THREE-A RESOURCES BERHAD (481559-M)
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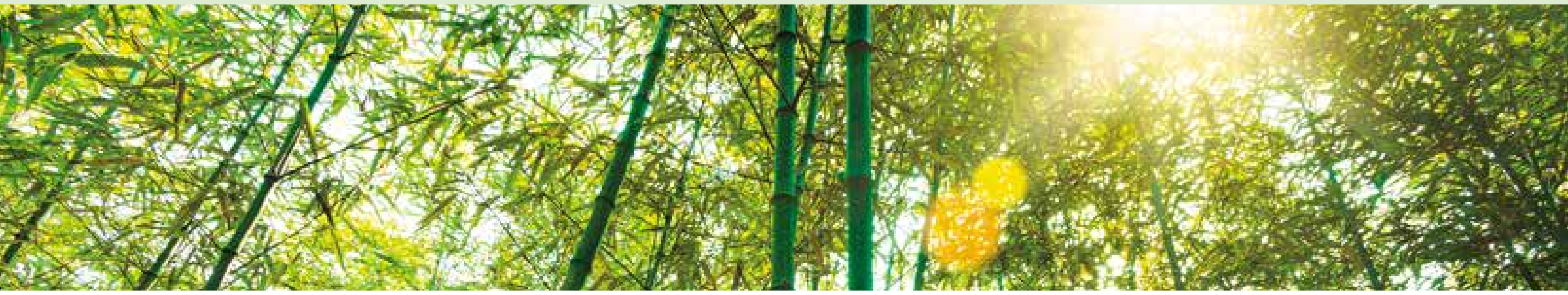
THREE-A RESOURCES BERHAD (481559-M) | Annual Report 2014



Vision

To excel as one of the Global Quality Brands in the Industry

Mission

To excel as one of the Global Market Leaders in the manufacture of Food & Beverage ingredients

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Corporate Profile

About Us

Three-A Resources Berhad (3A) is principally an investment holding company with two wholly-owned subsidiaries namely:-

- **San Soon Seng Food Industries Sdn. Bhd.**
- **Three-A Food Industries (M) Sdn. Bhd.**

and a 50% equity interest in a joint venture namely Three-A (Qinhuangdao) Food Industries Co. Ltd. which is in turn held through Three-A Food Industries (M) Sdn. Bhd.

San Soon Seng Food Industries Sdn. Bhd. (SSSFI) was founded in 1977 as a Liquid Caramel producer named under Soon Seng Sauce Mixture & Food Factory. By 1989, it was converted into a private limited company under the name of San Soon Seng Food Industries Sdn. Bhd. In 1999, Perbadanan Nasional Berhad took 30% equity stake through a capital injection and subsequently in 2002, SSSFI became the wholly-owned subsidiary of 3A. 3A was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 August 2002 and successfully transferred its listing status to the Main Board of Bursa Malaysia Securities Berhad on 18 June 2008.

In line with the expansion plans of the Group, our wholly-owned subsidiary, Three-A Food Industries (M) Sdn. Bhd. had entered into a Joint Venture with Yihai Kerry Investments Co. Ltd., a 98.39% owned subsidiary of Wilmar International Limited. The Joint Venture entity named Three-A (Qinhuangdao) Food Industries Co. Ltd. was duly registered on 9 August 2010, bearing the registration No. 130300400004752 in the People's Republic of China with a registered capital of USD5,100,000. The intended nature of business would be in manufacturing, processing and trading of Hydrolysed Vegetable Protein (HVP) (in liquid and powder form) and all related by-products.

Focus on Core Business

3A remains focused on its core strength in the Food & Beverage industry through its wholly-owned subsidiary, SSSFI. SSSFI is one of the leading Food & Beverage ingredients manufacturers in the country with products ranging as follows:

- **Caramel Colour (Full Range)**
- **Glucose Syrup; High Maltose Syrup**
- **Soya Protein Sauce (Hydrolysed Vegetable Protein; HVP)**
- **Natural Fermented Vinegar; Distilled Vinegar; Rice Vinegar**
- **Caramel Powder; HVP Powder; Soya Sauce Powder**
- **Maltodextrin**

We pride ourselves in constantly upgrading the quality of our products to meet the changing needs of our customers locally and internationally.

Presence In Domestic & Export Market

3A Group continues to strengthen its presence and market share in the domestic market. Besides, the Group has successfully ventured into countries around the world and confident that the export market will contribute much needed earning growth in the future.

Product Applications

Liquid Product

Caramel Colour

- Positive
  sauces and seasonings such as soy sauce, oyster sauce, fish sauce, seasoning mix, soup base, gravies, etc.

- Negative
  beverage industry such as soft drinks and cordials, pharmaceutical industry, baked products and confectionery, canned foods, dairy products, etc.

Glucose Syrup & Maltose Syrup
confectioneries, pharmaceutical industry, ice-cream, beverages, non-dairy creamer, etc.

Soya Protein Sauce (HVP)
sauces and seasonings such as soy sauce, oyster sauce, snack foods, etc.

Vinegar
ketchup, chilli sauce, table vinegar, mayonnaise, pickles, etc.

Powdered Product

- Maltodextrin
- Caramel Powder
- HVP Powder
- Soya Sauce Powder

non-dairy creamer, flavours, seasonings, sauces, beverages, dry mixes, confectioneries, frozen foods, snack foods, etc.

Extensive Awards & Recognitions

MALAYSIAN BUSINESS – CIMA ENTERPRISE GOVERNANCE AWARD 2008

- MESDAQ CATEGORY WINNER

MALAYSIAN BUSINESS CORPORATE GOVERNANCE AWARD 2006

- MERIT AWARD
- MESDAQ AWARD WINNER

ASIAMONEY AWARDS 2009

- SMALL-CAP CORPORATE OF THE YEAR

3A was accorded the Mesdaq Category Winner of Malaysian Business – CIMA Enterprise Governance Award 2008 and was honoured with the Governance Awards for the second consecutive year.

Malaysian Business and the Chartered Institute of Management Accountants (CIMA) Malaysia Division has recognised the growing importance of Enterprise Governance. Public Listed Companies which are listed on the Bursa Malaysia Securities Berhad are evaluated on business and corporate governance principles, best practices including risk management and internal control, communications and adherence to regulations, strategic management and financial and operational performance. The Award confers due recognition to companies for their excellence in delivering performance while conforming to set standards and practices which contribute towards enhancing the effectiveness of the organisation.

The award of "The Best Small Cap Corporate of the Year" conferred by Asiamoney was based on the consistent performance and steady growth in the business of the Group for the year 2009.

Achievement of the following standards and certifications are testimonies to our excellence in the Food & Beverage ingredients industry:-

HALAL CERTIFICATION

by ISLAMIC DEVELOPMENT DEPARTMENT OF MALAYSIA

All products manufactured by SSSFI are HALAL certified by Islamic Development Department of Malaysia. Its recognition imposes stringent cleaning and sanitation requirements in addition to good manufacturing practices (GMP). With the establishment of high standards and consumer confidence in SSSFI's products certified Halal, it provides better opportunity to gain access to the vast marketing potential of Halal consumers on a global scale.

ISO 9001:2008 CERTIFICATION

with UNITED KINGDOM ACCREDITATION SYSTEM by INTERTEK CERTIFICATION INTERNATIONAL SDN. BHD.

SSSFI was awarded the globally established standard for Quality Management System ISO 9001:2000 with UKAS (United Kingdom Accreditation System) since 2002. SSSFI endeavours to further enhance its product range and strive for continual improvement to meet its customers' satisfaction as to achieve the objectives of the ISO Quality Policy.

- Safe and Quality Products
- Satisfaction of Customers
- Strive for Continual Improvement

KOSHER CERTIFICATION

by ORTHODOX UNION

SSSFI's products are Kosher certified by Union of Orthodox Jewish Congregations of America. The demand for Kosher certified products has increased globally. The growing popularity of Kosher food and with its hallmark global acceptance, Kosher certification will provide us with the competitive edge in the Kosher market which will generate more revenue by expanding our business market shares internationally.

HACCP CERTIFICATION

by MINISTRY OF HEALTH (MOH)

SSSFI's products were certified to HACCP (Hazard Analysis Critical Control Point) System by MOH. HACCP is a systematic preventive approach to food safety in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards along the food supply chain. The HACCP certification will strengthen the confidence of consumers in our products.

FSSC 22000 CERTIFICATION

by INTERTEK CERTIFICATION INTERNATIONAL SDN. BHD.

SSSFI was certified for FSSC 22000 (Food Safety System Certification 22000) for its Caramel products since June 2013. FSSC is a comprehensive food safety management system and is recognised as the most effective approach to the manufacture of safe food, with broad international acceptance. The globally recognised FSSC 22000 allows SSSFI to meet a wide range of demand from both local and international customers which can promote the confidence of customers in our products.

Corporate Information

BOARD OF DIRECTORS

Dato' Mohd Nor Bin Abdul Wahid
Independent Non-Executive Chairman

Fang Chew Ham
Deputy Chairman & Managing Director

Fong Chu King @ Tong Chu King
Non-Independent Executive Director
(Alternate Director : Liew Kuo Shin)

Chew Eng Chai
Independent Non-Executive Director

Tan Chon Sing @ Tan Kim Tieng
Independent Non-Executive Director

Fang Siew Yee
Non-Independent Executive Director
(Alternate Director : Fang Siew Ping)

Khoo Wee Boon
Independent Non-Executive Director

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

Kwek Ju-Yang, Mark
Non-Independent Non-Executive Director
(Alternate Director : Sun Yi-Ling)

Sun You Ning
Non-Independent Non-Executive Director
(Appointed on 18.11.2014)

Company Secretary

Ng Bee Lian
MAICSA 7041392

Registered Office

AL 308, Lot 590 & Lot 4196,
Jalan Industri, U19,
Kampung Baru Sungai Buloh,
40160 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel No. : (03) 6156 2655
Fax No. : (03) 6156 2657
E-mail : info@three-a.com.my

Company No.

