board is pleased to report that this Statement provides the corporate governance practices of the Company with reference to the MCCG 2012. The Board considers and is satisfied that the Company has fulfilled its obligations under the broad Principles as set out in the MCCG 2012. However, the Board has reserved several of the Recommendations and their Commentaries and has rationalized and provided justifications for the deviations in this Statement. Nevertheless, the Company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

This Statement was presented and approved at the meeting of the Board on 21 April 2015.



Audit Committee Report

MEMBERSHIP

Chairman: Tan Ah Lai (*Independent Non-Executive Director*)

Members : YBhg Dato Dr. Mohamad Musa bin Md. Jamil (*Non-Independent Non-Executive Director*)
YBhg Datuk Tay Puay Chuan (*Independent Non-Executive Director*)

TERMS OF REFERENCE

Objectives

The primary objective of the Audit Committee is to assist the Board in fulfilling their responsibilities relating to accounting and reporting practices of the Group. In addition, the Audit Committee will:-

- oversee and appraise the quality of the audit conducted by the Company's external auditors and where applicable, the internal auditors in order to strengthen the confidence of the public in the Group's reported results;
- maintain, by scheduling regular meetings, open lines of communication amongst the Board, the external auditors and where applicable the internal auditors, to exchange view and information as well as to confirm their respective authority and responsibilities;
- provide emphasis on the internal audit function by increasing the objectivity and independence of the internal audit personnel and provide a forum for discussion that is independent of management;
- review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient;
- provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the Company's administrative, operating and accounting controls; and
- act upon the Board's request to investigate and report on any issues or concerns on the management of the Group.

Composit

The Audit Committee shall be appointed by the Board from among their members and composed no fewer than three (3) members. All the Audit Committee members must be Non-Executive Directors of which a majority shall be Independent Directors.

At least one (1) Member of the Audit Committee:-

- must be a Member of the Malaysian Institute of Accountants (MIA); or
- if he is not a Member of MIA, he must have at least three (3) years' working experience and :-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - 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
- he must have
 - a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - at least seven (7) years' experience being a chief financial officer of a corporation or having the function primarily responsible for the management of the financial affairs of a corporation.

TERMS OF REFERENCE (Cont'd)

Composition (Cont'd)

The Members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

In the event that if a Member of the Audit Committee vacates office resulting the total number reduced to below three (3), the Board shall, within three (3) months of that event, appoint a new Member to make up the minimum number of three (3).

Meetings

The Audit Committee will meet at least once a quarter and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting if a request is made by any Committee member, the Company's Managing Director/Chief Executive Officer, the external auditors or the internal auditors where applicable. However, the Audit Committee should meet with the external auditors without the presence of the executive directors, at least twice a year. The Chairman may appoint a secretary responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to Audit Committee members and to other members of the Board.

A quorum for a meeting shall be two (2) members with the majority of the members present shall be Independent Directors. The Board must prepare an Audit Committee Report at the end of the financial year in the Annual Report of the Company which summarises the Audit Committee's activities during the year and the related significant findings noted.

Authority

The Audit Committee is authorised to investigate any activity of the Company within its Terms and Reference and all employees shall be directed to co-operate with any request made by the Audit Committee. The Audit Committee shall have unrestricted access to any information pertaining to the Company and have direct communication channels with the external and internal auditors, when applicable and to the senior management of the Group. The Audit Committee shall be empowered to retain persons or experts having special competence as necessary to assist the Audit Committee in fulfilling its responsibilities.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be as follows:-

- to consider and recommend the appointment or re-appointment of the external auditors, the audit fees and questions of resignation or dismissal;
- to oversee all matters pertaining to audit including the review of the audit scope and audit plan based on the external auditors' presentation of audit strategy and plan; and audit report with the external auditors;
- to review the financial statements of the Company/Group, and to discuss problems and reservations arising from the interim and final results, and any matters that the external auditors may wish to discuss (in the absence of the management where necessary);
- to review the unaudited financial results announcements before recommending them for Board's approval.
- to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary;



Audit Committee Report

TERMS OF REFERENCE (Cont'd)

Duties and Responsibilities (Cont'd)

The duties and responsibilities of the Audit Committee shall be as follows:- (Cont'd)

- to develop and review for recommendation to the Board, the Company's policy in relation to the provision of non-audit services by the external auditors and/or its network firms, which takes into consideration:
 - whether the skills and experience of the audit firm make it a suitable service provider for non-audit services;
 - whether there are safeguards to eliminate or reduce to an acceptable level any threat to the objectivity or independence of the external auditors in the conduct of external audit resulting from non-audit services provided by the external auditors; and
 - the nature of the non-audit services and the fee level or threshold permitted in relation to the audit fees payable to the external auditors and/or its network firms for each financial year;
- to review the non-audit services provided by the external auditors and/or its network firms to the Group for the financial year, including the nature of the non-audit services, fee level or threshold of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- in relation to the internal audit function:
 - to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its works; and
 - to review the internal audit programme, results of the internal audit process and implementation of the recommendations of the internal audit function through follow up audit reports as to ensure that appropriate action is taken on these recommendations;
 - to suggest on additional improvement opportunities in the areas of internal control, systems and efficiency improvement; and
 - to review the appointment or re-appointment of the internal auditors, the audit fee and questions of resignation or dismissal; and
 - to review and approve the risk management framework from time to time and any significant proposed changes to risk management policies and strategies;
 - to review the Statement on Risk Management and Internal Control to be published in this Annual Report;
- to review any related parties transactions that may arise within the Company or the Group;
- to exercise its power and carry out its responsibility as may be required from time to time under the whistle-blowing policy as and when necessary;
- to ensure that the Group is in compliance with the regulations of the Companies Act 1965, Listing Requirements and other legislative and reporting requirements;
- to identify and direct any special project or investigate and to report on any issues or concerns in regards to the management of the Group; and
- to commission such investigations or reviews relevant to its role as it sees fit.

Audit Committee Report

SUMMARY OF ACTIVITIES

A total of six (6) Audit Committee meetings were held for the financial year ended 31 December 2014. The details of attendance of each Audit Committee member are as follows:

Name of members	Attendance
Tan Ah Lai	6/6
YBhg Dato Dr. Mohamad Musa bin Md. Jamil	6/6
YBhg Datuk Tay Puay Chuan	6/6

During the financial year under review, the Audit Committee discharged its functions and duties in accordance with its existing Terms of Reference.

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

- reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors, presented their audit strategy and plan;
- reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- reviewed and evaluated factors relating to the independence of the external auditors. The Audit Committee worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and MIA;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- considered the nomination of external auditors for recommendation to the Board for re-appointment;
- reviewed the internal auditors' programmes and plans for the financial year under review and the assessment of the effectiveness of internal audit activities;
- reviewed the internal audit plans, reports, recommendations and management's response;
- reviewed quarterly unaudited financial statements of the Company prior to submission to the Board for their consideration and approval;
- reviewed the audited financial statements for the financial year ended 31 December 2014;
- ensured that the Group is in compliance with the regulations of Companies Act 1965, the applicable approved accounting standards as per MASB, Listing Requirements and other legislative and reporting requirements;
- reviewed the recurrent related party transactions and control procedures for those transactions in the shareholders' mandate;
- reviewed the whistle-blowing policy and recommended the amendment and/or modification, if any to the Board;
- reviewed the Statements of Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control and recommend their adoption to the Board, deliberated the disclosure requirements for corporate social responsibility and noted the management action plan; and
- reviewed the application of corporate governance principles and recommendations and the extent of the Group's compliance with the best practices set out under the MCCG 2012.



Audit Committee Report



INTERNAL AUDIT FUNCTION

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provide reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Company has engaged an external independent consultant to carry out the internal audit function to assist the Audit Committee in maintaining a sound system of internal control. The internal audits were undertaken to provide independent assessments on the accuracy, efficiency and effectiveness of the Group's internal control systems.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on pages 31 to 35 of this Annual Report.

Statement on Risk Management and Internal Control

INTRODUCTION

Paragraph 15.26(b) of the Listing Requirements requires the Board of Directors (the "Board") of any given Listed Issuer to include in its annual report a Statement on Risk Management and Internal Control. The Board is pleased to provide the following statement that is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "Guidelines") endorsed by Bursa Malaysia which outlines the nature and scope of the risk management and internal controls of the Group during the financial year under review until the date of approval.

BOARD'S RESPONSIBILITY

The Board is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its business objectives. The Board affirms its overall responsibility to maintain a sound system of internal controls and effective risk management, and for reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. It covers not only financial controls but operational and compliance controls, and risk management.

However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement, losses or fraud. These systems were designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

RISK MANAGEMENT FRAMEWORK

In dealing with its stewardship responsibilities, the Board recognises that an effective risk management is part of good business management practice. The Board acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which will allow the Group to be able to identify, evaluate, monitor and manage risks continuously that affect the achievement of the Group's business objectives.

This process is regularly reviewed by the Board. It is intended that any key risk or significant control failings or weaknesses shall be identified and discussed in these reports including the impact they have had or may have on the Group and the actions to rectify them.

The key elements of the Group's Risk Management Framework are described below:

- **Structure**

The Group adopts a decentralised approach to risk management which comprises strategic and operational risks (including financial and compliance risks).

Type of Risks	Accountability
> Strategic risk	The Board, Group Chief Executive Officer ("CEO"), Group Chief Financial Officer ("CFO") and Group Chief Operating Officer ("COO")
> Operational risk (including financial and compliance risks)	Senior Management and Head of Department

> **Strategic risks** are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board, Group CEO and Group CFO. The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by some external event that calls for significant change.



Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (Cont'd)

- **Structure (Cont'd)**

- > **Operational risks, including financial and compliance risks**, are inherent in the ongoing activities within the different subsidiaries of the Group. Typically, some of the risks cover foreign exchange, credit, competency, technology, etc. Senior management needs ongoing assurance that these operational risks are identified and managed. Accountability for managing operational risks rests specifically with the respective Heads of Department.

- **Risk Awareness Culture**

Risk awareness culture is reflected by the emphasis on strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines.

- **Risk Assessment**

Senior Management identifies and assesses risks from time-to-time based on business nature and objective. Senior Management reports regularly to the Board for any significant risk identified or control failure.

- **Risk Appetite**

The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits set to govern, manage and control the Group's risk taking activities.

A clear Limit of Authority has been formalised to approve transactions to ensure that they are within the risk appetite of the Group.

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:

- **Control Environment**

The importance of a proper control environment is emphasised throughout the organisation. Focus is directed towards the quality and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Such training also includes internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

- **Code of Conduct**

Code of Conduct is the cornerstone of setting the proper tone at the top for the business's culture. The Board and management have formalised it as the standard of expected ethical behaviour for the all employees. It spells out about workplace safety and health, bribery, equal opportunities, workplace environment, etc.

- **Organisational Structure**

The Group operates on a hierarchical organisation structure that defines the authority limits, lines of responsibility and reporting mechanism. All Subsidiaries have clear accountabilities to ensure appropriate control procedures are in place.

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (Cont'd)

• Organisational Structure (cont'd)

The key elements of the Group's organisational structure are as follows:

> Management

- **Policy and Procedures:** Management has implemented series of documented Policy and Procedures to govern the Group's key business processes. These policies and procedures deal with, amongst others, control issues for procurement, credit control, warehousing, information technology, health and safety, etc. These procedures are reviewed annually by senior management to ensure its relevancy.
- **Human Capital:** There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.
- **Safeguarding of Assets:** Adequate insurance and physical safeguarding of major assets are in place to ensure that they are sufficiently covered against any mishap that may result in material losses to the Group.
- **Related Party Transactions:** Internal control procedures are established to ensure that related party transactions are undertaken in compliance with the Group's practices, the Listing Requirements, and to ensure that these transactions are carried out on an arm's length basis and on normal commercial terms, which are in the best interest of the Group's stakeholders.
- **Communication:** Information is communicated through circulars, emails, meetings and internal memos.
- **Site Visit:** Regular visits by the head office personnel to business units in remote location to ascertain compliance with the established Policy and Procedures of the Group by local management.
- **Management Meetings:** Regular meetings with the Heads of Departments provide a sound platform for the information communicate with, and provide feedback to and from, Management.

> Internal Audit

The Group has outsourced its internal audit function to an independent professional service provider (the "Internal Auditors") which carries out its functions independently with risk-based approach and provides the Audit Committee and the Board with the assurance on the adequacy and effectiveness of the system of internal controls. The cost of internal audit function for the financial year ended 31 December 2014 was about RM 42,000.

For any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to management for review and corrective actions. The Internal Auditors report to the Audit Committee all significant non-compliance, internal control weaknesses and actions taken by management to resolve the audit issues identified.

The Internal Auditors are solely responsible for planning, implementing and reporting the audits for the Group. The Internal Auditors:

- Prepare a detailed Internal Audit Plan in consultation with the senior management for submission to the Audit Committee for approval;
- Carry out all activities to conduct the audits in an effective, professional and timely manner;
- Discuss with the auditee upon completion of each audit for any significant control lapses and/or deficiencies noted from the reviews for their review and corrective actions; and



Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (Cont'd)

- **Organisational Structure (cont'd)**

- > **Internal Audit (Cont'd)**

The Internal Auditors are solely responsible for planning, implementing and reporting the audits for the Group. The Internal Auditors: (Cont'd)

- Conduct follow-up audits to ensure that corrective actions were implemented appropriately; and
- Submit quarterly report to the Audit Committee for all significant non-compliance, internal control weaknesses and actions taken by management to resolve the audit issues identified.

- > **Audit Committee**

The Audit Committee reviews, monitors and evaluates the effectiveness and adequacy of the Group's internal controls and financial and risk management issues raised by the External and Internal Auditors, regulatory authorities and management. The review includes reviewing written reports from the Internal and External Auditors, to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management.

The Audit Committee also convenes meeting with External Auditors without the presence of management. In addition, the Audit Committee reviews the adequacy of the scope, functions and competency of the Internal and External Auditors. The Audit Committee also reviews and evaluates the procedures established to ensure compliance with applicable legislation, the Listing Requirements and the Group practices.

The Audit Committee Report set out on pages 26 to 30 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2014.

- > **Board**

The Board holds regular discussions with the Audit Committee and management and considers their reports on matters relating to internal controls and deliberates on their recommendations for implementation.

- **Business Direction:** The Group's vision, mission, corporate philosophy and strategic direction have been formalised and communicated to employees at all levels. The Board retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.
- **Reporting and Information:** Senior management reports to the Board for the strategic plans and business units' performances on a quarterly basis. The monitoring of individual business units' performances are conducted monthly, with major variances followed up and management action taken, where necessary.

Regular and comprehensive information are provided to management, covering financial performance and key business indicators, key business risks, legal, environmental and regulatory matters. Regular meetings attended by management, led by the Group CEO, are held to discuss the various aspects of the business, financial and operational performance of the Group. Key matters affecting the Group are brought to the attention of the Audit Committee and are reported to the Board on a regular basis. Management also ensures that it has the knowledge of key market information in respect of the Group's products/performance and takes pro-active measures, as appropriate, in the best interests of the Group.

- **Monitoring and Review:** There are processes for monitoring the system of internal controls and reporting any significant weaknesses together with details of corrective action. The system is reviewed on an ongoing basis by the Board (through the Audit Committee), management and Internal Auditors. Heads of Department are also actively involved in continually improving the control processes within their respective departments.

Statement on Risk Management and Internal Control

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

ASSURANCE PROVIDED BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Group CEO and Group CFO have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2014. Their review was performed in accordance with the Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants.

The External Auditors have opined to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

RPG 5 does not require the External Auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report save for those mentioned above. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement was approved by the Board on 21 April 2015.



Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements are properly drawn up in accordance with Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company and the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently, and made estimates and judgements which are reasonable and prudent. The financial statements have been prepared on a going-concern basis. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and present them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions recorded. In preparing the financial statements, the Directors are required to exercise judgment to make certain estimates that are reasonable, prudent and relevant to be incorporated in the financial statements. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.



Financial Statements

GUAN CHONG BERHAD (646226-K)
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Directors' Report

The directors submit this report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of its subsidiaries 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 year	<u>(17,292,331)</u>	<u>(7,273,607)</u>
Attributable to :		
Owners of the Company	(17,557,582)	(7,273,607)
Non-controlling interests	265,251	-
	<u>(17,292,331)</u>	<u>(7,273,607)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

The directors do not recommend any final dividend in respect of the financial year ended 31 December 2014.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year :

- (i) there were no changes in authorised, issued and paid-up share capital of the Company ; and
- (ii) there were no issue of debentures by the Company.

TREASURY SHARES

As at 31 December 2014, the Company held 2,240,700 of its issued ordinary shares of RM 0.25 each ("GCB Shares") as treasury shares out of its 478,514,289 GCB Shares. Such treasury shares are held at a carrying amount of RM 5,194,748 and further details are disclosed in Note 19 to the financial statements.

WARRANTS

The main features of the Warrants are disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares of the Company.