481559-M

Website Address

www.three-a.com.my

Audit Committee

Chew Eng Chai - Chairman
Tan Chon Sing @ Tan Kim Tieng
Mohd Zaki Bin Hamzah

Nomination Committee

Mohd Zaki Bin Hamzah
- Chairman and
Senior Independent Director
Chew Eng Chai
Khoo Wee Boon

Remuneration Committee

Tan Chon Sing @ Tan Kim Tieng
- Chairman
Chew Eng Chai
Dato' Mohd Nor Bin Abdul Wahid

Principal Bankers

OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd.
HSBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad

Auditors

BDO
Chartered Accountants
12th Floor, Menara Uni. Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : (03) 2616 2888
Fax No. : (03) 2616 3190

Share Registrar

Symphony Share Registrars Sdn. Bhd.
Level 6 Symphony House
Pusat Dagangan Dana 1, Jalan PJU 1A
47301 Petaling Jaya, Selangor
Tel No. : (03) 7841 8000
Fax No. : (03) 7841 8151

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Listed on the MESDAQ Market of Bursa Malaysia Securities Berhad since 13 August 2002

Transferred its listing status to Main Board of Bursa Malaysia Securities Berhad on 18 June 2008

Stock Name/Code

3A/0012

Investor Relations

Persons to Contact:
Fong Peng Fai
(Group Financial Controller)
Fang Siew Yee
(Executive Director)
Tel. No : (03) 6156 2655
E-mail : info@three-a.com.my

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Three-A Resources Berhad and of the Group for the financial year ended 31 December 2014.

Overview

The outlook for the global economy remains positive, supported by a boarder recovery in the advanced economies and sustained growth in emerging economies. The Malaysian economy has proven to be resilient as testament to recent announcements on GDP growth for the last quarter of 2014 as well as the forecast growth for 2015. However, the rationalisation subsidy programmes by the Malaysian government has resulted in the increase in electricity tariff, petrol and natural gas prices that had an adverse impact on the Group's margins. With expectation that the subsidy rationalisation programmes will continue and the impending implementation of the Goods and Services Tax effective 1 April 2015, the Company foresees that the forthcoming financial year will be challenging and fraught with uncertainties. Nevertheless, the Group will remain vigilant and be well prepared for the uncertainties ahead. The Group will continue to focus on improving cost efficiency to mitigate any adverse impacts on our business. The Group is confident of the prospect of the Group moving forward and that it will be able to sustain its profitability for the forthcoming year.

Financial Review

For the financial year ended 31 December 2014, we are pleased to report that the 3A Group has registered a slightly higher turnover of RM311.410 million which was 2.8% higher than that achieved in the last financial year 2013 of RM302.910 million. The improved turnover was mainly due to the increase in demand for our core products namely caramel colour, maltodextrin and HVP (Hydrolysed Vegetable Protein).

The Group's Profit Before Tax was RM26.265 million, reflecting an increase of RM10.145 million or 63% when compared to the preceding financial year. The improved profit before tax was a result of higher turnover and lower cost of materials resulting in substantial improvement in product margins, higher operational efficiency and lower finance costs.

For the financial year ended 31 December 2014, our domestic turnover was 71% and our exports turnover contributed 29% of our total turnover.

Total Comprehensive income for the year was recorded at RM18.304 million. Basic earnings per share for the financial year ended 31 December 2014 was 4.61 sen compared to 2.62 sen for the previous year.

As at 31 December 2014, the Group's total equity stood at RM231.825 million whilst net assets per share was 58.9 sen. Total assets of the Group was registered at RM279.649 million.

The Board together with the management played an important role in ensuring the successful execution of well-thought-out corporate and business strategies. The commitment of ensuring "customers always come first" by supplying superior quality products at competitive pricing together with high-level of customer service is well engraved in the Group.

Chairman's Statement

Outlook and Prospects

The Board is cautiously optimistic of the world economic situation with gradual improvements in economic data in the USA and growth in this region even though the tapering of the quantitative easing may probably pave way to a gradual rise in interest rate.

The Board will strive to continue to spend appropriately on capital expenditure on various initiatives as we focus our efforts to achieve and deliver another year of profit and value growth. We will continue to leverage on the Group's existing resources, our firm believe in investment in quality and our operating capability. We are well placed to meet the challenges ahead in 2015. We will align all our existing resources appropriately to ensure our growth momentum stays on track.

In addition, we will continue to widen our distribution, marketing networks and channels and strategic linkages established through expansions to new markets and territories.

The Group also stands to benefit from the Government's emphasis on making the country a regional food production and distribution centre, with particular emphasis on HALAL products. With a superior quality and trusted range of products, we expect our export market will continue to perform even better going forward. Currently, our exports are growing in tandem with our domestic market. We will continue to improve our competitiveness in the global market through greater emphasis on human resource, research and product development.

At the same time, the Management will continue to implement various cost saving measures and improvement in efficiency in the production. The Management will also continue to invest in human capital, technology, systems and automation in order to sustain and build on our current performance in the next financial year.

Updates on Joint Venture,
Three-A (Qinhuangdao) Food Industries Co. Ltd.

On another note, the joint venture, Three-A (Qinhuangdao) Food Industries Co. Ltd. incurred losses for the financial year ended 31 December 2014. The share of losses of the said joint venture was RM5.901 million for the year. Income generated for the aforesaid period was RM6.008 million with operating expenses incurred for the financial year ended 31 December 2014 amounting to RM11.909 million.

During the financial year, the joint venture had recorded an increase in revenue from RMB5 million to RMB22 million. However, the joint venture had incurred a gross loss of RMB20 million due to its current operating capacity being inadequate to cover the operating overheads as the said joint venture business had yet to achieve economies of scale. Nonetheless, the joint venture registered a trend of decreasing losses over increasing operational activities.

The Board remains confident that the joint venture will achieve its optimum operating capacity and generate profits in the near future. The Board is optimistic on the prospects of the joint venture with Yihai Kerry Investments Co. Ltd. in our quest to gain a foothold in the China market and tap into the country's high GDP growth and demand for our products.

Dividends

For the year under review, the Board had declared a single tier interim dividend of 7% per share of 20 sen for the financial year ended 31 December 2014 of which payment was made on 5 January 2015. The entitlement date was fixed on 22 December 2014.

No final dividend has been recommended for consideration at the forthcoming Annual General Meeting.

The Group endeavours to maintain a consistent and regular payment in its dividend by continuously conducting ongoing assessment on the results of the Group, review the availability of distributable retained earnings as well as the Group's future cash flow requirements and market conditions so that more profits will be distributed to our shareholders.

New Appointment

I welcome Mr. Sun You Ning to the Board and believe that his invaluable knowledge and experience will benefit the Group tremendously.

Appreciation

The continued strength and success of the Group as we go forth would not be possible without the commitment and dedication of its people. On behalf of the Board, I wish to thank our management team and staff for their dedication and invaluable contribution.

Finally, I would like to convey my sincere thanks and appreciation to our shareholders, customers, bankers, suppliers and business partners and stakeholders, for their continued support and confidence in our Company. I would also like to thank the Board of Directors for their guidance and support as we look forward to another successful year in 2015.

Dato' Mohd Nor Bin Abdul Wahid
Independent Non-Executive Chairman

Five-Year Group Financial Highlights

	Year Ended 31 December				
	2014	2013	2012 (RESTATED)	2011	2010
OPERATING RESULTS (RM'000)					
Revenue	311,410	302,910	306,429	268,806	248,940
Profit Before Taxation	26,265	16,120	21,999	15,352	20,905
Profit After Taxation	18,214	10,316	16,186	15,255	16,887
KEY BALANCE SHEET DATA (RM'000)					
Total Assets	279,649	292,779	314,648	280,971	284,328
Total Liabilities	47,824	73,748	102,346	79,983	94,504
Share Capital	78,720	78,720	78,720	78,720	78,720
Shareholders' Equity	231,825	219,031	212,302	200,988	189,823
SHARE INFORMATION (sen)					
Basic Earnings Per Share	4.6	2.6	4.1	3.9	4.4
Net Assets Per Share	58.9	55.6	53.9	51.1	48.2
Net Dividend Per Share	1.4	1.2	1.2	1.2	1.2
FINANCIAL RATIOS (%)					
Return on Equity	7.9	4.7	7.6	7.9	8.9
Return on Assets	6.5	3.5	5.1	5.6	5.8
Dividend Payout Ratio	30.3	46.2	29.3	30.0	27.3

Financial Calendar

Financial Year 2014

16 January 2014
- Announcement on changes in Directors' Interest

19 February 2014
- Announcement on Quarterly Report on consolidated results for the financial period ended 31 December 2013

13 March 2014
- Announcement on Three-A Resources Berhad ("3-A") proposed renewal of authority for the Company to purchase its own shares
- Announcement on Three-A Resources Berhad ("3-A") proposed renewal of Shareholders' mandate for recurrent related party transactions of a revenue or trading nature

09 April 2014
- Announcement on Annual Audited Accounts – 31 December 2013

11 April 2014
- Announcement on Annual Audited Accounts – 31 December 2013 (Amended)

02 May 2014
- Announcement on General Meetings: Notice of AGM

05 May 2014
- Submission of Circular to Shareholders in respect of proposed renewal of Shareholders' mandate for recurrent related party transactions of a revenue or trading nature
- Submission of Circular to Shareholders in respect of proposed renewal of authority for the Company to purchase its own shares
- Announcement on Annual Report 2013

06 May 2014
- Announcement on Change in Boardroom

28 May 2014
- Announcement on General Meetings – Outcome

29 May 2014
- Announcement on Quarterly Report on consolidated results for the financial period ended 31 March 2014

14 August 2014
- Announcement on Quarterly Report on consolidated results for the financial period ended 30 June 2014

14 November 2014
- Announcement on Quarterly Report on consolidated results for the financial period ended 30 September 2014

21 November 2014
- Announcement on Change in Boardroom

24 November 2014
- Announcement on Change in Boardroom

28 November 2014
- Announcement on Interim Dividend

01 December 2014
- Announcement on 3A – Notice of Book Closure

09 December 2014
- Announcement on Others – Increase of Authorised and Issued Paid Up Share Capital of San Soon Seng Food Industries Sdn. Bhd., a wholly-owned subsidiary of 3A

Directors' Profiles

DATO' MOHD NOR BIN ABDUL WAHID
Independent Non-Executive Chairman
62 years of age
Malaysian

Dato' Mohd Nor Bin Abdul Wahid was appointed to the Board of the Company on 10 May 2002 and had served as the Executive Chairman of the Company until 29 February 2012 when he was re-designated as an Independent Non-Executive Director. On 12 April 2012, he was re-designated as a Non-Independent Non-Executive Director. He has now become an Independent Non-Executive Chairman.

Dato' Mohd Nor Bin Abdul Wahid holds an MBA in Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra group for 23 years, rising from the rank of Executive Trainee in the Bank's wholly-owned subsidiary, Kewangan Bumiputra Berhad, to the position of Senior General Manager of the Bank, in charge of the Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experiences include both conventional and interest-free (Islamic) banking.

Dato' Mohd Nor Bin Abdul Wahid attended all five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. FANG CHEW HAM
Deputy Chairman and Managing Director
67 years of age
Malaysian

Mr. Fang Chew Ham was appointed to the Board of the Company on 10 May 2002 and has served as a Deputy Chairman and Managing Director of the Company since then. He is also the Managing Director and Executive Director of both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd.

Mr. Fang Chew Ham started the family business producing Caramel Colour for more than 30 years ago. In 1977, he set up the Soon Seng Sauce Mixture & Food Factory to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn. Bhd. (SSSFI) in 1989; SSSFI became the wholly-owned subsidiary of the Company in 2002.

Mr. Fang Chew Ham, with his vast experience in the food & beverage industry, heads the management of SSSFI. The company expects broader and more flexible goal-setting under his leadership, with the support of the management team, to develop a new range of product, and meet the quality expectation and ever-changing demands of the food & beverage ingredients industry.

Mr. Fang Chew Ham is the co-opted member of the Working Group of Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM); a specification for Caramel in the manufacture of soya sauce.

Mr. Fang Chew Ham has attended all five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fang Chew Ham is a sibling of Mr. Fong Chu King and is the father of Ms. Fang Siew Yee, both Directors of the Company.

MR. FONG CHU KING @ TONG CHU KING
Non-Independent Executive Director
70 years of age
Malaysian

Mr. Fong Chu King @ Tong Chu King was appointed to the Board of the Company on 10 May 2002 and has served as a Non-Independent Executive Director since then. He has resigned as a member of the Nomination Committee of the Company on 2 May 2013. He is also the General Manager of the Company's wholly-owned subsidiary, San Soon Seng Food Industries Sdn. Bhd. (SSSFI).

Mr. Fong Chu King graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University. He is a qualified Professional Engineer of Lembaga Jurutera Malaysia and also a member of the Institution of Engineers Malaysia. In his 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn. Bhd. and General Manager of Megasteel Sdn. Bhd.

Mr. Fong Chu King joined SSSFI in 2002 after his retirement from Megasteel Mills Sdn. Bhd. He has more than 25 years of working experience in the manufacturing industry. As the Executive Director and General Manager, he is fully in-charge of the operation and plant expansion of the Group.

Directors' Profiles (Cont'd)

Mr. Fong Chu King has attended all five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Fong Chu King is a sibling of Mr. Fang Chew Ham who is the Managing Director of the Company.

MR. CHEW ENG CHAI

Independent Non-Executive Director
65 years of age
Malaysian

Mr. Chew Eng Chai was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr. Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chew Eng Chai was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than 27 years of experience in the food & beverage industry.

Mr. Chew Eng Chai has attended all five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. TAN CHON SING @ TAN KIM TIENG

Independent Non-Executive Director
76 years of age
Malaysian

Mr. Tan Chon Sing @ Tan Kim Tieng was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as Chairman of the Remuneration Committee and member of the Audit Committee of the Company.

Mr. Tan Chon Sing graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a banker for eleven (11) years before joining the securities industry in 1976 and was admitted as a member of Bursa Malaysia Securities Berhad in 1987.

Mr. Tan Chon Sing was the Executive Director of Seremban Securities Sdn. Bhd.; now known as Malpac Management Sdn. Bhd., till November 2001. He is currently a Director of Malpac Holdings Berhad and also serves as Director of several private limited companies.

Mr. Tan Chon Sing has attended four (4) out of the five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MS. FANG SIEW YEE

Non-Independent Executive Director
35 years of age
Malaysian

Ms. Fang Siew Yee was appointed to the Board of the Company on 03 March 2004 and has served as a Non-Independent Executive Director since then.

Ms. Fang Siew Yee graduated with a Bachelor of Arts, Honours Degree in Business Administration in 2001 from the University of Greenwich, London. She then joined San Soon Seng Food Industries Sdn. Bhd. in 2001 as a Manager responsible for the administrative, human resource and purchasing matters of the Group.

Ms. Fang Siew Yee has attended all five (5) Board Meetings held during the financial year ended 31 December 2014. She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Fang Siew Yee is the spouse of Mr. Liew Kuo Shin, Alternate Director to Director Mr. Fong Chu Tong @ Fong Chu King; daughter of Managing Director Mr. Fang Chew Ham and sibling of Ms. Fang Siew Ping who was appointed as her Alternate Director on 29 February 2012.

Directors' Profiles (Cont'd)

MR. KHOO WEE BOON

Independent Non-Executive Director
66 years of age
Malaysian

Mr. Khoo Wee Boon was appointed to the Board of the Company on 27 September 2004 and serves as an Independent Non-Executive Director of the Company. He was also appointed as a member of the Nomination Committee of the Company on 2 May 2013.

Mr. Khoo Wee Boon had completed GCE in 1966 from University of Cambridge and completed Advance Bank Management Program from Asia Institute of Management; Eugenio Lopez Foundation - an affiliate of Ateneo De Manila University and La Salle University, Manila in 1989.

Mr. Khoo Wee Boon began his career as an Internal Auditor in Malayan Banking Berhad from 1973 to 1979, and as a Credit Officer in Maybank from 1979 to 1982. From 1984 to 1995, he was a Manager in Affin Bank Berhad, and a Dealer Representative in Omega Securities Berhad from 1995 to 1998. He currently works as a Dealer Representative with Hwang-DBS Investment Bank Berhad.

Mr. Khoo Wee Boon has attended all five (5) Board Meetings held during the financial year ended 31 December 2013. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

ENCIK MOHD ZAKI BIN HAMZAH

Independent Non-Executive Director
57 years of age
Malaysian

Encik Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 9 January 2007 and serves as an Independent Non-Executive Director of the Company. He also serves as a member of the Audit Committee of the Company and Chairman of the Nomination Committee of the Company.

Encik Mohd Zaki Bin Hamzah graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Masters degree in Business Administration majoring in Management Information System and Finance.

Encik Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra Malaysia Berhad as an EDP Audit Manager in 1986. He subsequently assumed the role of Chief Internal Auditor of the banking group until his resignation in 1998.

Encik Mohd Zaki Bin Hamzah has attended all five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. KWEK JU-YANG

Non-Independent Non-Executive Director
34 years of age
Singaporean

Mr. Kwek Ju-Yang, Mark, was re-appointed as a Non-Independent Non-Executive Director on 1 October 2013 and had resigned as an Alternate Director to Director Ms. Sun Yi-Ling on 1 October 2013.

Mr. Kwek Ju-Yang, Mark, graduated with a BA in Politics, Philosophy and Economics from the University of Pennsylvania (Summa Cum Laude). He was previously with Bain & Company, a global strategy consulting firm from 2006 to 2009. He is currently attached to Wilmar International Limited's Business Development Division since 2009.

Mr. Kwek Ju-Yang, Mark, has attended three (3) out of five (5) Board Meetings held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

MR. SUN YOU NING

Non-Independent Non-Executive Director
32 years of age
Singaporean

Mr. Sun You Ning was appointed as a Non-Independent Non-Executive Director on 18 November 2014.

Mr. Sun You Ning graduated with a BA in Economics from Pomona College. He holds a Masters of Business

Directors' Profiles (Cont'd)

Administration from Harvard Business School and passed Level III of the CFA Program. He previously worked at Goldman, Sachs & Co. as an analyst in the Investment Banking Division from 2007 to 2008. He worked at The Blackstone Group as an analyst in the Corporate Private Equity Group from 2008 to 2010. In 2012, he was an analyst at Angel Island Partners. He is currently attached to Wilmar International Limited's Investment Division since 2012.