HOLDING COMPANY

The Company is a subsidiary of Guan Chong Resources Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

DIRECTORS

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

Dato Dr. Mohamad Musa Bin Md. Jamil
 Tay Hoe Lian
 Tay How Sik @ Tay How Sick
 Hia Cheng
 Tay Puay Chuan
 Tan Ah Lai

In accordance with Articles 81 of the Company's Articles of Association, Tay How Sik @ Tay How Sick and Tan Ah Lai retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations are as follows :

The Company

	Number Of Ordinary Shares Of RM 0.25 Each			
	Balance At	Bought	Sold	Balance At
	01.01.2014			31.12.2014
Dato Dr. Mohamad Musa Bin Md. Jamil- Direct	105,999	-	-	105,999
- Indirect ⁽¹⁾	29,079,999	-	-	29,079,999
Tay Hoe Lian				
- Direct	12,819,691	-	-	12,819,691
- Indirect ⁽²⁾	249,980,469	-	-	249,980,469
Tay How Sik @ Tay How Sick				
- Direct	6,239,548	-	-	6,239,548
- Indirect ⁽³⁾	60,000	-	-	60,000
Hia Cheng				
- Direct	8,748,179	-	-	8,748,179
- Indirect ⁽⁴⁾	9,641,799	-	-	9,641,799
Tay Puay Chuan	60,000	-	-	60,000

Directors' Report

DIRECTORS' INTERESTS (CONT'D)

The Company

		Number Of Warrants			
		Balance At 01.01.2014	Entitled	Disposed	Balance At 31.12.2014
Dato Dr. Mohamad Musa Bin Md. Jamil- Indirect ⁽¹⁾		6,187,500	-	-	6,187,500
Tay Hoe Lian	- Direct	2,234,941	-	-	2,234,941
	- Indirect ⁽²⁾	46,815,012	-	-	46,815,012
Tay How Sik @ Tay How Sick	- Direct	982,471	-	-	982,471
	- Indirect ⁽³⁾	11,250	-	-	11,250
Hia Cheng	- Direct	211,908	-	-	211,908
	- Indirect ⁽⁴⁾	1,206,000	-	-	1,206,000
Tay Puay Chuan		11,250	-	-	11,250

Holding Company – Guan Chong Resources Sdn. Bhd. ("GCR")

		Number Of Ordinary Shares Of RM 1.00 Each			
		Balance At 01.01.2014	Bought	Sold	Balance At 31.12.2014
Tay Hoe Lian	- Direct	28,373	-	-	28,373
	- Indirect ⁽⁵⁾	2,375	-	-	2,375
Tay How Sik @ Tay How Sick		13,934	-	-	13,934
Hia Cheng		5,000	-	-	5,000

Notes :

- (1) Deemed interest by virtue of his shareholding in Misi Galakan Sdn. Bhd..
- (2) Deemed interest by virtue of his shareholding in GCR and his wife, Yap Kim Hong's shareholding in the Company.
- (3) Deemed interest by virtue of his daughter, Tay Jing Ye's shareholding in the Company.
- (4) Deemed interest by virtue of his wife, Wong Saow Lai's shareholding in the Company.
- (5) Deemed interest by virtue of his wife, Yap Kim Hong's shareholding in GCR.

By virtue of his interest in the shares of GCR, Mr. Tay Hoe Lian is also deemed to have an interest in the shares of all the subsidiaries of GCR to the extent that GCR has an interest.

Other than as disclosed above, none of the directors in office at the end of the financial year had any other interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salaries of full time employees of the Company as disclosed in Note 31 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 save as disclosed in Note 36 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps :
- (i) 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 have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts ; and
 - (ii) to ensure that any current assets, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances :
- (i) which would render the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent ; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading ; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate ; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist :
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person ; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due ; and
 - (ii) 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.



Directors' Report

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events are disclosed in Note 41 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors :

TAY HOE LIAN

Director

Muar, Johor Darul Takzim

Date : 21 April 2015

TAY HOW SIK @ TAY HOW SICK

Director

Statement By Directors

We, the undersigned, being two of the directors of Guan Chong Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 46 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 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.

The supplementary information set out in Note 43 to the financial statements on page 124, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors :

TAY HOE LIAN
Director

TAY HOW SIK @ TAY HOW SICK
Director

Muar, Johor Darul Takzim
Date : 21 April 2015

Statutory Declaration

I, HIA CHENG, being the director primarily responsible for the financial management of Guan Chong Berhad, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 46 to 124 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared }
by the abovenamed HIA CHENG }
at Muar in the state of Johor Darul Takzim }
on 21 April 2015 }

Before me : LIM PEI LING J238
Commissioner for Oaths

HIA CHENG



Independent Auditors' Report

TO THE MEMBERS OF GUAN CHONG BERHAD (Incorporated In Malaysia) Company No : 646226 - K

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Guan Chong Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 123.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (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.

Independent Auditors' Report

TO THE MEMBERS OF GUAN CHONG BERHAD (Incorporated In Malaysia) Company No : 646226 - K

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

- (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 Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No.: AF 1018
Chartered Accountants

Muar, Johor Darul Takzim
Date : 21 April 2015

Ng Kim Kiat
Approval No.: 2074/10/16 (J)
Chartered Accountant

Statements of Financial Position

At 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-Current Assets					
Investments in subsidiaries	6	-	-	66,107,865	48,607,865
Property, plant and equipment	7	409,508,857	403,612,441	-	-
Investment properties	8	5,832,627	-	-	-
Prepaid lease payments	9	12,908,769	13,028,938	-	-
Intangible assets	10	11,944,986	14,130,242	-	-
Amount owing by subsidiaries	14	-	-	447,450,442	109,236,409
Deferred tax assets	22	53,905	73,787	-	-
		440,249,144	430,845,408	513,558,307	157,844,274
Current Assets					
Inventories	11	724,648,043	849,959,920	-	-
Trade receivables	12	206,097,996	144,327,062	-	-
Other receivables, prepayments and other assets	13	33,094,233	61,533,468	726,082	16,082
Amount owing by subsidiaries	14	-	-	68,000	54,000
Amount owing by affiliated companies	15	1,221,756	893,529	-	-
Derivatives	16	11,314,562	8,426,984	-	-
Dividend receivable		-	-	1,785,000	-
Deposits with licensed bank	17	1,234,786	1,070,889	-	-
Bank and cash balances		40,082,604	26,371,534	14,881	69,197
		1,017,693,980	1,092,583,386	2,593,963	139,279
TOTAL ASSETS		1,457,943,124	1,523,428,794	516,152,270	157,983,553

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

Statements of Financial Position

At 31 December 2014 (Cont'd)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
EQUITY AND LIABILITIES					
Share capital	18	119,628,572	119,628,572	119,628,572	119,628,572
Treasury shares	19	(5,194,748)	(5,194,748)	(5,194,748)	(5,194,748)
Reserves	20	205,978,500	214,332,252	16,492,125	23,765,732
Equity Attributable to Owners of the Company		320,412,324	328,766,076	130,925,949	138,199,556
NON-CONTROLLING INTERESTS	6	3,957,844	4,907,593	-	-
TOTAL EQUITY		324,370,168	333,673,669	130,925,949	138,199,556
Non-Current Liabilities					
Loans and borrowings	21	145,041,024	121,298,047	-	-
Deferred tax liabilities	22	14,842,037	15,618,629	-	-
Post-employment benefits	23	700,856	463,985	-	-
Amount owing to holding company	24	12,320,000	-	12,320,000	-
		172,903,917	137,380,661	12,320,000	-
Current Liabilities					
Trade payables	25	206,874,767	186,403,617	-	-
Other payables and accruals	26	18,044,850	23,419,017	81,564	86,135
Amount owing to subsidiaries	14	-	-	372,824,757	19,697,862
Amount owing to affiliated company	15	23,986	7,849,291	-	-
Amount owing to directors	27	145,720	136,579	-	-
Derivatives	16	12,772,142	12,642,421	-	-
Loans and borrowings	21	720,773,472	820,802,914	-	-
Dividend payable		1,715,000	-	-	-
Tax payable		319,102	1,120,625	-	-
		960,669,039	1,052,374,464	372,906,321	19,783,997
TOTAL LIABILITIES		1,133,572,956	1,189,755,125	385,226,321	19,783,997
TOTAL EQUITY AND LIABILITIES		1,457,943,124	1,523,428,794	516,152,270	157,983,553

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
REVENUE	28	1,818,870,990	1,362,712,598	1,809,000	72,000
COST OF SALES		(1,738,416,555)	(1,299,330,018)	-	-
GROSS PROFIT		80,454,435	63,382,580	1,809,000	72,000
OTHER INCOME		25,200,760	26,739,485	1,937,909	6,575,563
SELLING AND DISTRIBUTION EXPENSES		(13,020,717)	(15,642,309)	-	-
ADMINISTRATIVE EXPENSES		(26,321,595)	(23,037,303)	(569,373)	(634,710)
OTHER EXPENSES		(69,858,703)	(32,957,934)	(10,451,143)	-
(LOSS)/PROFIT FROM OPERATIONS		(3,545,820)	18,484,519	(7,273,607)	6,012,853
FINANCE COSTS		(14,935,136)	(10,613,303)	-	-
(LOSS)/PROFIT BEFORE TAX	29	(18,480,956)	7,871,216	(7,273,607)	6,012,853
TAX EXPENSE	32	1,188,625	(3,544,463)	-	(29,354)
(LOSS)/PROFIT FOR THE YEAR		(17,292,331)	4,326,753	(7,273,607)	5,983,499
OTHER COMPREHENSIVE INCOME					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		9,203,830	8,746,140	-	-
OTHER COMPREHENSIVE INCOME		9,203,830	8,746,140	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(8,088,501)	13,072,893	(7,273,607)	5,983,499

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014 (Cont'd)

Note	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(LOSS)/PROFIT AFTER TAX ATTRIBUTABLE TO :				
OWNERS OF THE COMPANY	(17,557,582)	3,414,479	(7,273,607)	5,983,499
NON-CONTROLLING INTERESTS	265,251	912,274	-	-
	(17,292,331)	4,326,753	(7,273,607)	5,983,499
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO :				
OWNERS OF THE COMPANY	(8,353,752)	12,160,619	(7,273,607)	5,983,499
NON-CONTROLLING INTERESTS	265,251	912,274	-	-
	(8,088,501)	13,072,893	(7,273,607)	5,983,499
(LOSS)/EARNINGS PER ORDINARY SHARE	33			
- Basic (Sen)		(3.69)	0.72	
- Diluted (Sen)		(3.69)	0.69	

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

	Attributable to Owners of The Company		Distributable		Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Profits			
At 1 January 2014	119,628,572	(5,194,748)	8,025,920	206,306,332	328,766,076	4,907,593	333,673,669
(Loss)/Profit for the year	-	-	-	(17,557,582)	(17,557,582)	265,251	(17,292,331)
Other comprehensive income for the year :							
- Foreign currency translation differences	-	-	9,203,830	-	9,203,830	-	9,203,830
Total comprehensive expenses for the year	-	-	9,203,830	(17,557,582)	(8,353,752)	265,251	(8,088,501)
Issuance of new shares in subsidiary	-	-	-	-	-	500,000	500,000
Dividend payable by :							
- subsidiary to non-controlling interest	-	-	-	-	-	(1,715,000)	(1,715,000)
Total transactions with owners	-	-	-	-	-	(1,215,000)	(1,215,000)
At 31 December 2014	119,628,572	(5,194,748)	17,229,750	188,748,750	320,412,324	3,957,844	324,370,168

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

Statements of Changes in Equity

For the financial year ended 31 December 2014 (Cont'd)

Group	Attributable to Owners of The Company		Distributable		Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Profits			
Note	RM	RM	RM	RM	RM	RM	RM
At 1 January 2013	119,628,572	(5,194,748)	(720,220)	226,705,538	340,419,142	3,905,319	344,324,461
Profit for the year	-	-	-	3,414,479	3,414,479	912,274	4,326,753
Other comprehensive income for the year :							
- Foreign currency translation differences	-	-	8,746,140	-	8,746,140	-	8,746,140
Total comprehensive income for the year	-	-	8,746,140	3,414,479	12,160,619	912,274	13,072,893
Dividends to owners of the Company	-	-	-	(23,813,685)	(23,813,685)	-	(23,813,685)
Incorporation of subsidiaries	-	-	-	-	-	90,000	90,000
Total transactions with owners	-	-	-	(23,813,685)	(23,813,685)	90,000	(23,723,685)
At 31 December 2013	119,628,572	(5,194,748)	8,025,920	206,306,332	328,766,076	4,907,593	333,673,669

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

Statements of Changes in Equity

For the financial year ended 31 December 2014 (Cont'd)

Company

	Note	Attributable to Owners of The Company			Total Equity RM
		Share Capital RM	Non- Distributable Treasury Shares RM	Distributable Retained Profits RM	
At 1 January 2013		119,628,572	(5,194,748)	41,595,918	156,029,742
Total comprehensive income for the year		-	-	5,983,499	5,983,499
Dividends	34	-	-	(23,813,685)	(23,813,685)
At 31 December 2013		119,628,572	(5,194,748)	23,765,732	138,199,556
Total comprehensive expenses for the year		-	-	(7,273,607)	(7,273,607)
At 31 December 2014		119,628,572	(5,194,748)	16,492,125	130,925,949

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

Statements of Cash Flows

For the financial year ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(18,480,956)	7,871,216	(7,273,607)	6,012,853
Adjustments for :				
Allowance for obsolete inventories	-	70,889	-	-
Amortisation of intangible assets	147,996	147,996	-	-
Amortisation of prepaid lease payments	620,665	603,949	-	-
Bad debts recovered	(13,730)	-	-	-
Bad debts written off	800,273	10,596	-	-
Depreciation of property, plant and equipment	23,784,816	20,393,624	-	-
Depreciation of investment properties	208,876	-	-	-
Dividend income	-	-	(1,785,000)	-
Impairment loss on intangible assets	2,037,260	64,050	-	-
Impairment loss on trade and other receivables	147,433	685,829	-	-
Inventories written off	-	15,666	-	-
(Gain) on disposal of property, plant and equipment	(1,300)	(139,160)	-	-
Net fair value loss on derivatives	1,235,912	4,342,261	-	-
Net employee benefit expenses	201,750	159,410	-	-
Property, plant and equipment loss on theft	274,760	-	-	-
Reversal of impairment on subsidiary	-	-	(1,937,909)	-
Reversal of impairment on trade receivables	(859,238)	-	-	-
Reversal of inventories written down	(2,383)	-	-	-
Sub-lease rental	259,190	259,191	-	-
Unrealised loss/(gain) on foreign exchange	10,660,081	(537,612)	10,320,301	(1,922,914)
Write-down of inventories	19,890,314	43,580,160	-	-
Interest expense	14,935,136	10,613,303	-	-
Interest income	(154,839)	(698,530)	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	55,692,016	87,442,838	(676,215)	4,089,939
Changes In Working Capital				
Inventories	105,423,946	(369,016,164)	-	-
Trade and other receivables, prepayments and other assets	(49,386,895)	47,572,033	(347,320,425)	4,042,376
Trade and other payables	40,864,017	72,449,915	353,122,324	15,734,005
CASH GENERATED FROM/(ABSORBED INTO) OPERATIONS	152,593,084	(161,551,378)	5,125,684	23,866,320
Interest paid	(14,935,136)	(10,613,303)	-	-
Interest received	154,839	698,530	-	-
Tax paid	(8,301,590)	(30,561,623)	(12,000)	(30,354)
Tax refund	7,102,074	1,719,608	12,000	43,402
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	136,613,271	(200,308,166)	5,125,684	23,879,368
F O R W A R D	136,613,271	(200,308,166)	5,125,684	23,879,368

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

Statements of Cash Flows

For the financial year ended 31 December 2014 (Cont'd)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
FORWARD		136,613,271	(200,308,166)	5,125,684	23,879,368
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from issuance of new shares in subsidiary		500,000	90,000	-	-
Additional investment in existing subsidiaries		-	-	(17,500,000)	-
Proceeds from disposal of property, plant and equipment		4,800	210,035	-	-
Purchase of property, plant and equipment	7(c)	(23,155,715)	(101,243,116)	-	-
Payment of sub-leases of warehouses		(123,738)	(123,738)	-	-
Additions of prepaid lease payments		-	(25,092)	-	-
NET CASH (USED IN) INVESTING ACTIVITIES		(22,774,653)	(101,091,911)	(17,500,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from holding company		12,320,000	-	12,320,000	-
Net increase in fixed deposit pledged		105,103	(68,075)	-	-
Net movements in short-term borrowings		(129,297,283)	263,097,784	-	-
Repayment of hire purchase payables		(845,998)	(312,479)	-	-
Repayment of term loans		(25,056,454)	(15,946,280)	-	-
Dividends paid		-	(23,813,685)	-	(23,813,685)
Dividend paid to non-controlling interest by subsidiary		-	(325,652)	-	-
Drawdown of term loan		48,994,283	58,449,311	-	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(93,780,349)	281,080,924	12,320,000	(23,813,685)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,058,269	(20,319,153)	(54,316)	65,683
EFFECT OF FOREIGN EXCHANGE TRANSLATION					
		(6,077,242)	(5,592,433)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		25,255,258	51,166,844	69,197	3,514
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35	39,236,285	25,255,258	14,881	69,197

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. GENERAL INFORMATION

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

The registered office and principal place of business are as follows :

Registered office : No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim

Principal place of business : PLO 273, Jalan Timah 2
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang
Johor Darul Takzim

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

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these principal activities during the financial year.