Mr. Sun You Ning has attended one (1) out of one (1) Board Meeting held during the financial year ended 31 December 2014. He has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Sun You Ning is the sibling of Alternate Director Ms. Sun Yi-Ling.

MR. LIEW KUO SHIN

Alternate Director to Non-Independent Executive Director Mr. Fong Chu Tong @ Fong Chu King
37 years of age
Malaysian

Mr. Liew Kuo Shin was appointed as Alternate Director to Non-Independent Executive Director Mr. Fong Chu Tong @ Fong Chu King on 29 February 2012.

Mr. Liew Kuo Shin graduated as a Mechanical Engineer and has joined San Soon Seng Food Industries Sdn. Bhd. in 2001. He serves as a General Factory Manager of the Group and is responsible for the plant production functions, and overall coordination of all plants. He is also in charge of maintenance of plant and machinery in the Group.

Mr. Liew Kuo Shin has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Mr. Liew Kuo Shin is the spouse of Director Ms. Fang Siew Yee.

MS. FANG SIEW PING

Alternate Director to Non-Independent Executive Director Ms. Fang Siew Yee
33 years of age
Malaysian

Ms. Fang Siew Ping was appointed as Alternate Director to Non-Independent Executive Director Ms. Fang Siew Yee on 29 February 2012.

Ms. Fang Siew Ping graduated with a Bachelors Degree in Chemistry from the United States of America and joined San Soon Seng Food Industries Sdn. Bhd. in 2004 as R&D Manager and heads the R&D Department of 3A Group.

She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Fang Siew Ping is the daughter of Mr. Fang Chew Ham, and sibling of Ms. Fang Siew Yee, all of whom are Directors of the Company.

MS. SUN YI-LING

Alternate Director to Non-Independent Non Executive Director Mr. Kwek Ju-Yang
38 years of age
Malaysian

Ms. Sun Yi-Ling was appointed to the Board of the Company on 16 November 2009 as a Non-Independent Non-Executive Director of the Company. On 1 October 2013, she resigned as Non-Independent Non-Executive Director and was re-appointed as Alternate Director to Non-Independent Non-Executive Director Mr. Kwek Ju-Yang.

Ms. Sun Yi-Ling graduated with a Bachelor of Science in Economics (First Class Honours) from The London School of Economics and Political Science. She also holds a Masters of Business Administration from Harvard Business School. She was previously with Bain & Company, a global strategy consulting firm from 1998 to 2008. She joined Wilmar International Limited's Business Division in year 2008 and is now the Group Head of Human Resources in Wilmar International Limited.

She has no conflict of interest with the Group and has not been convicted of offences within the past ten (10) years.

Ms. Sun Yi-Ling is the sibling of Director Mr. Sun You Ning.

Sustainability and Corporate Social Responsibility (CSR)

The Board of 3A Group ("Board") recognises that the Company as a public listed entity must act responsibly and sustainability is key to value creation for the Group's employees, customers, shareholders and the communities as a whole.

Sustainability is an integral part of our business and the Group's corporate social responsibility initiatives focus on four areas – Environment, Workplace, Community and Marketplace, which aims to deliver sustainable value to society at large.

THE ENVIRONMENT

Environment sustainability is of upmost importance due to the increasing depletion of the earth's natural resources and global climate change issues. As a dynamic business entity, we rely on natural resources every day and climate change issues will affect the supply chain and the source of many products. Therefore, it is essential to embed environmental sustainability principles into our business operations and practices.

Tapioca, which is the major raw material input in our products, is environmentally friendly. We have invested in water treatment facilities to ensure that all waste water is properly treated before it is discharged. The Management of waste reduction will continue to be our ongoing efforts to conserve natural resources and protect the environment.

The efficient use of energy, water and raw materials in all our operations are among the initiatives undertaken as we seek to heighten the positive impact and minimise negative impacts of the company's operations on the environment.

THE WORKPLACE

The Board believes that our employees as stakeholders are an essential asset of the Group. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job-related training. The Company had organised in-house safety programmes to ensure the workers know how to effectively handle the Company's machineries and equipment, tools and vehicles. The Company updates and promotes awareness on safety precautions and health issues. Safety gears are provided to relevant employees to reduce the consequences of serious accidents.

The Group, in fulfilling its corporate responsibility as a caring employer, places emphasis on building long lasting relationships with the employees. We ensure open two-way communication channels are available to all employees so as to facilitate better understanding of the Company's objectives and direction. The Company conducted talk sessions to provide an avenue for employees to engage with the management and network among each other. These sessions allow the Company's management to share the business direction and policies wth employees at the operational level. Such sessions also provide opportunities for employees to provide their feedback and provide inputs for business and operational improvements.

Retaining key employees is crucial to ensure business success. The Group continues to ensure the reward packages remain competitive to attract, retain and motivate the right talents. Succession plans are put in place for critical positions to ensure sustainability in terms of continuous effective and efficient operations within the Group and a healthy leadership pipeline.

THE COMMUNITY

The Group recognises the correlation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to improve the quality of life of the society at large.

To be socially responsible, the Group focuses its corporate responsibility on enhancing community sustainability through various activities and actions aimed at promoting community engagement and address the needs of the less fortunate and underprivileged families. The initiatives include monetary donations, contributions to the following school, charity, welfare and voluntary association:-

Sustainability and Corporate Social Responsibility (CSR) (Cont'd)

(a) Suara 69 PPH PDRM for "Disability Aids"
(b) Suara Inspektor Kesihatan
(c) Suara PACSU
(d) Kelab Penduduk - Penduduk Sungai Buloh Selangor
(e) Kejohanan Bola Jaring Piala Ketua Polis Selangor 2014

and distributions of gifts to neighbouring communities during festivals.

The Company also encourages its employees to participate in voluntary work for charitable causes.

THE MARKETPLACE

To achieve sustainable development of the marketplace, the Group endeavours to carry out activities to promote responsible practices among our investors, suppliers and customers where high ethical standards in the respective areas are consistently applied.

(i) Investors
The Group strives to enhance corporate value by maintaining a stable and long term growth strategy for the benefit of its shareholders. The Group continues its efforts to engage with its shareholders through the following initiatives:-

- To maximise shareholders' wealth through continuous efforts to achieve operational excellence and sustainable growth;
- Disclose and disseminate all material information in a timely, open, fair and transparent manner;
- Ensuring a robust system of corporate governance, implementing policies that promote ethical behaviour and conducting business responsibly through high standards and business ethics;
- Engages with its shareholders and investors through various channels of communication such as general meetings of shareholders and regular press releases;
- Accessibility in the public domain and regular investor updates on our website.

(ii) Suppliers
The Group respects its suppliers and works closely with them through long-term relationships to realise mutual growth based on mutual trust. In this respect, the Group engages its suppliers through the following manner:-

- engages in ethical procurement practices by adopting standard and equitable procedures;
- ensures the products supplied are in accordance to the Group's required specification;
- conducts in-depth suppliers' audits to ensure the required standards are met in the supply chain.

(iii) Customers
In line with the Group's mission to be "Customer Focused", the Group provides quality products and services that meet the customers' demands to earn the trust of its customers. The Group strives to create value for its customers through competitive pricing without compromising the interest of other stakeholders. In achieving this, the Group initiates the following:-

- enhances customers' satisfaction and confidence by providing quality products in full on a timely basis;
- adopts the "do it right the first time" motto to achieve operational excellence in order to reduce overall costs for the benefits of both customers and shareholders of the Company;
- implemented a customers' complaint system to address and ensure all customer feedbacks and complaints are acknowledged and resolved promptly.

CONCLUSION

The Group will continue to build sustainable practices in every aspect of the Group's business and remain steadfast in achieving excellence in its corporate responsibility activities. Our actions today will define our success in future. By focusing our efforts on the sustainability issues of the four sustainability dimensions, we shall further enhance our corporate image, reputation and the brand equity value.

Corporate Governance Statement

The Board of Directors ("Board") of Three-A Resources Berhad ("3A") remains committed to the best practices and principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (the "Code") as well as the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the Main Market. Excellent corporate governance is essential to good business performance and the numerous past corporate governance awards accorded to 3A testify that the Board, Management and staff of 3A remain, steadfast and focused in ensuring the highest level or corporation governance so that the interest of investors and all other stakeholders are well taken care of.

The Board is pleased to disclose below the Group's applications of the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") throughout the financial year.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall governance of the Group and discharges this responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the Malaysian Code of Corporate Governance.

The Board's main responsibility is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group's business as a whole. The Board's role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled.

The Board conducts ongoing review and evaluation of the Group's strategic plans to ensure the Group's focus is in line with the constantly evolving market conditions as well as identifying new businesses and opportunities. The Board also ensures that an adequate system of internal controls is in place and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks.

The Board Member are attentive to applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.

The Board shall review the terms of office and performance of the members of the Audit Committee at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

Board Charter

The primary objective of the Company's Board Charter (Charter) is to set out the roles and responsibilities of the Board of Directors. The Board is guided by the Charter which provides reference for directors in relation to the Board's role, powers, duties and functions.

Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter to ensure it remains consistent with the Board's objectives and responsibilities and all the relevant standards of corporate governance.

Sustainability of Business

The Board is mindful of the importance of business sustainability and its growing impact to the Group, whilst no less emphasis been put into managing the social and environmental impact of its business operations. The Group also embraces sustainability through collaboration and partnership with its suppliers, customers and other stakeholders. The Group is committed to the continuous efforts in maintaining a delicate balance between the sustainability agenda and the shareholders' interests.

Board Gender Diversity Policies and Targets and the Measures

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on board to reach 30% by year 2016.