3. HOLDING COMPANY

The Company is a subsidiary of Guan Chong Resources Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under historical cost convention, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

4.1 During the current financial year, the Group and the Company has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) :

MFRSs and IC Interpretations (including the Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011)	: Investment Entities
Amendments to MFRS 132	: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	: Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139	: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	: Levies

Notes to the Financial Statements

For the financial year ended 31 December 2014

4. BASIS OF PREPARATION (CONT'D)

- 4.1 During the current financial year, the Group and the Company has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) (Cont'd):

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements except as follows:

Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There is no material impacts on the financial statements of the Group upon the application.

- 4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective date
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 : Sale or Contribution of Assets between an and MFRS 128 (2011) Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, : Investment Entities – Applying the Consolidation MFRS 12 and MFRS 128 Exception (2011)	1 January 2016
Amendments to MFRS 101 : Presentation of Financial Statements – Disclosures Initiative	1 January 2016
Amendments to MFRS 116 : Clarification of Acceptable Methods of Depreciation and MFRS 138 and Amortisation	1 January 2016
Amendments to MFRS 116 : Agriculture – Bearer Plants and MFRS 141	1 January 2016
Amendments to MFRS 119 : Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 : Equity Method in Separate Financial Statements (2011)	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

- 4.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows :

(a) MFRS 9 (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. There will be no material impact on the financial statements of the Group upon its initial application.

Notes to the Financial Statements

For the financial year ended 31 December 2014

4. BASIS OF PREPARATION (CONT'D)

4.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (Cont'd):

(b) Amendments to MFRS 119 : Employee Contributions

The amendments to MFRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Company is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate. There will be no material impact on the financial statements of the Group upon its initial application.

(c) Annual Improvements to MFRSs 2010 – 2012 Cycle

The Annual Improvements to MFRSs 2010 – 2012 Cycle contain amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 13, MFRS 116, MFRS 124 and MFRS 138. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

(d) Annual Improvements to MFRSs 2011 – 2013 Cycle

The Annual Improvements to MFRSs 2011 – 2013 Cycle contain amendments to MFRS 1, MFRS 3, MFRS 13 and MFRS 140. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

(e) Annual Improvements to MFRSs 2012 – 2014 Cycle

The Annual Improvements to MFRSs 2012 – 2014 Cycle contain amendments to MFRS 5, MFRS 7, MFRS 119 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group and the Company accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below :

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.



Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

(b) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of inventories

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

(e) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a financial lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(f) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trend and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying amount of receivables.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

(g) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Impairment of intangible asset

Intangible asset is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which intangible asset is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of intangible asset.

(i) Fair value estimates for certain financial assets and liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of consolidation (Cont'd)

(a) Business combinations (Cont'd)

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between :

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139.

5.3 Foreign currency

(a) Functional and presentation currency

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Foreign currency (Cont'd)

(b) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition (1 January 2011) which are treated as assets and liabilities of the Company and are not retranslated.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5.4 Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair values through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial instruments (Cont'd)

(a) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

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

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and receivables financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(v) Available-for-sale financial assets (Cont'd)

After initial recognition, available-for-sale financial assets are remeasured to their fair values at each reporting date. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using effective interest method, which are recognised in profit or loss. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss. Interest income calculated using the effective interest method is recognised in profit or loss.

Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities 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.

(c) Equity instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial instruments (Cont'd)

(d) 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 a 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.

(e) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

5.5 Investment in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On disposal of the investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.6 Property, plant and equipment and depreciation

Property, plant and equipment other than freehold land are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is not depreciated and leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress is not depreciated until the asset is ready for its intended use.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the cost of each asset to its residual value over the estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Property, plant and equipment and depreciation (Cont'd)

The principal annual rates used for this purposes are :

Leasehold land and building	43-60 years
Freehold property	30 years
Factory buildings and renovation	5-60 years
Plant, machinery, tools and equipment	5.0-12.5%
Motor vehicles	16.0-20.0%
Furniture, fittings and office equipment	5.0-40.0%

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at the end of each reporting period 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of assets is recognised in profit or loss.

5.7 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful made lives of the investment properties are within 27 years to 30 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

5.8 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to the ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased assets, or if lower, at the present value of the minimum lease payments. Any initial direct costs are added to the amount capitalised. Lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Leased asset is depreciated over its useful life except when there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. In such case, the asset is depreciated over the shorter of the lease term and its useful life.

Leases that do not transfer substantially all the risks and rewards are classified as operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 Intangible assets

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(ii) Technical know-how

Such technical know-how are recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives of up to 20 years.

Technical know-how with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the acquired technical know-how may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Technical know-how with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstance indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such technical know-how are not amortised. The useful life of technical know-how with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of technical know-how are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(iii) Clientele lists

Clientele lists are recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives of up to 10 years.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Impairment

(a) Impairment of financial assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 : Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of an asset is the higher of the asset's fair value less cost to sell and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, specific identification or weighted average basis, as applicable. Inventories comprise the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.12 Income taxes

Income tax for the year comprises current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.



Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Income taxes (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised, except those arise from initial recognition of an asset or liability in a transaction which is not a business combination at the time of the transaction, affects neither accounting profit nor taxable profit. The carrying amounts of deferred tax assets are reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

5.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risks of changes in value with original maturity periods of three months or less.

5.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as part of the cost of those assets, until such time that the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Related parties

A party is related to an entity (referred to as the "reporting entity") if :

- (a) A person or a close member of that person's family is related to a reporting entity if that person :
 - (i) has control or joint control over the reporting entity ;
 - (ii) has significant influence over the reporting entity ; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies :
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5.16 Fair value measurements

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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's 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows :

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date ;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly ; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.



Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment are established.

(b) Management fee income

Management fee income from subsidiaries is recognised on accrual basis upon services rendered.

(c) Sale of goods

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

(d) Rental income

Rental income is recognised on accrual basis unless collectability is in doubt, in which case the recognition of such income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

(e) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

5.18 Research and development expenditure

Research and development expenditure is charged to the profit or loss in the reporting period in which it is incurred except insofar as it relates to a clearly defined project which the benefits there from can reasonably be regarded as assured. Expenditure so deferred is limited to the value of the future benefit and is stated at cost incurred less grants received, if any. Such deferred expenditure shall be amortised through the profit or loss over the period of the project, upon commencement of commercial production.

5.19 Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses, social security contributions ("SOCSO") and non-monetary benefits are measured on an undiscounted basis and are recognised as expenses in the profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Employee benefits (cont'd)

(c) Post-employment benefit plans

As a result of MFRS 119 (2011), Employee Benefits, the Group has changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment benefit plans.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Net interest expense and other expenses relating to defined plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

5.20 Operating segments

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

For the financial year ended 31 December 2014

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM	2013 RM
At Cost		
Unquoted shares		
At 1 January	56,452,867	56,452,867
Additions	17,500,000	-
At 31 December	<u>73,952,867</u>	<u>56,452,867</u>
Accumulated Impairment Loss		
At 1 January	7,845,002	7,845,002
Addition	-	-
At 31 December	<u>7,845,002</u>	<u>7,845,002</u>
	<u>66,107,865</u>	<u>48,607,865</u>

(a) The details of subsidiaries and the equity interest held by the Company are shown as below :

Name of Subsidiary	Principal Activities	Country Of Incorporation	Equity Interest	
			2014	2013
Guan Chong Cocoa Manufacturer Sdn. Bhd. ("GCCM")	Producing cocoa-derived food ingredients.	Malaysia	100%	100%
Guan Chong Trading Sdn. Bhd.	Dormant.	Malaysia	100%	100%
Enrich Mix Sdn. Bhd. ("EM")	Producing blended cocoa-derived food ingredients.	Malaysia	51%	51%
GCB Foods Sdn. Bhd.	Manufacturing, marketing and promotion of cocoa related products.	Malaysia	100%	100%
GCB Marketing Sdn. Bhd.	Marketing and promotion activities of chocolate related products and confectionaries.	Malaysia	100%	100%
GCB Specialty Chocolates Sdn. Bhd. ("GCBSC")	Manufacturing, marketing and promotion of cocoa related products.	Malaysia	92.5%	90%
GCB America, Inc ("GCBA") #	Purchases and distributes of cocoa-derived food ingredients and investment holding.	United States of America	100%	100%
Cocoarich Sdn. Bhd. ("CSB")	Investment holding.	Malaysia	100%	100%

Notes to the Financial Statements

For the financial year ended 31 December 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The details of subsidiaries and the equity interest held by the Company are shown as below: (Cont'd)

Name of Subsidiary	Principal Activities	Country Of Incorporation	Equity Interest	
			2014	2013
GCB Oversea Holdings Corporation ("GCB OHC") *	Investment holding.	Federal Territory of Labuan, Malaysia	100%	100%
Subsidiaries Of GCB OHC				
GCB Cacao GmbH #	Dormant.	Germany	100%	100%
GCB Cocoa Singapore Pte. Ltd. ("GCS") ^	Trading of cocoa beans, cocoa-derived food ingredients and cocoa products.	Singapore	100%	100%
Subsidiary Of GCS				
PT Asia Cocoa Indonesia ("ACI") ^	Manufacture of cocoa butter, cocoa cake and cocoa liquor.	Indonesia	90% (Direct) **10% (Indirect)	90% (Direct) **10% (Indirect)
PT GCB Cocoa Indonesia ("GCB I") *	Trading of cocoa products.	Indonesia	90% (Direct) **10% (Indirect)	90% (Direct) **10% (Indirect)
Subsidiary of GCBA				
Carlyle Cocoa Co., LLC ("Carlyle") #	Manufacture of cocoa powders.	United States of America	100%	100%
Subsidiary of GCBSC				
GCB Gourmet Sdn. Bhd. ("GCBG")	Trading of cocoa products.	Malaysia	55%	55%

^ Audited by Crowe Horwath International member firm outside Malaysia.

* Audited by firms other than Crowe Horwath.

Not a legal requirement to be audited and therefore consolidated based on unaudited management accounts.

** The indirect equity interest of 10% is held through a subsidiary of the Company, namely CSB.

Notes to the Financial Statements

For the financial year ended 31 December 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The non-controlling interests at the end of the reporting period comprise the following :

	Effective Equity Interest		Group	
	2014	2013	2014	2013
	%	%	RM	RM
EM	49	49	2,933,795	3,872,012
GCBSC	7.5	10	877,550	904,121
Other individually immaterial subsidiaries			146,499	131,460
			3,957,844	4,907,593

(c) The summarised financial information (before intra-group elimination) for subsidiaries that have non-controlling interests that are individually material to the Group is as follows :

	EM	
	2014	2013
	RM	RM
At 31 December		
Non-current assets	1,951,732	2,414,237
Current assets	16,614,115	25,689,492
Non-current liabilities	(338,382)	(181,591)
Current liabilities	(12,240,128)	(20,020,073)
Net assets	5,987,337	7,902,065
Financial year ended 31 December		
Revenue	63,648,680	70,165,184
Profit for the financial year	1,585,272	1,963,050
Total comprehensive income	1,585,272	1,963,050
Total comprehensive income attributable to non-controlling interests	776,783	961,895
Net cash flows from operating activities	69,296	1,171,885
Net cash flows (used in) investing activities	(55,619)	(526,002)
Net cash flows (used in)/from financing activities	(3,601,492)	963,637

Notes to the Financial Statements

For the financial year ended 31 December 2014

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) The summarised financial information (before intra-group elimination) for subsidiaries that have non-controlling interests that are individually material to the Group is as follows: (Cont'd)

	GCBSC	
	2014 RM	2013 RM
At 31 December		
Non-current assets	59,609,327	62,137,181
Current assets	19,066,679	11,873,560
Non-current liabilities	(36,092,311)	(37,190,567)
Current liabilities	(30,773,034)	(27,778,967)
Net assets	11,810,661	9,041,207
Financial year ended 31 December		
Revenue	33,490,230	25,625,400
(Loss) for the financial year	(7,230,546)	(910,812)
Total comprehensive (expenses)	(7,230,546)	(910,812)
Total comprehensive (expenses) attributable to non-controlling interests	(542,291)	(91,081)
Net cash flows (used in)/from operating activities	(5,454,501)	8,662,739
Net cash flows (used in) investing activities	(3,374,106)	(26,180,075)
Net cash flows from financing activities	11,478,539	16,325,615

- (d) On 27 February 2013 and 19 April 2013, GCBSC subscribed 110 shares and 109,890 shares of RM1.00 each in GCBG respectively. These investments represent 55% equity interest in GCBG for a total cash consideration of RM 110,000.
- (e) On 9 April 2014, GCBOHC, a wholly-owned subsidiary of the Company subscribed 4,511,867 new ordinary shares of USD 1.00 each at par for cash in its wholly-owned subsidiary, GCS.
- (f) On 31 October 2014, the Company subscribed 8,000,000 new ordinary shares of RM 1.00 each at par in GCCM for a total cash consideration of RM 8,000,000.
- (g) On 31 October 2014, the Company subscribed 9,500,000 new ordinary shares of RM 1.00 each at par in GCBSC by way of agreed discharge of amount of indebtedness by GCBSC to the Company. Upon completion, the Company hold 92.5% equity interest in GCBSC.

Notes to the Financial Statements

For the financial year ended 31 December 2014

7. PROPERTY, PLANT AND EQUIPMENT

Group - 2014

	Freehold land RM	Leasehold land and building RM	Freehold property RM	Factory buildings and renovation RM	Plant, machinery, tools and equipment RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
At Cost									
At 1 January 2014	-	31,257,072	4,266,499	112,918,957	322,989,909	12,512,700	13,709,785	22,516,671	520,171,593
Additions	-	648,260	-	3,110,762	3,634,478	1,070,712	1,578,249	11,392,479	21,434,940
Disposals	-	-	-	-	(35,000)	(304,238)	-	-	(339,238)
Reclassifications	19,655,890	-	-	7,481,215	3,207,934	-	-	(30,345,039)	-
Transfer to investment properties (Note 8)	-	-	(4,266,499)	(1,903,609)	-	-	-	-	(6,170,108)
Foreign exchange differences	-	-	-	5,923,558	10,164,189	350,338	212,441	190,044	16,840,570
At 31 December 2014	19,655,890	31,905,332	-	127,530,883	339,961,510	13,629,512	15,500,475	3,754,155	551,937,757
Less : Accumulated Depreciation									
At 1 January 2014	-	1,049,092	286,230	11,752,344	92,198,640	5,143,272	3,586,936	-	114,016,514
Charge for the year	-	706,573	-	3,311,316	16,453,936	1,794,375	1,518,616	-	23,784,816
Disposals	-	-	-	-	(31,500)	(29,478)	-	-	(60,978)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfer to investment properties (Note 8)	-	-	(286,230)	(210,893)	-	-	-	-	(497,123)
Foreign exchange differences	-	-	-	495,865	1,905,283	188,113	53,772	-	2,643,033
At 31 December 2014	-	1,755,665	-	15,348,632	110,526,359	7,096,282	5,159,324	-	139,886,262
Less : Impairment Loss									
At 1 January 2014	-	-	-	-	2,542,638	-	-	-	2,542,638
Addition	-	-	-	-	-	-	-	-	-
At 31 December 2014	-	-	-	-	2,542,638	-	-	-	2,542,638
Carrying Amount									
At 31 December 2014	19,655,890	30,149,667	-	112,182,251	226,892,513	6,533,230	10,341,151	3,754,155	409,508,857

Notes to the Financial Statements

For the financial year ended 31 December 2014

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group - 2013

	Leasehold land and building RM	Freehold property RM	Factory buildings and renovation RM	Plant, machinery, tools and equipment RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in- progress RM	Total RM
At Cost								
At 1 January 2013	13,955,593	3,983,195	75,623,039	273,102,416	10,049,914	7,268,399	23,445,702	407,428,258
Additions	350,842	-	31,748,567	8,286,347	2,809,716	2,281,199	52,713,995	98,190,666
Disposals	-	-	-	-	(602,000)	(2,950)	-	(604,950)
Reclassifications	16,950,637	-	730,934	31,974,243	-	3,987,212	(53,643,026)	-
Foreign exchange differences	-	283,304	4,816,417	9,626,903	255,070	175,925	-	15,157,619
At 31 December 2013	31,257,072	4,266,499	112,918,957	322,989,909	12,512,700	13,709,785	22,516,671	520,171,593
Less : Accumulated Depreciation								
At 1 January 2013	649,674	133,856	8,604,956	76,604,489	3,951,942	2,674,699	-	92,619,616
Charge for the year	399,418	137,437	2,882,864	14,453,672	1,631,982	888,251	-	20,393,624
Disposals	-	-	-	-	(533,160)	(915)	-	(534,075)
Foreign exchange differences	-	14,937	264,524	1,140,479	92,508	24,901	-	1,537,349
At 31 December 2013	1,049,092	286,230	11,752,344	92,198,640	5,143,272	3,586,936	-	114,016,514
Less : Impairment Loss								
At 1 January 2013	-	-	-	2,542,638	-	-	-	2,542,638
Addition	-	-	-	-	-	-	-	-
At 31 December 2013	-	-	-	2,542,638	-	-	-	2,542,638
Carrying Amount								
At 31 December 2013	30,207,980	3,980,269	101,166,613	228,248,631	7,369,428	10,122,849	22,516,671	403,612,441

Notes to the Financial Statements

For the financial year ended 31 December 2014

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The carrying amount of property, plant and equipment charged against banking facilities (Note 21) are as follows:

	Group	
	2014	2013
	RM	RM
Leasehold land and building	26,813,321	28,496,286
Freehold property (Note 8)	-	3,980,269
Plant, machinery, tools and equipment	1,102,987	1,222,480
	27,916,308	33,699,035

- (b) Motor vehicles of the Group with carrying amount of RM 1,637,182 (2013 : RM 1,537,626) are acquired under finance leases (Note 21).