The Board take note of the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the Recommendation 2.2 of the Code. However, the Board has no immediate plans to implement a diversity policy or target but will continue to identify suitable candidates for appointment to the board as and when vacancies arise. Such candidates will be strictly assessed based on merit, their competencies, time commitment, experiences and knowledge irregardless of gender, ethnicity and age.

The Nominating Committee (NC) will oversea the overall composition of the Board and Board Committees, including succession planning to maintain the appropriate size and skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as the mixture of skills and other core competencies required on the Board.

Code of Conduct and Ethics for Directors

The Directors will continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia which is based on the following principles:-

- Compliance with legal and regulatory requirements and Company policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Company;
- Honesty and integrity;
- No conflict of interests;
- No-profit rule; and
- Relationships with stakeholders

Whistle-Blowing Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fraud, fraud, health and safety infringements or corruption are usually known first by people who work in or with the Group. An early warning system such as a whistle-blowing policy and procedure can help the Group to detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis.

The Board in its effort to enhance corporate governance has put in place a whistle-blowing policy to provide an avenue for employees, suppliers and stakeholders to report genuine concerns about malpractices, unethical behaviour or misconduct without fear of reprisal. Any concerns raised will be received by the members of the Whistle-blowing Committee, investigated and outcome of such investigation will be reported to the Board. Appropriate action will be taken to resolve the issue. The whistle-blower's identity will be kept confidential. The Company will assign a senior officer from the Company's HR Department as Whistle-blower protector who will keep in touch with the whistle-blower to monitor and assess any signs of victimization or stress.

Duties and Responsibilities of the Board

The core responsibilities of the Board include reviewing and approving the Group's business strategies and plans, significant polices and monitoring the Management's performance in implementing them.

In carrying out their duties and responsibilities, the Board exercises great care to ensure that high ethical standards are upheld, and that the interest of stakeholders are not compromised. The Board Members are consistently mindful that the interests of the Group's stakeholders are always being protected.

The Board's principle functions include the following responsibilities:-

- approves the Group's business plans and the medium-term and long-term strategies plans;
- oversees the Group's business operations and financial performance against the approved business plans;
- ensures that the operating infrastructure, systems of control, systems of risk management as well as financial and operational controls are in place and properly implemented; and
- undertake various functions and responsibilities as specified in guidelines and directives issued by the regulatory authorities from time to time

The five (5) Independent Non-Executive Directors by virtue of their role and responsibilities, in effect represent the minority shareholders' interest of the 3A Group. The Independent Non-Executive Directors engage proactively with the Management and with both the external and internal auditors. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the board's deliberations and decision-making. They also served to inspire and challenge the Management in an objective and constructive manner.

In enhancing the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:-

- provides independent and objective views, assessment and suggestions in Board's deliberations;
- ensures effective check and balance in the Board's proceedings;
- mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group; and
- constructively challenge and contribute to the development of the business strategies and direction of the Group.

The Independent Directors are at liberty to obtain advice from independent professionals if deemed necessary for the proper discharge of their duties at the expenses of the Company.

Board Meetings and Supply of Information to the Board

Board meetings for the following financial year are scheduled in advance before the end of the current financial year so as to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters noted by the Audit Committee and which require the Board's notice or direction.

The Board meetings are chaired by the Independent Non-Executive Chairman, Dato' Mohd Nor Bin Abdul Wahid, who has the responsibility of ensuring that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable time frame.

In advance of each Board meeting, the members of the Board are provided with the agenda and board papers including status report, performance and management report so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision making by the Directors.

The board papers provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, performance of the various products manufactured by the Group and management proposals that requires Board's approval.

At the Board meetings, the Board reviews the Group's business operations by analysing the profit and loss account and balance sheet of the Group as compared to the same corresponding period. The Board also notes the decisions and salient issues deliberated by the Audit Committee which are tabled to the Board.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any significant issues noted by the Audit Committee which requires the Board's attention and approval for implementation.

The Directors are regularly updated by the Company Secretary on the new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Director of the Group. The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly kept.

All Board members have full and timely access to information on the Group's businesses and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staffs as well as advisors and professionals appointed to act for the Group on corporate proposal may be invited to attend the Board meeting to furnish with the Board their comments and advice on the relevant proposal tabled.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

Good governance principles require fairness, transparency, accountability and responsibility. The Board acknowledges the importance of the Board structure.

The Board currently consists of ten (10) members; comprising two (2) Non-Independent Non-Executive Directors, three (3) Non-Independent Executive Directors (including Managing Director), five (5) Independent Non-Executive Directors and three (3) Alternate Directors.

The Board comprises members with a wide range of business, financial and technical service background. The size of the Board is optimum given the scope, size and complexity of the Group's operations. The composition of Board is well balanced with an effective mix of three (3) Non-Independent Executive Directors (including Managing Director), two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors which complies with the Bursa Malaysia Securities Berhad / Main Board Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

There is a clearly accepted division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined and take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest and facilitate them to carry out their roles and responsibilities as Independent Directors effectively. The Independent Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties. The cost of securing such professional services will be borne by 3A.

Appointment to the Board

The proposed appointment of a new Member to the Board will be deliberated on by the full Board based upon a report, prepared by the Nominating Committee on the necessity for and qualification and experience of the proposed Director.

The appointment of any additional director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise, skills, experience and competencies required for an effective Board.

Re-Appointment and Re-Election of Directors

In accordance with the Company's Articles of Association, it provides that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all Directors except a Managing Director appointed for a fixed period pursuant to these Articles shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

The re-appointment and re-election of Directors at the Annual General Meeting is subject to the prior assessment by the Nomination Committee.

Independent Non Executive Director namely Mr. Chew Eng Chai due to retire pursuant to Article 86 of Articles of Association of the Company at the forthcoming Annual General Meeting and will be recommended for re-election by the Board pursuant to the Articles.

Non Independent Non Executive Director Mr. Sun You Ning who was appointed to the Board on 18 November 2014 will be subject for re-election pursuant to Article 93 of the Articles of Association at the forthcoming Annual General Meeting.

Independent Non Executive Director Mr. Tan Chon Sing @ Tan Kim Tieng, who has attained the age of 70 years of age and has served the Board for more than ten years, shall retire pursuant to Section 129 (6) of the Companies Act 1965 and had offered himself for re-appointment by the Board pursuant to the Companies Act 1965.

Non Independent Executive Director Mr. Fong Chu King @ Tong Chu King, who has attained the age of 70 years of age and has served the Board for more than ten years, shall retire pursuant to Section 129 (6) of the Companies Act 1965 and had offered himself for re-appointment by the Board pursuant to the Companies Act 1965.

In determining whether to recommend a Director for re-election and re-appointment, the aforesaid Director's attendance at meetings, participation, and contribution to the activities of the Board will be duly considered by the Nomination Committee.

The Nomination Committee is satisfied that the abovementioned Directors have met the requirements set out above and have recommended to the Board of Directors their re-election and re-appointment at forthcoming Annual General Meeting. All the abovementioned Directors have consented to serve as Directors, if elected, by the shareholders at this forthcoming Annual General Meeting.

The remaining three (3) Independent Non-Executive Directors namely Dato' Mohd Nor Bin Abdul Wahid, Mr. Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah are professionals in their own right with wide-ranging experiences, skills and expertise in various fields.

The Directors of 3A are persons of high caliber and integrity and their knowledge and expertise in their respective fields bring perspectives from other businesses, thereby enhancing the effectiveness of the Board and Board Committees.

The Board is of the view that given the size of the Group and its business complexity, the current number of ten (10) Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

The profiles of the Board Members are presented on pages 10 to 13.

The Board Committees

The Board delegates certain authorities to Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board.

The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees, have been approved by the Board and are reviewed from time to time to ensure that they are relevant and up-to-date.

The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are as follows:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The Audit Committee currently comprises of three (3) Independent Non-Executive Directors. The Committee meets not less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2014, the Committee met four (4) times. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2014 are as follows:-

Members of Audit Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Chew Eng Chai	4/4
Member Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng	4/4
Member Independent Non-Executive Director	Mohd Zaki Bin Hamzah	4/4

Meetings are to be held as and when necessary. The quorum for each meeting is two. The minutes of the Audit Committee meetings are tabled at the Board for noting and for action by the Board, where appropriate. Recommendations of the Committee are submitted to the Board for approval.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 30 to 33 on this Annual Report.

Nomination Committee

The Nomination Committee was set up in November 2002 and their salient terms of reference are as follows:-

- To propose nominees for appointment to the Board;
- To oversee the overall composition of the Board and Board Committee in terms of the appropriate skills and size, the balance between Executive Directors, Non Executive and Independent Directors and the mixture of skills and other core competencies required through annual review;
- To assist the Board annually in carrying out annual assessment on the effectiveness of the Board and Board Committees as a whole, the contribution, competencies, commitment and performance by each director and the Board's various Committees. From the results of the assessment including the mix skills and experience possessed by directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting;
- To review management's proposals for the appointment, dismissal, transfer, promotion of senior executives;
- To facilitate achievement of board gender diversity policies, targets and measures to achieve it;
- To carry out the annual assessment of the Independence of the Independent Directors; and
- To review training programme for the Board and to facilitate Board induction and training programme.

Meetings are to be held as and when necessary. The quorum for each meeting is two. Recommendations of the Committee are submitted to the Board for approval.

To carry out the assessment of those directors who are eligible to stand for re-election/re-appointment, the Nomination Committee will base on formal reviews of the performance of the Directors, their contribution to the Board through their skills, experience, strength and qualities, their level of independence and abilities to exercise independent judgement, demonstrate objectivity, clarity of thought during deliberations at meetings and ability to spend sufficient time and commitment to the Company.

That for the annual assessment carried out on the effectiveness of the Board and Board Committees as a whole, the Nomination Committee was satisfied with the existing Board composition and was of the view that all the Directors and Board Committee of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board's effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication.

For the board diversity, the evaluation of the candidates' suitability by the Board is solely based on their competence, character, time commitment, integrity and experience in meeting the needs of the Company.

For the financial year ended 31 December 2014, the Committee met twice and the composition of the Nomination Committee and frequency of meetings of Committee are as follows:-

Members of Nomination Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Mohd Zaki Bin Hamzah	2/2
Member Independent Non-Executive Director	Chew Eng Chai	2/2
Member Non-Independent Non-Executive Director	Khoo Wee Boon	2/2

The Nomination Committee had undertaken the following activities in the financial year ended 31 December 2014:-

- reviewed the Self Assessment Forms of the Directors retiring pursuant to Section 129(6) of the Companies Act, 1965, Articles 86 and 93 of the Company's Articles of Association and submitted their recommendation for re-appointment at the Annual General Meeting;
- reviewed the yearly Self Assessment Forms of other Board Members;
- reviewed the designation of Independent Non-Executive Directors who have served the Board for more than ten (10) years and submitted their recommendation for retaining them as Independent Non-Executive Directors of the Company;
- evaluated the capabilities of Wilmar International Pte. Ltd.'s board representative namely Mr. Sun You Ning and submitted their recommendation for his appointment as Non-Independent Non-Executive Director.

Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which take into consideration on corporate and individual performance; experience and level of responsibilities of the Directors concerned. The Remuneration Committee is responsible for recommending the remuneration framework for Directors, the remuneration packages of Executive Directors to the board as well a to review and deliberate on the quantum of Directors' fee.

None of the Executive Directors participate in any way in determining their individual remuneration.

The Board as a whole determines the level of remuneration of non-executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. Directors' fees, if any, are approved at the Annual General Meeting by the shareholders.

The policy practiced on Directors' remuneration by the Remuneration Committee is to recommend the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

The Remuneration Committee held one (1) meeting which was attended by all members during the financial year to review and recommend to the Board on the remuneration of the Directors.

Members of Remuneration Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng	1/1
Member Independent Non-Executive Director	Chew Eng Chai	1/1
Member Independent Non-Executive Director	Dato' Mohd Nor Bin Abdul Wahid	1/1

Directors' Remuneration

The remuneration package for Directors comprise of the following elements:-

Directors' Fees

The Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Directors' fees to the Board. The fees structure is determined after a study of comparable organisations' practices as well as the level of responsibilities involved.

Basic Salaries and Bonuses

The basic salaries for the Executive Directors are recommended by the Remuneration Committee to the Board for the approval of the Board. In the evaluation process, consideration is given to the salary scales for similar jobs in the industry.

The details of the remuneration of Directors for the financial year ended 31 December 2014 are as follows:-

Aggregate remuneration of Directors categorised into appropriate components:-

	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Defined Contribution Plan (RM'000)	Fees (RM'000)	Total (RM'000)
Executive Directors	1,380	820	153	—	2,353
Non-Executive Directors	359	—	—	191*	550

** The proposed Directors' Fees for the financial year ended 31 December 2014 is subject to the shareholders' approval.*

The number of Directors whose total remuneration all within the following bands for the financial year ended 31 December 2014 are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non Executive
Below RM50,000	—	6
RM300,000 – RM400,000	1	—
RM400,001 – RM500,000	—	1
RM700,000 – RM800,000	1	—
RM1,100,000 – RM1,200,000	1	—

On the non-disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of Directors' remuneration has been sufficiently dealt with by the "band disclosure" presented in this Statement.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The roles of the Non-Executive Chairman and Managing Director of the Company are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

Where a potential conflict of interest may arise, it is mandatory practice or the Director concerned to declare his or her interest and abstain from the decision making process.

Recommendation of the Malaysian Code of Corporate Governance 2012 states that the tenure of Independent Non Executive Director should not exceed a cumulative term of nine (9) years. The Independent Non Executive Director may continue to serve on the Board beyond the nine (9) years tenure, it must justify and seek shareholders' approval.

Following an assessment by the Board, Independent Non Executive Directors namely Mr. Chew Eng Chai and Mr. Tan Chon Sing @ Tan Kim Tieng who have served as Independent Non Executive Directors for a cumulative term of more than nine (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Non Executive Director, subject to shareholders' approval at the forthcoming Thirteenth Annual General Meeting of the Company. The Board recommends retaining their designation as Independent Non Executive Directors based on the following justifications:-

- they have fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- they have ensured effective check and balance in the proceedings of the Board and the Board Committees;
- they have actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- their vast experience in finance and manufacturing industry would enable them to provide the Board wth a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- they have devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company; and
- they have exercised their due care in the interest of the Company and shareholders during their tenure as Independent Non-Executive Directors of the Company.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board meets every three (3) months in regular Board of Directors' meetings during the year to approve the quarterly results and the audited financial statements on a pre-scheduled basis. Additional meetings are convened when urgent and important decisions need to be taken between scheduled meetings.

The Board met five (5) times during the financial year ended 31 December 2014. Additional meetings are held as and when required. The dates of the Board Meetings are as follows:

- 18 February 2014
- 28 May 2014
- 13 August 2014
- 13 November 2014
- 28 November 2014 (Emergency Board of Directors' Meeting)

Details of attendance of each Director at the Board meetings held under the financial year are set out as follows:

Director	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Mohd Nor Bin Abdul Wahid	5	5
Fang Chew Ham	5	5
Fong Chu King @ Tong Chu King	5	5
Chew Eng Chai	5	5
Tan Chon Sing @ Tan Kim Tieng	5	4
Fang Siew Yee	5	5
Khoo Wee Boon	5	5
Mohd Zaki Bin Hamzah	5	5
Kwek Ju-Yang, Mark	5	3
Sun You Ning (Appointed on 18.11.2014)	5	1

Directors' Training and Education

The Directors have continued to participate in relevant training programmes to keep abreast with the latest developments in the security industry, in particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as directors effectively.

For the year ended 31 December 2014 and up to the date of report, the conferences, seminars and training programmes attended by each of the Directors were in respect of the following areas:-

Name of Directors	Seminars, Training Programmes
Dato' Mohd Nor Bin Abdul Wahid	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing

Corporate Governance Statement (Cont'd)

Name of Directors	Seminars, Training Programmes
Fang Chew Ham	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing
Fong Chu King @ Tong Chu King	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing
Chew Eng Chai	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing; Risk Management & Internal Control
Tan Chon Sing @ Tan Kim Tieng	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing; Anti Money Laundering and Anti Terrorism Financing – A Practitioners Guide; The Mind of the Investor – A Behavioural Finance perspective
Fang Siew Yee	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing
Khoo Wee Boon	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing
Mohd Zaki Bin Hamzah	ISO, Basic GMP & Hygiene; FSSC ISO22000; Food Handler Training; GST Briefing
Sun You Ning	Mandatory Accreditation Programme

The Company Secretary regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statement during the financial year under review. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to provide a balanced, clear and comprehensive assessment of the financial performance and prospects of the Company and of the Group in all the disclosures made to the stakeholders and the regulatory authorities. Following discussions with the external auditors, the Directors consider that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates; and that financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Directors recognise the responsibility for ensuring that accounting records are properly kept.

Early announcements of the quarterly results and issuance of annual report to Bursa Securities reflect the Board's commitment to provide timely, transparent and up-to-date assessments on the Group's performance and prospects.

The Board is assisted by the Audit Committee to oversee the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Company and of the Group's annual and interim financial statements and reviews the appropriateness of the Company and of the Group's accounting policies and changes to these policies as well as ensures these financial statements comply with accounting and regulatory requirements.

The Board of Directors also have overall responsibilities for 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.

Statement on Directors' Responsibility

The Directors are required by the Companies Act 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applying them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

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

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

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out on page 27 of the Annual Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISK OF THE GROUP

The Board has formalised a risk management framework to safeguard the interest and meet the expectations of its shareholder, employees, customers, other stakeholders and the many communities in which the Group conducts its business. It involves:-

- enhancing strategic competitiveness and operational efficiency that increases long term shareholders' value;
- minimising unexpected impact to earnings and returns to shareholders;
- safeguarding valuable assets and resources; and
- meeting existing regulatory requirements on risk management.

The Board requires the Group to maintain a rigorous risk management framework for identifying, evaluating, monitoring and managing the risks taken to achieve the Group's business objectives. This process is periodically reviewed by the Board.

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee and they report directly to the Audit Committee on the effectiveness of the current system of internal controls from the perspectives of governance, risks and controls. The internal audit function is independent of the activities it audits.

The Statement of Risk Management and Internal Control furnished in the annual report provide an overview of the state of internal controls within the Group.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance to disclose information on a timely manner and in compliance with the requirements under the Listing Requirements and other applicable laws. The Board has outlined the Company's approach towards the determination and dissemination of material information, the circumstance under which the confidentiality of information will be maintained, preventing abuse of undisclosed material information and provides guidelines for achieving consistent disclosure practices.

The established Corporate Disclosures Policies and Procedures ("Policy") applies to the conduct of all Directors and employees of the Company with regards to handling and disclosing material information.

The Policy covers all methods that the Company uses to communicate to the public:-

(a) Documents filled with the regulators, written statements made in the Company's annual and quarterly report, press releases, letters, circulars to shareholders, email communications and information on the Company's website; and
(b) Oral statements made in group and individual meetings, interviews and press conferences and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, advisors and media).