- (c) Purchases of property, plant and equipment are as follows :

	Group	
	2014	2013
	RM	RM
Aggregate cost of property, plant and equipment	21,434,940	98,190,666
Finance via hire purchase	(601,985)	(607,400)
Unpaid balance included in sundry payables (Note 26)	(759,210)	(3,081,970)
Cash paid in respect of acquisitions in previous year	3,081,970	6,741,820
Cash paid during the financial year	23,155,715	101,243,116

- (d) There is no property, plant and equipment in the Company throughout the current and previous financial years.

8. INVESTMENT PROPERTIES

	Group
	RM
At Cost	
At 1 January 2014	-
Transfer from property, plant and equipment (Note 7)	6,170,108
Foreign exchange differences	416,301
At 31 December 2014	6,586,409
Less : Accumulated depreciation	
At 1 January 2014	-
Charge for the year	208,876
Transfer from property, plant and equipment (Note 7)	497,123
Foreign exchange differences	47,783
At 31 December 2014	753,782
Carrying Amount	5,832,627
Statement of Comprehensive Income :	
Rental income received from investment properties	139,299

Notes to the Financial Statements

For the financial year ended 31 December 2014

8. INVESTMENT PROPERTIES (CONT'D)

(a) The investment properties held by the Group as at 31 December 2014 are as follows :

Location	Description	Tenure of land
943, Bukit Timah Road, #05-47, The Cascadia, Singapore 589659	Condominium	Freehold
1 Commonwealth Lane, #08-04, One Commonwealth, Singapore 149544	Office building	30 years lease

(b) The Group's investment properties with carrying amount of RM 5,832,627 are charged against banking facilities (Note 21).

9. PREPAID LEASE PAYMENTS

	Group	
	2014 RM	2013 RM
At 1 January	13,028,938	13,075,301
Add : Payment for sub-leases	123,738	123,738
Additions	-	25,092
	13,152,676	13,224,131
Less : Amortisation of prepaid lease payments	(620,665)	(603,949)
Sub-lease rental	(259,190)	(259,191)
Foreign exchange difference	635,948	667,947
At 31 December	12,908,769	13,028,938
Analysed as :		
Sub-leases of warehouse	1,083,606	1,219,058
Leasehold land	11,825,163	11,809,880
	12,908,769	13,028,938

Leasehold land of the Group with carrying amount of RM 1,758,911 (2013 : RM 1,931,919) are charged against banking facilities (Note 21).

Notes to the Financial Statements

For the financial year ended 31 December 2014

10. INTANGIBLE ASSETS

	Group	
	2014	2013
	RM	RM
Goodwill (Note a)	11,944,984	12,650,288
Technical know-how (Note b)	1	863,600
Clientele list (Note c)	1	616,354
	11,944,986	14,130,242

(a) Goodwill

Cost

At 1 January	12,650,288	12,247,398
Adjustment *	-	402,890
At 31 December	12,650,288	12,650,288

Accumulated impairment loss

At 1 January	-	-
Addition	705,304	-
At 31 December	705,304	-
Carrying amount	11,944,984	12,650,288

* Being adjustment to purchase price due to the surplus above the Expected Net Assets Value of Carlyle Cocoa Co., LLC pursuant to the Membership Interest Purchase Agreement entered on 26 December 2012.

	Group	
	2014	2013
	RM	RM
(b) Technical know-how		
Cost		
At 1 January	1,016,000	1,016,000
Additions	-	-
At 31 December	1,016,000	1,016,000
Accumulated amortisation		
At 1 January	152,400	101,600
Amortisation	50,800	50,800
At 31 December	203,200	152,400
Accumulated impairment loss		
At 1 January	-	-
Addition	812,799	-
At 31 December	812,799	-
Carrying Amount	1	863,600

Notes to the Financial Statements

For the financial year ended 31 December 2014

10. INTANGIBLE ASSETS (CONT'D)

	Group	
	2014	2013
	RM	RM
(c) Clientele list		
Cost		
At 1 January	972,000	972,000
Additions	-	-
At 31 December	972,000	972,000
Accumulated amortisation		
At 1 January	291,596	194,400
Amortisation	97,196	97,196
At 31 December	388,792	291,596
Accumulated impairment loss		
At 1 January	64,050	-
Addition	519,157	64,050
At 31 December	583,207	64,050
Carrying amount	1	616,354

During the financial year, the Group carried out a review of the recoverable amount on intangible assets of a loss making subsidiary. An impairment loss of RM 2,037,260 (2013 : RM 64,050), representing the write-down of the intangible assets to the recoverable amount was recognised in profit or loss as disclosed in Note 29 to the financial statements. The recoverable amount of such intangible assets was based on its value in use and the pre-tax discount rate used was 15%.

Impairment testing

The recoverable amount of the others intangible assets is higher than its carrying amount and was based on its value in use.

Value in use was determined by discounting the future cash flows generated from the continuing operation of the subsidiaries and was based on the following key assumptions :

- Cash flows were projected based on actual operating results and financial budgets approved by management covering a 5 years business plan.
- The units will continue their operations indefinitely.
- A discount rate of 5.9% (2013 : 5.8%) was applied.
- Growth rate is determined based on the management's estimate of the industry trends and past performances.

The key assumptions represent management assessment of future trends in their respective cocoa-related business and are based on both external sources and internal sources (historical data).

Notes to the Financial Statements

For the financial year ended 31 December 2014

11. INVENTORIES

	Group	
	2014	2013
	RM	RM
At Cost		
Raw materials	225,619,958	407,143,693
Packing materials	2,554,090	2,382,129
Work-in-progress	4,576,505	14,807,638
Finished goods	265,491,251	109,163,339
Stores and supplies	10,329,774	10,315,180
	508,571,578	543,811,979
At Net Realisable Value		
Finished goods	204,495,149	306,069,015
Work-in-progress	11,581,316	149,815
	724,648,043	850,030,809
Less : Allowance for obsolete inventories	-	(70,889)
	724,648,043	849,959,920
Recognised in Profit or Loss		
Inventories recognised as cost of sales	1,556,766,873	1,151,146,735
Amount of write down charged to profit or loss	19,890,314	43,580,160
Reversal of inventories written down	(2,383)	-

12. TRADE RECEIVABLES

	Group	
	2014	2013
	RM	RM
Other trade receivables	207,043,342	146,012,384
Less : Allowance for impairment losses	(945,346)	(1,685,322)
	206,097,996	144,327,062
Allowance for Impairment Losses :		
At 1 January	1,685,322	999,493
Addition	119,262	685,829
Reversal	(859,238)	-
At 31 December	945,346	1,685,322

(a) The Group's normal trade terms range from cash against documents to 120 days (2013 : cash against documents to 120 days) from the date of invoices.

(b) Trade receivables that are individually determined to be impaired relate to customers that have defaulted on payment.

Notes to the Financial Statements

For the financial year ended 31 December 2014

13. OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other receivables				
Sundry receivables	11,307,099	41,387,788	-	-
Deposits	4,911,921	4,232,877	714,000	4,000
Prepayments	2,034,768	1,595,216	-	-
Tax paid in advance	14,840,445	14,317,587	12,082	12,082
	21,787,134	20,145,680	726,082	16,082
	33,094,233	61,533,468	726,082	16,082

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Group	
	2014	2013
	RM	RM
Amount Owing by Subsidiaries		
<i>Non-Current</i>		
Non-trade balances	452,620,753	116,344,629
Less : Allowance for impairment losses	(5,170,311)	(7,108,220)
	447,450,442	109,236,409
<i>Current</i>		
Trade balance	333,072	319,072
Non-trade balances	631,156	631,156
	964,228	950,228
Less : Allowance for impairment losses	(896,228)	(896,228)
	68,000	54,000
	447,518,442	109,290,409
Allowance for impairment losses :		
At 1 January	8,004,448	8,004,448
Reversal	(1,937,909)	-
At 31 December	6,066,539	8,004,448
Amount Owing to Subsidiaries		
<i>Current</i>		
Non-trade balances	372,824,757	19,697,862

Notes to the Financial Statements

For the financial year ended 31 December 2014

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

- (a) The trade balance is not subject to normal trade terms. The amount owing is to be settled in cash.
- (b) The non-trade balances represent unsecured, interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.
- (c) Amount owing by subsidiaries that are individually determined to be impaired relate to subsidiaries that have been suffering significant financial losses.

15. AMOUNTS OWING BY/(TO) AFFILIATED COMPANIES

	Group	
	2014	2013
	RM	RM
Amount Owing by Affiliated Companies (Note 36(b))		
<i>Current</i>		
Trade balances	1,249,927	893,529
Less : Allowance for impairment loss	(28,171)	-
	1,221,756	893,529
Allowance for impairment loss		
At 1 January	-	-
Addition	28,171	-
At 31 December	28,171	-
Amount Owing to Affiliated Company (Note 36(b))		
<i>Current</i>		
Trade balances	23,986	7,849,291

- (a) The trade balance is subject to the normal trade terms ranging from cash against documents to 30 days (2013 : cash against documents to 30 days) from the date of invoices. The amount owing is to be settled in cash.
- (b) Amount owing by affiliated company that are individually determined to be impaired relate to customers who have defaulted on payments.

Notes to the Financial Statements

For the financial year ended 31 December 2014

16. DERIVATIVES

	Group		
	Contract/ notional amount/net long/(short)	Assets	Liabilities
	RM	RM	RM
Non-hedging derivatives :			
Current			
2014			
Forward currency contracts	(25,640,807)	3,088,895	283,668
Commodity futures contracts	(77,930,905)	8,225,667	11,698,223
Forward currency option contracts	13,846,140	-	790,251
	(89,725,572)	11,314,562	12,772,142
2013			
Forward currency contracts	(233,256,774)	525,381	7,268,409
Commodity futures contracts	(268,020,559)	7,901,603	4,553,689
Forward currency option contracts	125,749,650	-	820,323
	(375,527,683)	8,426,984	12,642,421

- (a) The Group uses forward currency contracts, commodity futures contracts and forward currency option contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- (b) Forward currency contracts and forward currency option contracts are used to hedge the Group's sales and purchases denominated in United States Dollar ("USD"), Australian Dollar ("AUD"), Great Britain Pound ("GBP") and EURO for which firm commitments existed at the end of the reporting period. The settlement dates on forward currency contracts range from January 2015 to March 2015 (2013 : January 2014 to May 2014) after the end of the reporting period.
- (c) Commodity futures contracts are used to manage the Group's open sale and purchase commitments and inventory of raw materials changes continuously in line with cocoa bean price movements in the respective commodity markets.
- (d) During the financial year, the Group recognised a gain of RM 2,014,976 (2013 : RM 7,590,828) arising from fair value changes of derivatives. The fair value changes were attributed to changes in the foreign exchange spot and forward rates. The method and assumptions applied to determining the fair value of derivative are disclosed in Note 40.

Notes to the Financial Statements

For the financial year ended 31 December 2014

17. DEPOSITS WITH LICENSED BANK

	Group	
	2014 RM	2013 RM
Short term deposit placed with a licensed bank	269,000	-
Fixed deposits placed with licensed bank (Note 35)	965,786	1,070,889
	1,234,786	1,070,889

- (a) The short term deposit placed with a licensed bank at the end of reporting period bears effective interest rate at 2.1% (2013 : NIL) per annum. The short term deposit have maturity period of 1 day (2013 : NIL).
- (b) The fixed deposits placed with licensed bank at the end of the reporting period bear effective interest rate ranging from 3.20% to 5.75% (2013 : 3.20% to 5.75%) per annum. The fixed deposits have maturity period of 12 months (2013 : 12 months).
- (c) The fixed deposits placed with licensed banks of the Group at the end of the reporting periods has been pledged to licensed banks as security for banking facilities granted to the Group (Note 21).

18. SHARE CAPITAL

	Group And Company			
	2014		2013	
	Number of shares	RM	Number of shares	RM
Authorised :				
Ordinary shares of RM 0.25 each	800,000,000	200,000,000	800,000,000	200,000,000
Issued and fully paid-up :				
Ordinary shares of RM 0.25 each	478,514,289	119,628,572	478,514,289	119,628,572

Share Capital

The holders of ordinary shares are entitled to receive dividends as declared by the Company and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares, all rights are suspended until those shares are reissued.

Warrants 2011/2016

The salient terms of the Warrants 2011/2016 are as follows :

- (a) The Warrants are constituted by a Deed Poll executed on 7 January 2011.
- (b) The Warrants are traded separately.
- (c) The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue, 21 February 2011 to 20 February 2016 ("Exercised Period"). Warrants not exercised during the Exercised Period will lapse and cease to be valid.

Notes to the Financial Statements

For the financial year ended 31 December 2014

18. SHARE CAPITAL (CONT'D)

Warrants 2011/2016 (Cont'd)

- (d) Each Warrant entitles the registered holder to subscribe for one new ordinary share ("Shares") in the Company.
- (e) In connection with the Bonus Issue of 158,757,731 new ordinary shares ("Bonus Share") on the basis of one (1) Bonus Share for every two (2) Shares held, the Exercise Price of the Warrants was adjusted from RM 2.00 to RM 1.34 for each Warrant and an additional 29,894,168 new Warrants were issued as a consequence of the Bonus Issue pursuant to Clause 3(A)(ii) of the Third Schedule of the Deed Poll.

As at 31 December 2014, 16,525 out of the adjusted total number of 89,699,193 Warrants had been exercised.

- (f) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.
- (g) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

19. TREASURY SHARES

	Group And Company			
	2014		2013	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM 0.25 each				
At 1 January	2,240,700	5,194,748	2,240,700	5,194,748
Shares bought back during the year	-	-	-	-
At 31 December	2,240,700	5,194,748	2,240,700	5,194,748

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 25 June 2014, renewed their approval for the Company's plan to repurchase its own shares up to 10% of the issued and paid-up share capital of the Company.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the shares buyback can be applied in the best interest of the Company and its shareholders.

The shares bought back are held as treasury shares and none of the treasury shares were resold or cancelled during those financial years.

Notes to the Financial Statements

For the financial year ended 31 December 2014

20. RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-Distributable				
Foreign currency translation reserve	17,229,750	8,025,920	-	-
Distributable				
Retained profits	188,748,750	206,306,332	16,492,125	23,765,732
	205,978,500	214,332,252	16,492,125	23,765,732

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Retained Profits

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

21. LOANS AND BORROWINGS

		Group	
		2014 RM	2013 RM
Current			
Secured	- Bank overdrafts	892,786	1,116,276
	- Bankers' acceptances	6,944,000	3,711,000
	- Term loans	54,918,210	54,901,926
	- Trade loans	593,900,586	693,705,501
	- Revolving credit	63,447,491	66,854,900
	- Obligations under finance leases	447,866	513,311
Unsecured	- Bank overdrafts	222,533	-
		720,773,472	820,802,914
Non-Current			
Secured	- Term loans	144,647,748	120,726,203
	- Obligations under finance leases	393,276	571,844
		145,041,024	121,298,047
		865,814,496	942,100,961
Total Borrowings			
Secured	- Bank overdrafts	892,786	1,116,276
	- Bankers' acceptances	6,944,000	3,711,000
	- Term loans	199,565,958	175,628,129
	- Trade loans	593,900,586	693,705,501
	- Revolving credit	63,447,491	66,854,900
	- Obligations under finance leases	841,142	1,085,155
Unsecured	- Bank overdrafts	222,533	-
		865,814,496	942,100,961

Notes to the Financial Statements

For the financial year ended 31 December 2014

21. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of the loans and borrowings at the reporting date are as follows :

	Group	
	2014	2013
	RM	RM
Current		
Not later than one year	720,773,472	820,802,914
Non-Current		
Later than one year and not later than two years	36,166,120	26,909,993
Later than two years and not later than five years	89,909,803	77,078,898
Later than five years	18,965,101	17,309,156
	145,041,024	121,298,047
	865,814,496	942,100,961

Obligations under finance leases

- (a) These obligations bear interests ranging from 2.6% to 6.3% (2013 : 3.9% to 7.3%) per annum.
- (b) Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows :

	Group	
	2014	2013
	RM	RM
Minimum lease payments :		
Not later than one year	479,914	555,526
Later than one year and not later than two years	313,188	368,345
Later than two years and not later than five years	99,359	231,584
	892,461	1,155,455
Less : Unexpired term charges	(51,319)	(70,300)
	841,142	1,085,155

Present value of payments :

Current		
Not later than one year	447,866	513,311
Non-Current		
Later than one year and not later than two years	298,753	345,606
Later than two years and not later than five years	94,523	226,238
	393,276	571,844
	841,142	1,085,155

Notes to the Financial Statements

For the financial year ended 31 December 2014

21. LOANS AND BORROWINGS (CONT'D)

Bank borrowings

- (a) The bank borrowings are secured by the following :
- (i) Negative pledge ;
 - (ii) Corporate guarantee by the Company ; and
 - (iii) Leasehold land and building and freehold property (Note 7(a), Note 8 and Note 9).
- (b) The effective interest rates (per annum) for bank borrowings during the financial years are as follows :

	Group	
	2014	2013
	%	%
Bank overdrafts	7.9 - 8.4	7.6
Bankers' acceptances and trade loans	0.5 - 4.4	0.7 - 4.4
Revolving credits	5.0	4.4
Term loans	2.2 - 6.3	1.9 - 6.3

- (c) The term loans are repayable by 24 to 120 monthly instalments (2013 : 24 to 120 monthly instalments). At the end of the reporting period, they are repayable as follows :

	Group	
	2014	2013
	RM	RM
Current		
Not later than one year	54,918,210	54,901,926
Non-current		
Later than one year and not later than two years	35,794,983	26,564,387
Later than two years and not later than five years	89,887,664	76,852,660
Later than five years	18,965,101	17,309,156
	144,647,748	120,726,203
	199,565,958	175,628,129

- (d) During the financial year, the Group breached the gearing ratio covenant of certain banks. Such breaches of covenant were rectified during the financial year except for two banks, whose covenant breaches were rectified subsequent to financial year end. However, no reclassification of the loans from non-current to current is required as all the outstanding loans from these two banks are current.

Notes to the Financial Statements

For the financial year ended 31 December 2014

22. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2014 RM	2013 RM
At 1 January	15,544,842	15,849,527
Recognised in profit or loss (Note 32)	(977,760)	(318,658)
Foreign currency difference	307,050	224,973
(Over)provision on deferred tax expense in prior years (Note 32)	(86,000)	(211,000)
At 31 December	14,788,132	15,544,842
Presented after appropriate offsetting as follows :		
Deferred tax assets	(53,905)	(73,787)
Deferred tax liabilities	14,842,037	15,618,629
	14,788,132	15,544,842

(a) The components and movements of deferred tax assets and liabilities during the financial year prior to offset are as follows :

(i) Deferred tax assets :

	Unused tax losses RM	Other temporary differences RM	Total RM
At 1 January 2013	-	11,761	11,761
Recognised in profit or loss	69,959	(226)	69,733
Foreign exchange difference	(8,327)	620	(7,707)
At 31 December 2013 / 1 January 2014	61,632	12,155	73,787
Recognised in profit or loss	(45,810)	2,341	(43,469)
Foreign exchange difference	22,486	1,101	23,587
At 31 December 2014	38,308	15,597	53,905

(ii) Deferred tax liabilities :

	Excess of capital allowances over depreciation RM	Other temporary differences RM	Total RM
At 1 January 2013	16,913,407	(1,052,119)	15,861,288
Recognised in profit or loss	3,128,434	(3,377,359)	(248,925)
(Over)provision on deferred tax expense in prior years	(211,000)	-	(211,000)
Foreign currency difference	238,097	(20,831)	217,266
At 31 December 2013 / 1 January 2014	20,068,938	(4,450,309)	15,618,629
Recognised in profit or loss	2,821,822	(3,843,051)	(1,021,229)
(Over)provision on deferred tax expense in prior years	64,000	(150,000)	(86,000)
Foreign currency difference	536,864	(206,227)	330,637
At 31 December 2014	23,491,624	(8,649,587)	14,842,037

Notes to the Financial Statements

For the financial year ended 31 December 2014

22. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

- (b) Subject to the agreement of the tax authority, the unused capital allowances and unused tax losses are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

	Group	
	2014	2013
	RM	RM
Unabsorbed capital allowances	24,010,000	16,885,000
Unused tax losses	28,203,000	12,933,000
	52,213,000	29,818,000

23. POST-EMPLOYMENT BENEFITS

Certain foreign subsidiaries of the Group operates post-employment plans for severance and service benefits required under the labour laws of the country in which they operate. The employee benefits liability is unfunded.

The amounts recognised in profit or loss are as follows :

	2014	2013
	RM	RM
Current service cost	162,199	139,972
Interest cost	39,551	19,438
Benefit paid	-	(7,286)
Foreign exchange differences	(9,306)	(76,772)
Net employee benefit expenses	192,444	75,352

The movement in the liability recognised in the statement of financial position is as follows :

	RM	RM
At 1 January	463,985	360,477
Net employee benefit expenses	201,750	159,410
Benefit paid	-	(7,286)
Foreign exchange differences	35,121	(48,616)
At 31 December	700,856	463,985

The amount recognised in the statement of financial position are determined as follows :

	RM	RM
Present value of defined benefit obligation	700,856	463,985
Employee benefits liability	700,856	463,985

Notes to the Financial Statements

For the financial year ended 31 December 2014

23. POST-EMPLOYMENT BENEFITS (CONT'D)

Movement of present value of obligation is as follow :

	2014 RM	2013 RM
At 1 January	463,985	360,477
Current service cost	162,199	139,972
Interest cost	39,551	19,438
Benefit paid	-	(7,286)
Foreign exchange differences	35,121	(48,616)
At 31 December	<u>700,856</u>	<u>463,985</u>

Historical information of present value of defined benefit obligation, fair value of plan assets and experience adjustments are as follows :

	RM	RM
Present value of defined benefit obligation	<u>664,226</u>	443,913
Experience adjustments on plan liabilities	<u>(15,636)</u>	(42,051)

The principal actuarial assumptions used were as follows :

	2014	2013
Retirement age	55 years	55 years
Discount rate	8.51 - 8.53%	9.10 - 9.13%
Salary increment rate	8.00%	8.00%
Mortality table	TMI - 2011	TMI - 2011

(Table Mortality Indonesia - TMI)

24. AMOUNT OWING TO HOLDING COMPANY

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<i>Non-Current</i>				
Non-trade balance	<u>12,320,000</u>	-	<u>12,320,000</u>	-

This represent non-trade balance which is unsecured, interest-free advances and payments made on behalf. The amount owing are repayable on demand and are to be settled in cash.

25. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade terms granted to the Group range from cash against documents to 60 days (2013 : cash against documents to 60 days) from the date of invoices.

Notes to the Financial Statements

For the financial year ended 31 December 2014

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Accrued expenses	7,327,105	9,628,885	81,562	86,133
Sundry payables	10,717,745	13,790,132	2	2
	18,044,850	23,419,017	81,564	86,135

Sundry payables are non-interest bearing and are repayable on demand. Included in sundry payables of the Group is an amount of RM 759,210 (2013 : RM 3,081,970) payable for the purchase of property, plant and equipment (Note 7(c)).

27. AMOUNT OWING TO DIRECTORS

This represents non-trade balances which are unsecured, interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

28. REVENUE

Revenue of the Group and of the Company comprises the followings :

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Dividend income	-	-	1,785,000	-
Management fee income	-	-	24,000	72,000
Invoiced value of goods sold net of discounts and returns	1,818,870,990	1,362,712,598	-	-
	1,818,870,990	1,362,712,598	1,809,000	72,000

29. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
This is arrived at after charging :				
Staff costs (Note 30)	30,742,539	25,570,951	43,800	43,500
Non-executive directors' remuneration (Note 31)	110,400	72,000	110,400	72,000
Allowance for obsolete inventories	-	70,889	-	-
Amortisation of intangible assets	147,996	147,996	-	-
Amortisation of prepaid lease payments	620,665	603,949	-	-
Auditors' remuneration :				
- current	243,421	279,327	57,500	55,000
- under/(over)provision in prior years	3,562	(3,600)	-	-
- other services	8,000	23,000	8,000	23,000
Bad debts written off	800,273	10,596	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2014

29. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
This is arrived at after charging : (Cont'd)				
Depreciation of property, plant and equipment	23,784,816	20,393,624	-	-
Depreciation of investment properties	208,876	-	-	-
Fair value loss on derivatives	33,020,619	9,138,999	-	-
Impairment loss on intangible assets (Note 10)	2,037,260	64,050	-	-
Impairment loss on trade and other receivables	147,433	685,829	-	-
Interest expense :				
- bank overdrafts	63,483	19,144	-	-
- bankers' acceptances	276,580	164,607	-	-
- obligations under finance leases	47,711	38,614	-	-
- term loans	5,750,259	3,799,640	-	-
- trade loans	8,797,103	6,555,678	-	-
- revolving credit	-	35,620	-	-
Inventories written off	-	15,666	-	-
Management fee	-	39,371	-	-
Net employee benefit expenses	201,750	159,410	-	-
Property, plant and equipment loss on theft	274,760	-	-	-
Realised loss on foreign exchange	21,640,839	24,423,813	130,842	-
Rental :				
- factory	275,417	130,893	-	-
- forklift / crane / container	62,386	172,043	-	-
- hostel	246,628	182,668	-	-
- office	30,000	50,000	-	-
- outlet	96,000	96,000	-	-
- warehouse	5,067,086	3,339,269	-	-
Research and development expenses	-	2,508	-	-
Sub-lease rental	259,190	259,191	-	-
Unrealised loss on foreign exchange	10,660,081	-	10,320,301	-
Write-down of inventories	19,890,314	43,580,160	-	-
And Crediting :				
Bad debt recovered	(13,730)	-	-	-
Fair value gain on derivatives	(2,930,173)	(24,499,177)	-	-
Gain on disposal of property, plant and equipment	(1,300)	(139,160)	-	-
Insurance claim	(1,030,570)	(916,044)	-	-
Interest income	(154,839)	(698,530)	-	-
Realised gain on foreign exchange	-	-	-	(4,652,649)
Reversal of impairment on trade receivables	(859,238)	-	-	-
Reversal of impairment on subsidiary	-	-	(1,937,909)	-
Reversal of inventories written down	(2,383)	-	-	-
Unrealised gain on foreign exchange	-	(537,612)	-	(1,922,914)
Warehouse rental income	(1,222,722)	(1,050,018)	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. STAFF COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 31)	3,385,787	666,780	43,800	43,500
Other Staff Costs				
Salaries and other emoluments	22,896,030	20,838,939	-	-
EPF	1,559,789	1,544,527	-	-
Employee benefits	201,763	79,668	-	-
SOCSO	173,992	159,181	-	-
Other staff related expenses	2,525,178	2,281,856	-	-
	27,356,752	24,904,171	-	-
Total Staff Costs	30,742,539	25,570,951	43,800	43,500

31. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive Directors :				
Allowance	3,090	1,500	1,800	1,500
Bonuses				
- current year	-	526,456	6,000	-
- overprovision in prior year	-	(3,550,000)	-	-
EPF	90,432	108,072	-	-
Fee	150,000	342,000	36,000	42,000
Salaries	2,424,844	2,385,459	-	-
SOCSO	1,859	1,859	-	-
	2,670,225	(184,654)	43,800	43,500
Non-Executive Directors :				
Allowance	5,400	3,000	5,400	3,000
Bonus	15,000	-	15,000	-
Fee	90,000	69,000	90,000	69,000
	110,400	72,000	110,400	72,000

Notes to the Financial Statements

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31. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Subsidiaries				
Executive Directors :				
Allowances	15,477	15,127	-	-
Bonuses	-	55,077	-	-
EPF	40,356	61,657	-	-
Fee	132,000	150,000	-	-
Salaries	527,058	567,817	-	-
SOCSO	671	1,756	-	-
	715,562	851,434	-	-
Total directors' remuneration	3,496,187	738,780	154,200	115,500
Estimated monetary value of benefits-in-kind				
- Executive directors of the Company	65,275	65,275	-	-
- Executive directors of the subsidiaries	28,000	28,000	-	-
	93,275	93,275	-	-

32. TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(a) Components of tax expense				
Current tax expense :				
- Malaysian income tax	799,500	3,149,000	-	-
- Foreign income tax	120,608	295,282	-	-
	920,108	3,444,282	-	-
(Over)/Underprovision in prior years :				
- Malaysian income tax	(557,376)	248,776	-	29,354
- Foreign income tax	(487,597)	270,720	-	-
	(124,865)	3,963,778	-	29,354
Deferred tax expense :				
- relating to the (reversal) of temporary differences	(977,760)	(318,658)	-	-
- (over)provision in prior years	(86,000)	(211,000)	-	-
	(1,063,760)	(529,658)	-	-
Withholding tax	-	110,343	-	-
	(1,188,625)	3,544,463	-	29,354

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. TAX EXPENSE (CONT'D)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
(b) Reconciliation of income tax expenses				
(Loss)/Profit before tax	(18,480,956)	7,871,216	(7,273,607)	6,012,853
Tax at Malaysian statutory income tax rate of 25% (2013 : 25%)	(4,620,000)	1,968,000	(1,818,000)	1,503,000
Tax effect of different tax rates in subsidiaries				
- Foreign subsidiaries	(1,614,000)	(95,000)	-	-
Tax effect of double deduction relief	(186,000)	(378,000)	-	-
Tax effect of non-taxable income	(52,095)	(422)	(931,000)	(1,644,000)
Tax effect of non-deductible expenses	4,005,887	2,446,202	2,749,000	141,000
Effect of tax incentive	-	(114,731)	-	-
Deferred tax assets not recognised during the financial year	2,760,214	(551,925)	-	-
Utilisation of deferred tax assets previously not recognised	(351,658)	(148,500)	-	-
Withholding tax	-	110,343	-	-
(Over)/Underprovision in prior years :				
- current tax expense	(1,044,973)	519,496	-	29,354
- deferred tax expense	(86,000)	(211,000)	-	-
	(1,188,625)	3,544,463	-	29,354

The Malaysian statutory tax rate will be reduced to 24% from the rate of 25% for current financial year effective from year of assessment 2016.

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A subsidiary has been awarded a concessionary status by its local government agency. As a result, the subsidiary enjoys concessionary tax rate of 10% with effect from 1 January 2011 on its qualifying income from trading of commodity products.

33. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (Loss)/Earnings Per Ordinary Share

Basic (loss)/earnings per ordinary share is calculated by dividing the loss/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

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For the financial year ended 31 December 2014

33. (LOSS)/EARNINGS PER ORDINARY SHARE (CONT'D)

(a) Basic (Loss)/Earnings Per Ordinary Share (Cont'd)

	Group	
	2014 RM	2013 RM
(Loss)/Profit for the year attributable to owners of the Company	(17,557,582)	3,414,479
	Units	Units
Number of ordinary shares in issue at the beginning of financial year	476,273,589	476,273,589
Weighted average number of ordinary shares in issue	476,273,589	476,273,589
Basic (loss)/earnings per ordinary share (sen)	(3.69)	0.72

(b) Diluted (Loss)/Earnings Per Ordinary Share

The calculation of diluted (loss)/earnings per share was based on the (loss)/profit attributable to owner of the Company and the weighted average number of ordinary shares outstanding (excluding treasury shares) on the assumption that all the dilutive potential ordinary shares are fully converted, as follows :

	Group	
	2014 RM	2013 RM
(Loss)/Profit for the year attributable to owners of the Company	(17,557,582)	3,414,479
	Units	Units
Weighted average number of ordinary shares in issue	476,273,589	476,273,589
Effect of dilution of warrants	-	18,150,064
Adjusted weighted average number of ordinary shares in issue and issuales	476,273,589	494,423,653
Diluted earnings per ordinary share (sen)	(3.69)*	0.69

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued since the exercise price is above the average market value of the Company's shares.