The Policy does not apply to communication made in the ordinary course of business not involving material information.

Corporate Governance Statement (Cont'd)

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

The Group recognises the importance of maintaining accountability and transparency to its shareholders through proper communication with its shareholders. The Company reaches out to it shareholders through its distribution of the annual reports.

All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during Annual General Meeting are reviewed and considered for implementation, whenever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the performance of the Group.

The Group also provides corporate information as well as highlighting key financial information in order to facilitate shareholders' easy access to the information.

The Group maintained a website (www.three-a.com.my) to which shareholders can access information related to the Group. Investors and members of the public who wish to assess corporate and financial information that is made public such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa Malaysia Main Market Listing Requirements and other corporate information and events related to the Group can channel their queries to the following personnel:

Fong Peng Fai
Group Financial Controller
E-mail : pf.fong@three-a.com.my

Jessica Fang Siew Yee
Executive Director
E-mail : jessica.fang@three-a.com.my

Tel No. : (03) 6156 2655
Website : www.three-a.com.my

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

COMPLIANCE WITH CODE

The Company has complied with the Malaysian Code on Corporate Governance and observed its best practices throughout the year.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 23 March 2015.

Audit Committee Report

CHAIRMAN
Chew Eng Chai
Independent Non-Executive Director
Member of the Malaysian Institute of Accountants

MEMBERS
Tan Chon Sing @ Tan Kim Tieng
Independent Non-Executive Director

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

MEMBERSHIP AND ATTENDANCE

A total of four (4) meetings were held during the financial year. The record of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2014 are as follows:

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	Held	Attended
Chew Eng Chai Chairman, Independent Non-Executive Director	4	4
Tan Chon Sing @ Tan Kim Tieng Member, Independent Non-Executive Director	4	4
Mohd Zaki Bin Hamzah Member, Independent Non-Executive Director	4	4

All the members have attended the four (4) meetings convened during the year. Upon invitation by the Audit Committee, the Directors, Group Financial Controller, Internal Auditors, External Auditors and other members of senior management attended all the meetings from time to time. The Audit Committee had also met up with the External Auditors without the presence of the employees during the financial year. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

COMPOSITION AND TERMS OF REFERENCE

Members

The Audit Committee shall comprise at least three (3) Non-Executive Directors (but not their alternate), the majority of whom are independent, including the Chairman. All members of the Audit Committee shall be financially literate and at least one member shall be a professional or qualified accountant. Any vacancy resulting in there being no majority of independent directors shall be filled within three (3) months.

The membership and performance shall be reviewed at least once every three (3) years.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Non-Executive Director.

Audit Committee Report (Cont'd)

Meetings

- The Audit Committee shall meet at least four (4) times annually. Additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee member, the management, the internal or external auditors.
- The Group Financial Controller and Head of Internal Audit will attend the meetings. Other Board and representatives of the external auditors members may attend meetings upon the invitation of the Audit Committee.
- The Audit Committee members shall meet with external auditors without Executive Board members at least twice a year.
- The Chairman of the Audit Committee shall engage on a continuous basis with senior management such as the Chairman, Chief Executive Officer, Group Financial Controller, the Head of Internal Control and the external auditors in order to be kept informed of matters affecting the Company.
- The quorum for each meeting shall be two (2).
- The Company Secretary shall be the Secretary to the Audit Committee.
- Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

Authority

1. The Audit Committee shall, at the Company's expenses, have authority to investigate any matter within its terms of reference or as otherwise directed by the Board, to determine the resources and to have full access to any information including to employees and external and internal auditors, which are required to perform its duties;

2. The Audit Committee shall have direct communication channels with the internal and external auditors and is authorised to seek independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and to convene meeting with the external auditors and internal auditors or both, excluding the attendance of the other directors and employees of the listed company whenever deemed necessary.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are as follows:

Internal Audit and Risk Management

- To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its works as well as to review the status reports from Internal Auditors and ensure that appropriate actions have been taken to implement the internal audit recommendations;
- To review the adequacy and effectiveness of risk management and internal control system instituted within the Group;
- To request and review any special audit which it deems necessary.

External Audit

- To discuss and review with the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group; and to ensure co-ordination where more than one audit firm is involved;
- To review with the external auditors, their evaluation of the system of internal controls and audit findings;
- To discuss problems and reservations arising from the interim and final audit, and any other matters the auditors may wish to discuss in the absence of the management where necessary and to review the external auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- To review the audit report with the external auditors;
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof and to make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors.

Audit Committee Report (Cont'd)

Financial Reporting

- To review the annual audited financial statements of the Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:

  (i) Any significant changes to accounting policies and practices;
  (ii) The going concern assumptions;
  (iii) Significant adjustments arising from the audit;
  (iv) Compliance with accounting standards and other legal requirements;
  (v) Significant and unusual events.

- To ensure prompt publication of annual audited financial statements.

Related Party Transactions

- To review any related party transactions that may arise within the Group.

Other Functions

- To perform any other functions as may be agreed by the Audit Committee and the Board.
- To consider the major findings of internal investigations and management's response.

ACTIVITIES FOR THE YEAR

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee for the financial year ended 31 December 2014 under review in accordance with its functions and duties.

Internal Audit

- Reviewed the Internal Audit plan, resources and scope of audit.
- Reviewed the major findings of Internal Audit reports and their recommendations relating thereto.
- Reviewed the Group's systems and practices for the identification and management of risks.

Financial Results

- Reviewed the annual audited financial statements of the Group, quarterly results of the Group, and thereafter recommend to the Board for approval.
- Reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

External Audit

- Reviewed the suitability of the external auditors and recommended to the Board for re-appointment and the audit fee thereof;
- Discussed and reviewed the external auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group;
- Reviewed the external auditors' evaluation of the system of internal controls;
- Reviewed the external auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- Reviewed the external auditors' audit report;
- The Committee met twice with the external auditors without the presence of the Management for the financial year ended 31 December 2014.

Audit Committee Report (Cont'd)

Related Party Transactions

- Reviewed the recurrent related party transactions of a revenue nature that had arisen within the Group, and the Group's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related part transactions were carried out on normal commercial terms which were not prejudicial to the interests of shareholders and that the terms of the related parties transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

INTERNAL AUDIT FUNCTION

The Committee acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee and the costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2014 was about RM24,000. The function, which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such system would continue to operate satisfactorily and effectively in the Company and the Group. The internal Audit function reports directly to the Audit Committee and assists the board in monitoring the internal controls to mitigate the risks.

The scope of internal audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the Internal Audit for the financial year ended 31 December 2014 under review include the following:

- Ascertained the extent of compliance with established policies, procedures and statutory requirements.
- Undertook special reviews requested by the Audit Committee and/or management.
- Assessed the means of safeguarding assets and verified their existence.
- Approved the Internal Audit Plan each year. Present internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation and to enhance efficiencies to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

In year 2014, a total of five (5) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

The Audit Committee and the Board of Directors are satisfied with the performance of the internal Auditor and have in the interest of greater independence and continuity in the Internal Audit function, taken the decision to continue with the outsource of the Internal Audit Function.

Statement on Risk Management and Internal Control

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to the Malaysian Code on Corporate Governance 2012 ("Code") and Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regards to the Group's state of internal control.

Set out below is the Board of Directors' ("the Board") Risk Management and Internal Control Statement which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2014 as guided by the Statement on Risk Management and Internal Control : Guidance for Directors of Listed Issuers and taking into consideration the recommendations underlying Principle 6 of the Code.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's risk management and internal control and for reviewing the adequacy and integrity of the system. The Board recognises the importance of a sound system of risk management and internal control for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that effectiveness, adequacy and integrity of the risk management and internal control system are reviewed on an ongoing basis. In view of the limitations inherent in any system of internal controls, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss. The system of internal control encompasses risk management and financial, organisation, operational and compliance controls.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains an ongoing commitment to strengthen the Group's risk management framework. The Board has embedded in the Group a monitoring and reporting process to continuously identify, evaluate, assess and manage the significant risks faced by the Group in achieving the business objectives and strategies. This process is regularly reviewed by the Board.

The Risk Management Committee is principally tasked with identifying key business risks and developing related management action plans to manage the risks identified, it is assisted by Risk Working Committee in assessing the risks and tabling the risks regularly to the Risk Management Committee

The Credit Control Committee was established to review the credit control policy regularly in mitigating the customers' credit risks and the effectiveness of the underlying internal control system.

Surveillance visits are carried out annually by auditors from Intertek Certification International Sdn.Bhd. for the ISO 9001:2008 and HACCP certification. A complete re-audit and re-assessment is carried out once every three years. The stringent documentation requirement of the certification further ensure that a trait of accountability exists in the Group.

The main features of the internal control framework of the Group are as follows:-

Organisation structure and authorisation procedures

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the relevant charters / terms of reference, organisational structures and appropriate authority limits. These will facilitate quick response to the changes in the evolving business environment and accountability for operation performance. Capital and non-capital expenditures, acquisition and disposal of any investment interests are subject to appropriate approval processes. These also enhance the Group's ability to achieve its strategies and operational objectives.

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

Group policies and procedures

Documented policies and procedures are in place and are regularly, reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's businesses activities at all times as the Group continues to grow.

Planning, Monitoring and Reporting

Comprehensive information, which includes the monthly management reports covering all financial and operational indicators, is provided to key management for monitoring and review.

The Audit Committee reviews the Group's quarterly financial performance, together with the Management which is subsequently reported to the Board.