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For the financial year ended 31 December 2014

34. DIVIDENDS

Group	
2014	2013
RM	RM

In respect of the financial year ended 31 December 2012

Final tax-exempt single-tier dividend of 8% equivalent to 2.0 sen per ordinary share on 476,273,589 ordinary shares of RM 0.25

- 9,525,472

In respect of the financial year ended 31 December 2013

First interim tax-exempt single-tier dividend of 6% equivalent to 1.5 sen per ordinary share on 476,273,589 ordinary shares of RM 0.25

- 7,144,107

Second interim tax-exempt single-tier dividend of 6% equivalent to 1.5 sen per ordinary share on 476,273,589 ordinary shares of RM 0.25

- 7,144,106

- 23,813,685

35. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following :

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Deposits with licensed bank	1,234,786	1,070,889	-	-
Bank and cash balances	40,082,604	26,371,534	14,881	69,197
Less : Bank overdraft	(1,115,319)	(1,116,276)	-	-
	40,202,071	26,326,147	14,881	69,197
Less : Non-cash and cash equivalents				
Deposits pledged to bank as collateral (Note 17)	(965,786)	(1,070,889)	-	-
	39,236,285	25,255,258	14,881	69,197

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year :

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Subsidiaries				
- Management fee income	-	-	(24,000)	(72,000)
- Dividend income	-	-	(1,785,000)	-
Affiliated companies ⁽¹⁾				
- Sale of goods	(8,093,596)	(6,591,657)	-	-
- Purchase of goods	4,499,427	25,715,382	-	-
- Commission paid	346,633	294,645	-	-

⁽¹⁾ Affiliated company represents company in which directors of the Company and its subsidiaries, and/or certain substantial shareholder of the Company have financial interest, both directly or indirectly.

(c) Compensation Of Key Management Personnel

The remuneration of directors and other members of key management personnel during the financial year was as follows :

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short-term employee benefits	3,790,286	5,181,210	154,200	115,500
Defined contribution plan (EPF)	221,862	289,625	-	-
	4,012,148	5,470,835	154,200	115,500
Included in the total key management personnel compensation are :				
Directors' remuneration (Note 31)				
- Directors of the Company	2,670,225	(184,654)	154,200	115,500
- Directors of the subsidiaries	715,562	851,434	-	-
	3,385,787	666,780	154,200	115,500

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. SEGMENTAL ANALYSIS

The Group has three (3) reportable segments that are Malaysia, Singapore and Indonesia as a result of the business expanding activities carried out in the financial year 2011.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding and provision of management services.

The respective subsidiaries' chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit or loss before tax, interest, depreciation and amortisation.

Inter-segment sales are determined based on current market prices.

Segment assets

The amounts provided to the chief operating decision maker with respect to total assets are based on all assets allocated to each reportable segment other than deferred income tax assets and tax recoverable.

Segment liabilities

The amounts provided to the chief operating decision maker with respect to total liabilities are based on all liabilities allocated to each reportable segment other than income tax liabilities and borrowings.

Capital expenditure

Capital expenditure comprises mainly additions to property, plant and equipment directly attributable to the segment.

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments :

	Malaysia RM	Singapore RM	Indonesia RM	Others RM	Eliminations RM	Consolidated RM
At 31 December 2014						
Geographical Segments :						
Total external revenue	810,588,034	955,979,129	19,627,478	32,676,349	-	1,818,870,990
Internal segment revenue	425,973,070	1,871,391,408	964,399,169	1,809,000	(3,263,572,647)	-
Total revenue	1,236,561,104	2,827,370,537	984,026,647	34,485,349	(3,263,572,647)	1,818,870,990
Segment results	19,172,649	(3,794,986)	14,088,348	(3,569,441)	(5,043,752)	20,852,818
Interest income						154,839
Finance cost						(14,935,136)
Depreciation and amortisation						(24,553,477)
Loss before tax						(18,480,956)
Tax expense						1,188,625
Loss for the financial year						(17,292,331)

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. SEGMENTAL ANALYSIS (CONT'D)

	Malaysia RM	Singapore RM	Indonesia RM	Others RM	Eliminations RM	Consolidated RM
At 31 December 2014 (Cont'd)						
Segment assets	703,268,031	139,695,407	572,868,084	27,217,252	-	1,443,048,774
Deferred tax assets						53,905
Tax recoverable						14,840,445
Total assets						<u>1,457,943,124</u>
Segment liabilities	27,697,691	207,222,563	4,921,156	12,755,911	-	252,597,321
Deferred tax liabilities						14,842,037
Loans and borrowings						865,814,496
Tax payable						319,102
Total liabilities						<u>1,133,572,956</u>
Other information :						
Capital expenditure	12,502,124	1,021	8,895,435	36,360	-	21,434,940
Depreciation and amortisation	12,237,383	9,840	11,885,307	420,947	-	24,553,477
Non-cash expenses (other than depreciation and amortisation)	16,998,923	-	6,344,800	5,118	-	23,348,841
At 31 December 2013						
Geographical Segments :						
Total external revenue	700,515,548	610,484,546	5,627,282	46,085,222	-	1,362,712,598
Internal segment revenue	171,610,728	1,555,759,724	736,334,088	72,000	(2,463,776,540)	-
Total revenue	<u>872,126,276</u>	<u>2,166,244,270</u>	<u>741,961,370</u>	<u>46,157,222</u>	<u>(2,463,776,540)</u>	<u>1,362,712,598</u>
Segment results	8,184,819	8,976,729	18,068,763	7,945,579	(4,244,332)	38,931,558
Interest income						698,530
Finance cost						(10,613,303)
Depreciation and amortisation						(21,145,569)
Profit before tax						<u>7,871,216</u>
Tax expense						(3,544,463)
Profit for the financial year						<u>4,326,753</u>
Segment assets	697,777,298	212,672,648	571,469,124	27,118,350	-	1,509,037,420
Deferred tax assets						73,787
Tax recoverable						14,317,587
Total assets						<u>1,523,428,794</u>

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. SEGMENTAL ANALYSIS (CONT'D)

	Malaysia RM	Singapore RM	Indonesia RM	Others RM	Eliminations RM	Consolidated RM
At 31 December 2013 (Cont'd)						
Segment liabilities	41,816,448	181,642,541	6,760,203	695,718	-	230,914,910
Deferred tax liabilities						15,618,629
Loans and borrowings						942,100,961
Tax payable						1,120,625
Total liabilities						<u>1,189,755,125</u>
Other information :						
Capital expenditure	58,607,051	17,963	39,429,835	135,817	-	98,190,666
Depreciation and amortisation	9,963,493	213,660	10,579,552	388,864	-	21,145,569
Non-cash expenses (other than depreciation and amortisation)	1,348,221	14,663,293	28,358,843	183	-	44,370,540

Major customers

The following are major customers with revenue equal to or more than 10% of Group revenue :

	Revenue		Segment
	2014 RM	2013 RM	
Customer A	235,024,926	190,245,975	Singapore
Customer B	197,739,556	-	Singapore

38. CAPITAL COMMITMENTS

At 31 December, the Group has the following capital commitments in respect of property, plant and equipment:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Contracted but not provided for	25,392,000	21,000,000	6,390,000	-

Notes to the Financial Statements

For the financial year ended 31 December 2014

39. LEASE COMMITMENTS

At 31 December, the Group has the following outstanding sub-lease rental commitments which are not taken up in the financial statements :

	Group	
	2014	2013
	RM	RM
Lease rental payable :		
Not later than one year	839,993	853,248
Later than one year and not later than five years	972,455	1,613,257
Later than five years	371,214	494,952
	2,183,662	2,961,457

40. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to variety of market risks (including foreign currency risk, interest rate risk), credit risk, commodity price risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

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

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than functional currency. The currencies giving rise to this risk are primarily EURO, Great Britain Pound ("GBP"), Rupiah, Singapore Dollar ("SGD") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk.

The majority of the Group transactional currency risk arises from its foreign currency based forward sales and purchase of commodity items, contracted along the cocoa bean price chain. These non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations and accounted as financial instruments with fair value impact to its financial statements. These forward contracts on fulfillment at maturity will result in book receivables or payables in foreign currency.

The Group entity's currency exposure and corresponding foreign currency contract are mark-to-market and fair valued quarterly for operational hedge effectiveness testing and for management reporting and oversight. Monthly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

Notes to the Financial Statements

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40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Foreign currency risk (cont'd)

The Group's exposure to foreign currency is as follows :

Group	EURO RM	GBP RM	Rupiah RM	SGD RM	USD RM	Other RM	Total RM
At 31 December 2014							
Financial Assets							
Trade receivables	147,551	54,159,914	709,457	102,571	133,907,262	101,048	206,097,996
Other receivables	-	544,535	-	304,283	9,027,434	19,489	11,307,099
Amount owing by affiliated companies	-	-	-	-	821,505	-	1,221,756
Deposits with licensed bank	-	-	151,101	-	505,835	-	1,234,786
Bank and cash balances	47,339	194,840	1,825,302	344,791	32,687,152	133,340	40,082,604
	194,890	54,899,289	2,685,860	751,645	176,949,188	253,877	259,944,241
Financial Liabilities							
Trade payables	-	(111,214,914)	-	(1,157,062)	(90,227,430)	-	(206,874,767)
Other payables and accruals	(377,232)	-	(1,030,282)	(1,403,612)	(3,044,800)	-	(18,044,850)
Amount owing to affiliated company	-	-	-	-	-	-	(23,986)
Amount owing to directors	-	-	(144,615)	-	-	-	(145,720)
Loans and borrowings	-	-	-	(149,644)	(830,779,542)	-	(865,814,496)
Net financial (liabilities)/assets	(377,232)	(111,214,914)	(1,174,897)	(2,710,318)	(924,051,772)	-	(1,090,903,819)
Less : Forward currency contracts (contracted notional)	(182,342)	(56,315,625)	1,510,963	(1,958,673)	(747,102,584)	253,877	(830,959,578)
Less : Net financial assets/(liabilities) denominated in the respective entities' functional currency	-	-	-	-	28,221,300	-	(25,640,807)
Currency exposure	(182,342)	(110,177,732)	1,510,963	(1,958,673)	(431,997,836)	253,877	(542,533,841)

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Foreign currency risk (cont'd)

Group	EURO RM	GBP RM	Rupiah RM	SGD RM	USD RM	Other RM	Total RM
At 31 December 2013							
Financial Assets							
Trade receivables	256,227	36,095,032	151,625	215,855	101,784,098	229,758	144,327,062
Other receivables	-	568,638	82,073	1,059,388	39,625,367	-	41,387,788
Amount owing by affiliated companies	-	-	-	-	754,558	-	893,529
Deposits with licensed bank	-	-	-	-	762,039	-	1,070,889
Bank and cash balances	59,115	1,676,190	1,386,119	1,596,828	18,741,175	401,150	26,371,534
	315,342	38,339,860	1,619,817	2,872,071	161,667,237	630,908	214,050,802
Financial Liabilities							
Trade payables	-	(105,617,065)	(78,795)	671,612	(79,571,578)	(1,807,791)	(186,403,617)
Other payables and accruals	(374,975)	-	(989,094)	(3,111,589)	(4,325,944)	(1,111,495)	(23,419,017)
Amount owing to affiliated company	-	-	-	-	(7,849,291)	-	(7,849,291)
Amount owing to directors	-	-	(135,475)	-	-	(1,104)	(136,579)
Loans and borrowings	-	-	-	-	(908,803,635)	-	(942,100,961)
Net financial (liabilities)/assets	(374,975)	(105,617,065)	(1,203,364)	(2,439,977)	(1,000,550,448)	(1,111,495)	(1,159,909,465)
Less: Forward currency contracts (contracted national)	(59,633)	(67,277,205)	416,453	432,094	(838,883,211)	(480,587)	(945,858,663)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currency	-	276,320,806	-	-	(42,357,821)	(706,211)	233,256,774
Currency exposure	(59,633)	209,043,601	(869,628)	432,094	(504,733,613)	(1,186,798)	(297,936,551)

Notes to the Financial Statements

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40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Foreign currency risk (cont'd)

Company	USD RM	RM RM	Total RM
At 31 December 2014			
Financial Assets			
Amount owing by subsidiaries	-	68,000	68,000
Bank and cash balances	-	14,881	14,881
	-	82,881	82,881
Financial Liabilities			
Other payables	-	(81,564)	(81,564)
Amount owing to subsidiaries	(296,869,007)	(75,955,750)	(372,824,757)
	(296,869,007)	(76,037,314)	(372,906,321)
Net financial assets/(liabilities)	(296,869,007)	(75,954,433)	(372,823,440)
Less : Net financial assets denominated in the entity's functional currency	-	75,954,433	75,954,433
Currency exposure	(296,869,007)	-	(296,869,007)
At 31 December 2013			
Financial Assets			
Amount owing by subsidiaries	-	54,000	54,000
Bank and cash balances	-	69,197	69,197
	-	123,197	123,197
Financial Liabilities			
Other payables	-	(86,135)	(86,135)
Amount owing to subsidiaries	-	(19,697,862)	(19,697,862)
	-	(19,783,997)	(19,783,997)
Net financial assets/(liabilities)	-	(19,660,800)	(19,660,800)
Less : Net financial assets denominated in the entity's functional currency	-	19,660,800	19,660,800
Currency exposure	-	-	-

Notes to the Financial Statements

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40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Foreign currency risk (cont'd)

The following table details the sensitivity analysis of the Group's profit before tax to a reasonably possible change in the foreign currencies against the functional currency of the Group, with all other variables held constant :

	Group	
	Increase/(Decrease)	
	2014	2013
	RM	RM
Effects on profit before tax		
EURO / RM		
- strengthened by 5%	(9,117)	(2,982)
GBP / RM		
- strengthened by 5%	(5,508,887)	10,452,180
SGD / RM		
- strengthened by 5%	(97,934)	21,605
USD / RM		
- strengthened by 5%	(21,599,892)	(25,236,681)
RUPIAH / RM		
- strengthened by 5%	75,548	(43,481)

A weakening of the above currencies against Ringgit Malaysia at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, with all other variables held constant.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were :

	Group	
	2014	2013
	RM	RM
Fixed rate instruments		
Financial liabilities	<u>665,133,219</u>	<u>765,356,556</u>
Floating rate instruments		
Financial liabilities	<u>200,681,277</u>	<u>176,744,405</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If the interest rate for floating rate instruments at the end of the reporting period changes 100 basis points (bp) (2013 : 100 bp) with all other variable being held constant, the Group's profit or loss would have increased/decreased by RM 1,296,231 (2013 : RM 1,119,035).

(iii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Credit risk (cont'd)

Credit risk concentration profile

Concentration of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group monitors its portfolios, to identify and assess risk concentrations. The credit portfolios are monitored and periodically reviewed to identify, assess and guard against unacceptable risk concentrations.

The credit risk concentration profile of the Group's trade receivables (including amount owing by affiliated companies) by geographical region at the end of the reporting period is as follows :

	2014		2013	
	RM	% of total	RM	% of total
By country :				
Brazil	10,866,545	5%	4,701,409	3%
China	30,259,999	15%	21,981,894	15%
Germany	8,568,516	4%	36,807,458	25%
India	503,496	-	6,428,741	5%
Japan	7,632,438	4%	3,953,617	3%
Malaysia	18,377,706	9%	12,199,756	8%
Russia	19,357,878	9%	4,538,934	3%
Singapore	5,773,703	3%	1,996,785	2%
Spain	1,914,334	1%	5,339,065	4%
United States	54,733,066	26%	22,362,537	15%
Other countries	49,332,071	24%	24,910,395	17%
	207,319,752	100%	145,220,591	100%

Exposure to credit risk

As at reporting date, the Group's and the Company's maximum exposure to credit risk is represented by :

- (i) The carrying amount of each class of financial assets recognised in the statements of financial position.
- (ii) A nominal amount of RM 1,477,195,966 (2013 : RM 1,569,874,970) relating to financial guarantees provided by the Company for banking facilities granted to its subsidiaries.

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition is not material.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Credit risk (cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by affiliated companies) at the end of the reporting period is as follows :

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying value RM
Group				
At 31 December 2014				
Neither past due nor impaired	173,429,524	-	-	173,429,524
Past due but not impaired :				
- less than 3 months	25,612,462	-	-	25,612,462
- 3 to 6 months	7,137,180	-	-	7,137,180
- over 6 months	2,114,103	(973,517)	-	1,140,586
	<u>208,293,269</u>	<u>(973,517)</u>	-	<u>207,319,752</u>
At 31 December 2013				
Neither past due nor impaired	100,114,425	(195,241)	-	99,919,184
Past due but not impaired :				
- less than 3 months	38,340,026	(125,999)	-	38,214,027
- 3 to 6 months	4,471,592	(2,408)	-	4,469,184
- over 6 months	3,979,870	(1,361,674)	-	2,618,196
	<u>146,905,913</u>	<u>(1,685,322)</u>	-	<u>145,220,591</u>

At the end of the reporting period, trade receivables that are individually impaired were those have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iv) Commodity price risk

The manufacturing of the Group's cocoa-derived food ingredients products require raw materials such as cocoa beans. The Group seeks to protect itself from the volatility of cocoa bean price risk through the use of commodity futures contracts in a cost effective manner.

The value of the Group's open sale and purchase commitments and inventory of raw materials changes continuously in line with cocoa bean price movements in the respective commodity markets.

The Group uses commodity futures manage its price risk and exposure by having policies and procedures governing its limits on volume and tenure, mark-to-market losses and on approval. The Group's marketing and trading operations are centralised and long-short positions are monitored closely.

If the commodity price index at the reporting date increase by 1% with all other variables held constant, the Group's profit before tax would have decreased by RM 1,211,639 (2013 : RM 2,483,116).

For the above, a decrease of 1% would have an equal but opposite effect. The analysis assumes all other variables, in particular, foreign exchange rates, remain constant.

(v) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet their liabilities when they fall due.

(a) Financial Risk Management Policies (Cont'd)

(v) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of reporting date based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) :

	Effective rate %	Carrying amount RM	Contractual undiscounted cash flows			
			Within 1 year RM	1-5 years RM	Over 5 years RM	
Group - 2014						
Non-derivative Financial Liabilities						
Trade payables	-	206,874,767	206,874,767	-	-	-
Other payables and accruals	-	18,044,850	18,044,850	-	-	-
Amount owing to affiliated company	-	23,986	23,986	-	-	-
Amount owing to directors	-	145,720	145,720	-	-	-
Loans and borrowings :						
- Bank overdraft	7.9 - 8.4	1,115,319	1,115,319	-	-	-
- Bankers' acceptances	1.2 - 4.4	6,944,000	6,944,000	-	-	-
- Term loans	2.2 - 6.3	199,565,958	206,215,512	56,301,739	131,334,652	18,579,121
- Trade loans	0.5 - 2.3	593,900,586	593,900,586	-	-	-
- Revolving credit	5.0	63,447,491	63,447,491	-	-	-
- Obligation under finance lease	2.6 - 6.3	841,142	892,145	479,598	412,547	-
Derivative Financial Liabilities						
Commodity future contracts	-	11,698,223	11,698,223	-	-	-
Forward currency contracts	-	283,668	283,668	-	-	-
Forward currency option contracts	-	790,251	790,251	-	-	-
		1,103,675,961	1,110,376,518	960,050,198	131,747,199	18,579,121

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(v) Liquidity risk (Cont'd)

	Effective rate %	Carrying amount RM	Contractual undiscounted cash flows		
			Within 1 year RM	1-5 years RM	Over 5 years RM
Group - 2013					
Non-derivative Financial Liabilities					
Trade payables	-	186,403,617	186,403,617	-	-
Other payables and accruals	-	23,419,017	23,419,017	-	-
Amount owing to affiliated company	-	7,849,291	7,849,291	-	-
Amount owing to directors	-	136,579	136,579	-	-
Loans and borrowings :					
- Bank overdraft	7.6	1,116,276	1,116,276	-	-
- Bankers' acceptances	3.8 - 4.4	3,711,000	3,711,000	-	-
- Term loans	1.9 - 6.3	175,628,129	176,343,758	112,926,098	6,698,792
- Trade loans	0.7 - 2.3	693,705,501	693,705,501	-	-
- Revolving credit	4.4	66,854,900	66,854,900	-	-
- Obligation under finance lease	3.9 - 7.3	1,085,155	1,155,455	599,929	-
Derivative Financial Liabilities					
Commodity future contracts	-	4,553,689	4,553,689	-	-
Forward currency contracts	-	7,268,409	7,268,409	-	-
Forward currency option contracts	-	820,323	820,323	-	-
		1,172,551,886	1,173,337,815	1,053,112,996	6,698,792

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(v) Liquidity risk (Cont'd)

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
Company - 2014					
Non-derivative Financial Liabilities					
Other payables and accruals	81,564	81,564	81,564	-	-
Amount owing to subsidiaries	372,824,757	372,824,757	372,824,757	-	-
	372,906,321	372,906,321	372,906,321	-	-
Company - 2013					
Non-derivative Financial Liabilities					
Other payables and accruals	86,135	86,135	86,135	-	-
Amount owing to subsidiaries	19,697,862	19,697,862	19,697,862	-	-
	19,783,997	19,783,997	19,783,997	-	-

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings from financial institutions less deposit, bank and cash balances.

As it is common in the cocoa industry for manufacturers/processors to carry cocoa beans inventory that are sufficient to mitigate the impact of seasonality and varieties of crops, and normally the bean inventory is financed through trade finance facilities. The interest cost of this is recouped and imputed through cocoa product pricing. In order to reflect better Group's gearing position, the net debt is adjusted to exclude trade finance facilities which are used to finance cocoa bean/raw material. There was no change in the Group's approach to capital management during the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows :

	2014 RM	2013 RM
Loans and borrowings	865,814,496	942,100,961
Less : Deposits, bank and cash balances	(41,317,390)	(27,442,423)
Net debt	824,497,106	914,658,538
Adjusted net debt	230,596,520	220,953,037
Total equity	320,412,324	328,766,076
Debt-to-equity ratio	2.57	2.78
Adjusted debt-to-equity ratio	0.72	0.67

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM 40 million.

The Company has complied with this requirement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Financial Assets				
Loans and receivables				
Trade receivables	206,097,996	144,327,062	-	-
Other receivables	11,307,099	41,387,788	-	-
Amount owing by subsidiaries	-	-	68,000	54,000
Amount owing by affiliated companies	1,221,756	893,529	-	-
Deposits with licensed bank	1,234,786	1,070,889	-	-
Bank and cash balances	40,082,604	26,371,534	14,881	69,197
	259,944,241	214,050,802	82,881	123,197
Fair value through profit or loss				
Derivative assets	11,314,562	8,426,984	-	-
Financial Liabilities				
Other financial liabilities				
Loans and borrowings	865,814,496	942,100,961	-	-
Trade payables	206,874,767	186,403,617	-	-
Other payables and accruals	18,044,850	23,419,017	81,564	86,135
Amount owing to subsidiaries	-	-	372,824,757	19,697,862
Amount owing to affiliated company	23,986	7,849,291	-	-
Amount owing to directors	145,720	136,579	-	-
	1,090,903,819	1,159,909,465	372,906,321	19,783,997
Fair value through profit or loss				
Derivative liabilities	12,772,142	12,642,421	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The Group - 2014

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Fair Value	Carrying
	RM	RM	RM	RM	RM	RM	RM	RM
Financial Assets								
Derivative assets :								
- forward currency contracts	-	3,088,895	-	-	-	-	3,088,895	3,088,895
- commodity futures contracts	8,225,667	-	-	-	-	-	8,225,667	8,225,667
Financial Liabilities								
Obligations under finance lease	-	-	-	-	(874,199)	-	(874,199)	(841,142)
Term loans	-	-	-	-	(199,565,958)	-	(199,565,958)	(199,565,958)
Derivative liabilities :								
- forward currency contracts	-	(283,668)	-	-	-	-	(283,668)	(283,668)
- commodity future contracts	(11,698,223)	-	-	-	-	-	(11,698,223)	(11,698,223)
- forward currency option contracts	-	(790,251)	-	-	-	-	(790,251)	(790,251)

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

The Group - 2013

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Financial Assets								
Derivative assets :								
- forward currency contracts	-	525,381	-	-	-	-	525,381	525,381
- commodity futures contracts	7,901,603	-	-	-	-	-	7,901,603	7,901,603
Financial Liabilities								
Obligations under finance lease	-	-	-	-	(1,063,483)	-	(1,063,483)	(1,085,155)
Term loans	-	-	-	-	(175,628,129)	-	(175,628,129)	(175,628,129)
Derivative liabilities :								
- forward currency contracts	-	(7,268,409)	-	-	-	-	(7,268,409)	(7,268,409)
- commodity future contracts	(4,553,689)	-	-	-	-	-	(4,553,689)	(4,553,689)
- forward currency option contracts	-	(820,323)	-	-	-	-	(820,323)	(820,323)

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

The Company

At the end of the reporting period, there were no financial instruments carried at fair values.

The fair values above are for disclosure purposes and have been determined using the following basis :

- (i) The fair value of obligation under finance leases are determined by discounting the relevant cash flows using interest rate for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows :

	Group	
	2014	2013
	%	%
Obligation under finance leases	<u>5.2 - 6.6</u>	6.4 - 6.6

(ii) The carrying amounts of the term loans approximate their fair values as these instruments bear interest at variable rates.

(iii) The fair value of forward currency contracts and forward currency option contracts are determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.

(iv) The fair value of commodity future contracts is determined based on the quoted closing price on the relevant commodity markets as at reporting date.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

(e) Master Netting or Similar Agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owned by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group currently does not have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

(e) Master Netting or Similar Agreements (Cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements :

Group - 2014

	Note	Carrying amounts of financial instruments in the statement of financial position RM	Related financial instruments that are not offset RM	Net amount RM
Derivative financial assets				
Forward currency contracts	16	3,088,895	(283,668)	2,805,227
Commodity future contracts	16	8,225,667	(8,225,667)	-
		<u>11,314,562</u>	<u>(8,509,335)</u>	<u>2,805,227</u>
Derivative financial liabilities				
Forward currency contracts	16	(283,668)	283,668	-
Commodity future contracts	16	(11,698,223)	8,225,667	(3,472,556)
Forward currency option contracts	16	(790,251)	-	(790,251)
		<u>(12,772,142)</u>	<u>8,509,335</u>	<u>(4,262,807)</u>

Group - 2013

Derivative financial assets

Forward currency contracts	16	525,381	(525,381)	-
Commodity future contracts	16	7,901,603	(4,553,689)	3,347,914
		<u>8,426,984</u>	<u>(5,079,070)</u>	<u>3,347,914</u>

Derivative financial liabilities

Forward currency contracts	16	(7,268,409)	525,381	(6,743,028)
Commodity future contracts	16	(4,553,689)	4,553,689	-
Forward currency option contracts	16	(820,323)	-	(820,323)
		<u>(12,642,421)</u>	<u>5,079,070</u>	<u>(7,563,351)</u>

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 9 April 2014, GCB Oversea Holdings Corporation ("GCBOHC"), a wholly-owned subsidiary of the Company subscribed 4,511,867 new ordinary shares of USD 1.00 each at par for cash in its wholly-owned subsidiary, GCB Cocoa Singapore Pte. Ltd. ("GCS").
- (b) On 31 October 2014, the Company subscribed 8,000,000 new ordinary shares of RM 1.00 each at par in its wholly-owned subsidiary, Guan Chong Cocoa Manufacturer Sdn. Bhd. ("GCCM") for a total cash consideration of RM 8,000,000.

Notes to the Financial Statements

For the financial year ended 31 December 2014

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (c) On 31 October 2014, the Company subscribed 9,500,000 new ordinary shares of RM 1.00 each at par in GCB Specialty Chocolates Sdn. Bhd. ("GCBSC") by way of agreed discharge of amount indebtedness by GCBSC to the Company. Upon completion, the Company held 92.5% interest in GCBSC.
- (d) On 10 October 2014, the Company has agreed to accept the offer made by Malaysia Cocoa Manufacturing Sdn. Bhd. for the amount of RM 7,100,000 to purchase the assets and fittings with certain terms and conditions. By virtue of the Letter of Acceptance, the Company has paid a sum of RM 710,000, being the 10% deposit of the purchase consideration on 31 December 2014. Subsequently, the purchase of assets and fittings was completed on 15 January 2015 with the remaining 90% purchase consideration of RM 6,390,000 settled by cash.

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year :

	Group		Company	
	Amount as restated RM	Amount as previously reported RM	Amount as restated RM	Amount as previously reported RM
Statements of Financial Position				
Current Assets				
Trade and other receivables	-	186,608,379	-	54,000
Prepayments and other assets	-	20,145,680	-	16,082
Trade receivables	144,327,062	-	-	-
Other receivables, prepayments and other assets	61,533,468	-	16,082	-
Amount owing by subsidiaries	-	-	54,000	-
Amount owing by affiliated companies	893,529	-	-	-
Deposits, bank and cash balances	-	27,442,423	-	-
Deposits with licensed bank	1,070,889	-	-	-
Bank and cash balances	26,371,534	-	-	-
Current Liabilities				
Trade and other payables	-	217,808,504	-	19,783,997
Trade payables	186,403,617	-	-	-
Other payables and accruals	23,419,017	-	86,135	-
Amount owing to subsidiaries	-	-	19,697,862	-
Amount owing to affiliated company	7,849,291	-	-	-
Amount owing to directors	136,579	-	-	-
Statements of Profit or Loss and Other Comprehensive Income				
Administrative expenses	23,037,303	20,561,273	634,710	634,656
Finance costs	10,613,303	13,089,333	-	54

The above reclassifications have no effect on the result for the previous financial year.

Notes to the Financial Statements

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43. SUPPLEMENTARY INFORMATION

DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the reporting date into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows :

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Total retained profits :				
- realised	232,127,875	242,988,297	26,812,426	23,765,732
- unrealised	(25,448,213)	(17,924,361)	(10,320,301)	-
	206,679,662	225,063,936	16,492,125	23,765,732
Less : Consolidation adjustments	(17,930,912)	(18,757,604)	-	-
At 31 December	188,748,750	206,306,332	16,492,125	23,765,732

List of Properties

Owner / Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2014
Malaysia						
PLO273 Jalan Timah 2, 81700 Pasir Gudang, Johor	60 years (expiring on 8 May 2043)	7,976	24 years (Main factory and office) 18 years (second factory) 11 years (extension to second factory)	Industrial premises / factory consists of GCC main office, production area for GCC and temporary warehouse	7 December 1989	7,262,025
No. 49 Jalan 10/9, Perjiranan 10, Pasir Gudang, Johor	99 years (expiring on 6 May 2082)	143	31 years	Hostel	28 July 1994	62,614
PLO725, Jalan Keluli 9, 81700 Pasir Gudang, Johor	60 years (expiring on 17 February 2068)	27,523	8 years	Factory / warehouse	9 January 2006	19,514,575
Lot 4-0104(P) Mukim of Plentong, Johor	Freehold	3,502	N/A	Industrial land	1 July 2013	1,970,235
Lot 4-0114 Mukim of Plentong, Johor	Freehold	5,507	N/A	Industrial land	1 July 2013	3,098,211
Lot 4-0115 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,291,439
Lot 4-0116 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,291,439
Lot 4-0117 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,291,439
Lot 4-0118 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,291,439
Lot 4-0119 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,291,439
Lot 4-0120 Mukim of Plentong, Johor	Freehold	5,565	N/A	Industrial land	1 July 2013	3,130,248
Singapore						
The Cascadia 943 Bukit Timah Road #05-47 Singapore 589659	Freehold	111	5 years	Residential	17 January 2011	4,554,361
1 Commonwealth Lane #08-04 One Commonwealth Singapore 149544	30 years (expiring on 28 February 2038)	111	7 years	Office	19 January 2011	1,837,222

List of Properties

Owner / Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2014
Indonesia						
Komplek Tunas Industrial Estate Type 7 No. A-F, Batam, Indonesia	30 years (expiring on 24 August 2030)	33,045.6	5 years	Industrial premises / Factory consists of PT Asia main office, production area for PT Asia	21 June 2010	40,674,371
Komplek Tunas Industrial Estate Type 6 No. 7-G, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	6,985	9 years	Industrial premises	17 March 2011	4,988,934
Komplek Tunas Industrial Estate Type 6 No. 6-D, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	1,257	9 years	Industrial premises	17 March 2011	861,453
Komplek Perumahan Diamond Palace Blok B No. 26, Batam, Indonesia	Leasehold (expiring on 13 August 2030)	170	10 years	Hostel	23 September 2011	436,205
Komplek Perumahan Purimas Residence Blok B3 No. 11, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	9 years	Hostel	6 May 2011	156,907
Komplek Perumahan Purimas Residence Blok B3 No. 15, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	9 years	Hostel	6 May 2011	156,907
Komplek Perumahan Purimas Residence Blok B5 No. 23, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	11 years	Hostel	6 May 2011	156,907
Kawasan Industri Kelurahan IV, Batam Centre, Indonesia	Leasehold (expiring on 8 August 2031)	30,000	2 year	Industrial premises	10 January 2012	34,265,015
Komplek. Tunas Industrial Estate Type 6 No. 6-C, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	942	9 years	Industrial premises	8 June 2012	836,504
Kawasan Daan Mogot Arcadia, G15 No.5, Jl Raya Daan Mogot KM21, Batu Ceper, Jakarta, Indonesia.	Freehold	864	2 year	Industrial premises	2 October 2012	2,627,207
Palu warehouse Jalan Trans Sulaiwesi, Taipa, Palu- Sulaiwesi Tengah 94352.	Leasehold (expiring on 21 January 2027)	15,551	8 years	Warehouse	13 December 2013	6,275,983
Makassar Warehouse Jl. Kima 10 Kav A/5-a Makassar 90241	Leasehold (expiring on 29 October 2028)	10,880	16 years	Warehouse	10 December 2013	4,372,532

Other Compliance Information

1. SHARE BUY-BACKS

As at 31 December 2014, the Company has repurchased 2,240,700 ordinary shares of RM0.25 each, all of which are retained as treasury shares. None of the treasury shares were resold or cancelled during the financial year under review.

Schedule of share bought back and retained as treasury shares during the financial year under review is disclosed in Note 15 of the Notes to the Financial Statements.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year under review.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company has not sponsored any ADR or GDR programme during the financial year under review.

4. IMPOSITION OF SANCTIONS AND/OR PENALTIES

No sanctions and/or penalties have been imposed by any regulatory bodies on the Company or its subsidiaries, or on the Directors or management of the Company or its subsidiaries during the financial year under review.

5. NON-AUDIT FEES

An amount of RM13,000 was incurred to the external auditors by the Group for non-audit services provided for the financial year ended 31 December 2014.

6. MATERIAL CONTRACTS

Other than the related party transactions as disclosed in Note 36 to the Notes to the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving the Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

7. PROFIT FORECAST AND PROFIT GUARANTEE

During the financial year under review, there were no profit guarantees given by the Company.



Other Compliance Information

8. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The Group has established the appropriate procedures to ensure that the Company complies with the Listing Requirements of Bursa Securities relating to the recurrent related party transactions. All recurrent related party transactions entered during the financial year under review were reviewed by the Audit Committee and the same was reported to the Board on a quarterly basis.

The renewal of shareholder' mandate in respect of existing recurrent related party transactions is to be obtained at the AGM of the Company on a yearly basis.

Details of the recurrent related party transactions entered into by the Group during the financial year ended 31 December 2014 are set out on pages from 8 to 16 of the Circular to Shareholder dated 25 May 2015.

9. VARIATION IN RESULTS FOR THE FINANCIAL YEAR

There were no material variance between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced.

Analysis of Shareholdings

As at 24 April 2015

Authorised Share Capital	RM200,000,000-00
Issued and Fully Paid Up Share Capital	RM119,628,572.25 (including treasury shares) RM119,068,397.25 (excluding treasury shares)
Class of Shares	Ordinary shares of RM0-25 each
Voting Right	One vote per ordinary share
Number of Shareholders	2,580

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held *	% of Issued Share Capital
Less than 100 shares	84	3.26	4,633	Neg
100 to 1,000 shares	270	10.47	137,001	0.03
1,001 to 10,000 shares	1,482	57.44	7,172,667	1.51
10,001 to 100,000 shares	626	24.26	18,510,657	3.89
100,001 to less than 5% of issued shares	116	4.50	171,688,163	36.05
5% and above of issued shares	2	0.08	278,760,468	58.53
TOTAL	2,580	100.00	476,273,589	100.00

Notes:

Neg – Negligible

* – Excluding 2,240,700 shares held as treasury shares

LIST OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares held			
	Direct	%*	Indirect	%*
Guan Chong Resources Sdn Bhd	249,680,469	52.42	-	-
Misi Galakan Sdn Bhd	29,079,999	6.11	-	-

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares held			
	Direct	%*	Indirect	%*
YBhg Dato Dr Mohamad Musa Bin Md Jamil	105,999	0.02	29,079,999 ⁽¹⁾	6.11
Tay Hoe Lian	12,819,691	2.69	249,980,469 ⁽²⁾	52.48
Tay How Sik @ Tay How Sick	6,239,548	1.31	60,000 ⁽³⁾	0.01
Hia Cheng	8,748,179	1.84	9,641,799 ⁽⁴⁾	2.02
YBhg Datuk Tay Puay Chuan	60,000	0.01	-	-
Tan Ah Lai	-	-	-	-

HOLDING COMPANY – GUAN CHONG RESOURCES SDN BHD

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%*
Tay Hoe Lian	28,373	28.37	2,375 ⁽⁵⁾	2.38
Tay How Sik @ Tay How Sick	13,934	13.93	-	-
Hia Cheng	5,000	5.00	-	-

Analysis of Shareholdings

As at 24 April 2015

Other than as disclosed above, the Directors of the Company did not have any other interest in the shares of the Company and its related corporations as at the date of the Analysis of Shareholdings.

By virtue of his interest in the shares of Guan Chong Resources Sdn Bhd, Mr Tay Hoe Lian is also deemed to have an interest in the shares of all the subsidiaries to the extent that Guan Chong Resources Sdn Bhd has an interest.

Notes:

* Excluding 2,240,700 shares held as treasury shares.

- (1) Deemed interest by virtue of his substantial shareholding in Misi Galakan Sdn Bhd
- (2) Deemed interest by virtue of his substantial shareholding in Guan Chong Resources Sdn Bhd and his spouse, Yap Kim Hong's shareholding in the Company
- (3) Deemed interest by virtue of his daughter, Tay Jing Ye's shareholding in the Company
- (4) Deemed interest by virtue of his spouse, Wong Saow Lai's shareholding in the Company
- (5) Deemed interest by virtue of his spouse, Yap Kim Hong's shareholding in Guan Chong Resources Sdn Bhd

GUAN CHONG BERHAD – ORDINARY SHARES THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	%*
1.	Guan Chong Resources Sdn Bhd	249,680,469	52.42
2.	Misi Galakan Sdn Bhd	29,079,999	6.11
3.	Syarikat PJ Enterprise Sdn Bhd	22,941,399	4.82
4.	Tay Hoe Lian	10,519,692	2.21
5.	Tan Hui Yang	9,106,348	1.91
6.	Hia Cheng	8,748,179	1.84
7.	Wong Saow Lai	8,641,799	1.81
8.	Ngiam Ping-Shin	8,611,699	1.81
9.	Lembaga Tabung Angkatan Tentera	7,882,350	1.66
10.	Tay Hoe Chin	7,289,763	1.53
11.	Tay How Sik @ Tay How Sick	5,889,849	1.24
12.	Wong Kin Hoon	5,795,698	1.22
13.	Lim Yock @ Lim Kiak	5,209,838	1.09
14.	Chan Lee Yin	4,843,699	1.02
15.	Oung Chee Seng	4,685,349	0.98
16.	Aw Ah Hock	4,469,729	0.94
17.	Tay How Seng	4,457,037	0.94
18.	Tan Bak Keng @ Tang Ka Guek	3,744,024	0.79
19.	Chuah Chai Pore	3,367,549	0.71
20.	Ker Wan Chew	3,353,600	0.70
21.	Tay How Yeh	2,735,046	0.57
22.	Goh Siew Lee	2,564,950	0.54
23.	Ker Wan Chew	2,564,800	0.54
24.	Tay Lee Goh	1,754,458	0.37
25.	Tay Lie Siang	1,709,459	0.36
26.	Tay Lee Lin	1,639,459	0.34
27.	Tay Lee Shein	1,609,460	0.34
28.	Apollo Food Holdings Berhad	1,487,500	0.31
29.	Lim Hwee Chen	1,356,799	0.28
30.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tay Hoe Lian (M52075)	1,000,000	0.21

Note:

* - Excluding 2,240,700 shares held as treasury shares.

Analysis of Warrantholdings

As at 24 April 2015

Warrants 2011/2016

: 89,682,668 outstanding

DISTRIBUTION OF WARRANTHOLDINGS

Range of Warrantholdings	No. of Warranholders	% of Warranholders	No. of Warrants held	% of Outstanding Warrants
Less than 100 warrants	184	17.90	8,465	0
100 to 1,000 warrants	233	22.67	104,321	0.12
1,001 to 10,000 warrants	257	25.00	1,192,433	1.33
10,001 to 100,000 warrants	279	27.14	9,519,842	10.62
100,001 to less than 5% of issued warrants	73	7.10	25,855,095	28.83
5% and above of issued warrants	2	0	53,002,512	59.10
TOTAL	1,028	100.00	89,682,668	100.00

LIST OF SUBSTANTIAL WARRANTHOLDERS

Name	No. of Warrants held			
	Direct	%	Indirect	%
Guan Chong Resources Sdn Bhd	46,815,012	52.20	-	-
Misi Galakan Sdn Bhd	6,187,500	6.90	-	-
Syarikat PJ Enterprise Sdn Bhd	4,481,587	5.00	-	-

DIRECTORS' WARRANTHOLDINGS

Name	No. of Warrants held			
	Direct	%	Indirect	%
YBhg Dato Dr Mohamad Musa Bin Md Jamil	-	-	6,187,500 ⁽¹⁾	6.90
Tay Hoe Lian	2,234,941	2.49	46,815,012 ⁽²⁾	52.20
Tay How Sik @ Tay How Sick	1,082,471	1.21	11,250 ⁽³⁾	0.01
Hia Cheng	211,908	0.24	1,206,000 ⁽⁴⁾	1.34
YBhg Datuk Tay Puay Chuan	11,250	0.01	-	-
Tan Ah Lai	-	-	-	-

Notes:

- (1) Deemed interest by virtue of his substantial shareholding in Misi Galakan Sdn Bhd
- (2) Deemed interest by virtue of his substantial shareholding in Guan Chong Resources Sdn Bhd
- (3) Deemed interest by virtue of his daughter, Tay Jing Ye's warrantholding in the Company
- (4) Deemed interest by virtue of his spouse, Wong Saow Lai's warrantholding in the Company

Analysis of Warrantholdings

As at 24 April 2015

GUAN CHONG BERHAD - WARRANTS THIRTY (30) LARGEST WARRANTHOLDERS

No.	Name of Warrantholders	No. of Warrants held	%
1.	Guan Chong Resources Sdn Bhd	46,815,012	52.20
2.	Misi Galakan Sdn Bhd	6,187,500	6.90
3.	Syarikat PJ Enterprise Sdn Bhd	4,481,587	5.00
4.	Tay Hoe Chin	1,366,830	1.52
5.	Tay Hoe Lian	1,334,941	1.49
6.	Tay How Sik @ Tay How Sick	1,082,471	1.21
7.	Wong Saow Lai	1,006,000	1.12
8.	Aw Ah Hock	828,699	0.92
9.	Lim Yock @ Lim Kiak	761,218	0.85
10.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui (KLC/KEN)	727,500	0.81
11.	Tan Bak Keng @ Tang Ka Guek	702,004	0.78
12.	Mayban Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Kwek Keng Seng	688,000	0.77
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tay Hoe Lian (M52075)	550,000	0.61
14.	Ngiam Ping-Shin	520,762	0.58
15.	Chin Lam Choong	486,900	0.54
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd exempt an for UOB Kay Hian Pte Ltd (A/c Clients)	414,550	0.46
17.	Teng Pok Sang @ Teng Fook Sang	395,900	0.44
18.	Pang Tse Ming	388,300	0.43
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Lan	375,000	0.42
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui (8095789)	357,600	0.40
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Li Fung (Margin)	350,000	0.39
22.	RHB Capital Nominees (Tempatan) Sdn Bhd Chan Siau Jin (T-481079)	305,500	0.34
23.	Tee Tian Eng	300,000	0.33
24.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Chua Choon Ghee	294,800	0.33
25.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Ng Lag Hiang @ Ng Seok Chew	278,100	0.31
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kek Lian Lye	270,500	0.30
27.	Lok Wei Seong	244,200	0.27
28.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yew Miw Chin @ Yew Meow Tin (MY1371)	239,000	0.27
29.	Kek Eng Sian	237,000	0.26
30.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koay Teik Chuan	226,250	0.25

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of GUAN CHONG BERHAD (“GCB” or “the Company”) will be held at Sri Panti, 1st Hall, 2nd Floor, Mutiara Hotel, Jalan Dato Sulaiman, Taman Century, KB No. 779, 80990 Johor Bahru, Johor on Tuesday, 16 June 2015 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon. (Please refer to Note A).
2. To approve the payment of Directors' fees for the financial year ended 31 December 2014. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:
 - i) Tay How Sik @ Tay How Sick **Ordinary Resolution 2**
 - ii) Tan Ah Lai **Ordinary Resolution 3**
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions :-

5. **Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 5**

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



Notice of Annual General Meeting

6. Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT") Ordinary Resolution 6

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Main Market LR"), approval be and is hereby given for the renewal of the shareholders' mandate for the GCB Group to enter into and to give effect to specified RRPT and with the related parties as stated in Section 4.3 of the Circular to Shareholders dated 25 May 2015, which are necessary for its day-to-day operations, to be entered into by the GCB Group on the basis that these transactions are entered into on terms which are not more favorable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Renewal of Shareholders' Mandate");

"THAT the Proposed Renewal of Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the Proposed Renewal of Shareholders' Mandate has been passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

Notice of Annual General Meeting

7. Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued and paid-up capital Ordinary Resolution 7

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be and is hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to purchase and/or such amount of ordinary shares of RM0.25 each in the Company ("Shares") through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued and paid-up capital of the Company; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits and/or share premium of the Company";

"THAT the Directors be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 67A of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

Notice of Annual General Meeting

8. Proposed retention of Independent Director

Ordinary Resolution 8

"THAT approval be and is hereby given to YBhg Datuk Tay Puay Chuan, who has served as 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 Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.

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

By order of the Board,

PANG KAH MAN (MIA 18831)
Secretary

Muar, Johor
25 May 2015

Note:

(A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. Only depositors whose names appear in the Record of Depositors as at 9 June 2015 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. These shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. To be valid, the proxy form duly completed must be deposited at the registered office of the Company situated at No. 7 (1st Floor) Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri 84000 Muar, Johor not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their

proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

5. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(B) Explanatory Note Under Special Business:

7. Ordinary Resolution no. 5 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

- (a) The proposed Ordinary Resolution no. 5, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting ("AGM") to allot and issue shares in the Company up to an amount not exceeding ten percent (10%) of the issued capital of the Company for the time being for such purposes as they may deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

Notice of Annual General Meeting

- (b) The mandate now sought is a renewal from the previous mandate obtained at the last AGM held on 25 June 2014 which will expire at the conclusion of the forthcoming AGM.
- (c) The Company did not issue any new shares based on the previous mandate obtained at the last Annual General Meeting.
- (d) The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

8. **Ordinary Resolution no. 6**
Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT") ("Proposed Shareholders' Mandate")

The proposed Ordinary Resolution no. 6, if passed, will approve RRPT which are necessary for the Group's day-to-day operations that to be entered into by the Company and its subsidiaries with the respective related parties from the forthcoming Annual General Meeting ("AGM") to the next AGM; subject to the transactions are entered into on terms which are not more favorable to the related parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company. Further details on the Proposed Shareholders' Mandate are provided in the Circular to Shareholders dated 25 May 2015.

9. **Ordinary Resolution no. 7**
Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued and paid-up capital ("Proposed Shares Buy-Back Authority")

The proposed Ordinary Resolution no. 7, if passed, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percent (10%) of the issued and paid-up share capital of the Company as they consider would be in the interest of the Company. Further details on the Proposed Share Buy-Back Authority are provided in the Circular to Shareholders dated 25 May 2015.

10. **Ordinary Resolution no. 8**
Proposed Retention of Independent Director

The Board has assessed the independence of the Director, YBhg Datuk Tay Puay Chuan who has served as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

- i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, provide a broader view and bring an element of objectivity to the Board.
- ii) During his tenure in office, he has not developed, established or maintained any significant relationship which would impair his independence as an Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out his duties as Senior Independent Non-Executive Director and Chairman or member of the Board's Committees;
- iii) During his tenure in office, he has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of Listing Requirements;
- iv) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiaries;
- v) During his tenure in office as Senior Independent Non- Executive Directors in the Company, he has not been offered or granted any options by the Company. Other than Director's fees and allowances paid which has been an industry norm and within acceptable market rates, duly disclosed in the Annual Reports, no other incentives or benefits of whatsoever nature had been paid to him by the Company;
- vi) His vast experience and legal background enabled him to provide the Board with a diverse set of experience, expertise and independent judgment; and
- vii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.



Statement Accompanying Notice of Annual General Meeting

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

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Eleventh Annual General Meeting of the Company.

No of shares held

I/We, _____

of _____

being a member/members of GUANCHONG BERHAD, hereby appoint _____

of _____

or failing him/her, _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Sri Panti, 1st Hall, 2nd Floor, Mutiara Hotel, Jalan Dato Sulaiman, Taman Century, KB No. 779, 80990 Johor Bahru, Johor on Tuesday, 16 June 2015 at 11:00 a.m and at any adjournment thereof in respect of my/our shareholding in the manner indicated below :-

No.	Ordinary Resolution	For	Against
1	Approval of Directors' Fees for the financial year ended 31 December 2014		
2	Re-election of Tay How Sik @ Tay How Sick as Director		
3	Re-election of Tan Ah Lai as Director		
4	Re-appointment of Messrs Crowe Horwath as Auditors		
5	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
6	Proposed Renewal of Shareholders' Mandate		
7	Proposed Renewal of Share Buy-Back Authority		
8	Retention of YBhg Datuk Tay Puay Chuan as Independent Director		

[Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Proxy	No of Shares	Percentage
1		
2		
Total		100%

Signature of Shareholder or Common Seal

Dated this _____ day of _____ 2015

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 9 June 2015 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. These shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. To be valid, the proxy form duly completed must be deposited at the registered office of the Company situated at No. 7 (1st Floor) Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri 84000 Muar, Johor not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
5. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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AFFIX
STAMP

The Company Secretary

GUAN CHONG BERHAD (646226-K)

No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr Ismail 1, Jalan Bakri
84000 Muar
Johor Darul Takzim

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GUAN CHONG BERHAD (646226-K)

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Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang Johor
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