Information and Communication

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

INTERNAL AUDIT FUNCTION

In accordance with the Malaysian Code on Corporate Governance, the Board has established an internal audit function to review the adequacy and integrity of its system of internal controls.

The Group's internal audit function is outsourced to an independent consultant to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. A system also exists to follow-up the agreed action plan arising from internal audit conducted previously.

The findings of the Internal Auditor are reported directly to the Audit Committee quarterly. The Audit Committee in turn reports to the Board its findings and consequently its conclusion to the effectiveness of risk management and internal control system accordingly. In addition, the internal audit function followed up on the implementation of the recommendations from previous cycles of internal audit and update the Audit Committee on the status of Management agreed action plan implementation. The Consultant had audited the following business processes and areas during the financial year ended 31 December 2014:-

- Customer Complaints
- Product Liability
- IT Documentation
- Foreign Exchange Hedging
- Raw Material Hedging

For the financial year ended 31 December 2014, the total costs incurred for the outsourced internal audit function is RM24,000 inclusive of reimburse expenses and service tax.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed the Statement on Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice 5 (Revised): Guidance for Auditors on Engagements To Report On The Statement on Risk Management and Internal Control Included In the Annual Report (RPG 5), issued by Malaysian Institute of Accountants. RPG 5 does not require the external auditors to consider whether the Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management system and internal control processes of the Group. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report would, in fact, remedy the problems.

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

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management & Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

CONCLUSION

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in risk management and internal control and is satisfied that during the financial year under review, there is a process to manage the Group's system of internal controls to mitigate any significant risks faced by the Group so as to safeguard shareholders' interests and the Group's assets.

Nevertheless, the Board will put in place appropriate action plans to further enhance the system of internal control and risk management framework, where necessary.

The Group's risk management and internal control system does not apply to the joint venture company where the Group does not have full management control.

This Statement is made in accordance with a resolution by the Board dated 23 March 2015.

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	18,214	21,941

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 31 December 2014:	
Interim single tier dividend of 1.4 sen per ordinary share, paid on 5 January 2015	5,510

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2014.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have held office since the date of the last report are:

Dato' Mohd Nor Bin Abdul Wahid	
Fang Chew Ham	
Fong Chu King @ Tong Chu King	
Chew Eng Chai	
Tan Chon Sing @ Tan Kim Tieng	
Fang Siew Yee	
Khoo Wee Boon	
Mohd Zaki Bin Hamzah	
Kwek Ju-Yang, Mark	
Sun Yi-Ling	(Alternate Director to Kwek Ju-Yang, Mark)
Fang Siew Ping	(Alternate Director to Fang Siew Yee)
Liew Kuo Shin	(Alternate Director to Fong Chu King @ Tong Chu King)
Sun You Ning	(Appointed on 18 November 2014)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.20 each			
	Balance as at 1.1.2014	Bought	Sold	Balance as at 31.12.2014
Direct interests:				
Dato' Mohd Nor Bin Abdul Wahid	438,000	-	-	438,000
Fong Chu King @ Tong Chu King	10,950,000	-	-	10,950,000
Chew Eng Chai	160,000	-	-	160,000
Tan Chon Sing @ Tan Kim Tieng	1,488,000	-	-	1,488,000
Mohd Zaki Bin Hamzah	500,000	-	-	500,000
Liew Kuo Shin	430,000	-	(430,000)	-
Fang Chew Ham	100,000	-	-	100,000
Indirect interests:				
Fang Chew Ham	122,750,960	-	(2,450,000)	120,300,960
Fang Siew Ping	80,520,000	-	-	80,520,000
Fang Siew Yee	80,950,000	-	(430,000)	80,520,000
Fong Chu King @ Tong Chu King	31,160,860	-	(2,020,000)	29,140,860
Liew Kuo Shin	100,000	-	-	100,000

By virtue of their interests in the ordinary shares of the Company, Fang Chew Ham, Fang Siew Ping, and Fang Siew Yee are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares in the Company 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 a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as directors/executives of a related corporation and any benefit which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision has been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Mohd Nor Bin Abdul Wahid
Director

Fang Chew Ham
Director

Kuala Lumpur
27 March 2015

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 45 to 103 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements on page 104 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Mohd Nor Bin Abdul Wahid
Director

Fang Chew Ham
Director

Kuala Lumpur
27 March 2015

Statutory Declaration

I, Fong Peng Fai, being the officer primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 104 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 at)
Kuala Lumpur, this)
27 March 2015) **Fong Peng Fai**

Before me:
S. Ideraju
Commissioner for Oaths
No. W451

Independent Auditors' Report

to the members of Three-A Resources Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Three-A Resources Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and 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 45 to 103.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the 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 have been properly kept in accordance with the provisions of the Act.

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

(c) The audit reports on the accounts 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 34 to the financial statements 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.

BDO
AF : 0206
Chartered Accountants

Law Kian Huat
2855/06/16 (J)
Chartered Accountant

Kuala Lumpur
27 March 2015

Consolidated Statement of Financial Position
as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**130,147**	134,359
Prepaid lease payments for land	8	**5,992**	6,361
Investment in a joint venture	10	**3,536**	9,347
		139,675	150,067
Current assets			
Inventories	12	**54,278**	46,788
Trade and other receivables	13	**68,592**	79,202
Current tax assets		**46**	2
Cash and bank balances	14	**17,058**	16,720
		139,974	142,712
TOTAL ASSETS		**279,649**	292,779
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	15	**78,720**	78,720
Reserves	16	**153,105**	140,311
TOTAL EQUITY		**231,825**	219,031
LIABILITIES			
Non-current liabilities			
Borrowings	17	**9,491**	19,804
Deferred tax liabilities	11	**14,525**	13,143
		24,016	32,947
Current liabilities			
Trade and other payables	19	**14,346**	13,032
Dividend payable		**5,510**	4,723
Borrowings	17	**2,992**	22,892
Current tax liabilities		**960**	154
		23,808	40,801
TOTAL LIABILITIES		**47,824**	73,748
TOTAL EQUITY AND LIABILITIES		**279,649**	292,779

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

Statement of Financial Position

as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**-**	-
Investments in subsidiaries	9	**163,190**	142,423
		163,190	142,423
Current assets			
Trade and other receivables	13	**4,218**	6,676
Current tax asset		**46**	2
Cash and bank balances	14	**5,687**	6,646
		9,951	13,324
TOTAL ASSETS		**173,141**	155,747
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	15	**78,720**	78,720
Reserves	16	**88,683**	72,252
TOTAL EQUITY		**167,403**	150,972
LIABILITIES			
Current liabilities			
Trade and other payables	19	**228**	52
Dividend payable		**5,510**	4,723
TOTAL LIABILITIES		**5,738**	4,775
TOTAL EQUITY AND LIABILITIES		**173,141**	155,747

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

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	22	**311,410**	302,910	**22,447**	5,003
Cost of sales	23	**(255,438)**	(256,428)	**-**	-
Gross profit		**55,972**	46,482	**22,447**	5,003
Other income		**1,617**	666	**8**	76
Administrative expenses		**(16,295)**	(16,646)	**(439)**	(365)
Other operating expenses		**(7,526)**	(7,313)	**-**	-
Share of results of a joint venture, net of tax	10(c)	**(5,901)**	(4,275)	**-**	-
Profit from operations		**27,867**	18,914	**22,016**	4,714
Finance costs	24	**(1,602)**	(2,794)	**-**	-
Profit before tax	25	**26,265**	16,120	**22,016**	4,714
Tax expense	26	**(8,051)**	(5,804)	**(75)**	(21)
Profit for the financial year		**18,214**	10,316	**21,941**	4,693
Other comprehensive income that may be reclassified subsequently to profit or loss					
- Foreign currency translation		**90**	1,136	**-**	-
Total other comprehensive income, net of tax		**90**	1,136	**-**	-
Total comprehensive income		**18,304**	11,452	**21,941**	4,693
Profit attributable to owners of the parent		**18,214**	10,316	**21,941**	4,693
Total comprehensive income attributable to owners of the parent		**18,304**	11,452	**21,941**	4,693
Earnings per share attributable to equity holders of the Company (sen):					
Basic and diluted	27	**4.6**	2.6		

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2014

		|----- Non-distributable -----|				
				Exchange	**Distributable**	
		Share	**Share**	**translation**	**Retained**	
		capital	**premium**	**reserve**	**earnings**	**Total**
Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2013		78,720	70,367	483	62,732	212,302
Profit for the financial year		-	-	-	10,316	10,316
Other comprehensive income, net of tax		-	-	1,136	-	1,136
Total comprehensive income		-	-	1,136	10,316	11,452
Transactions with owners						
Dividends	28	-	-	-	(4,723)	(4,723)
Balance as at 31 December 2013		78,720	70,367	1,619	68,325	219,031
Profit for the financial year		-	-	-	18,214	18,214
Other comprehensive income, net of tax		-	-	90	-	90
Total comprehensive income		-	-	90	18,214	18,304
Transactions with owners						
Dividends	28	-	-	-	(5,510)	(5,510)
Balance as at 31 December 2014		**78,720**	**70,367**	**1,709**	**81,029**	**231,825**

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

Statement of Changes in Equity

for the financial year ended 31 December 2014

Company	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
Balance as at 1 January 2013		78,720	70,367	1,915	151,002
Profit for the financial year		-	-	4,693	4,693
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	4,693	4,693
Transactions with owners					
Dividend on ordinary shares	28	-	-	(4,723)	(4,723)
Balance as at 31 December 2013		78,720	70,367	1,885	150,972
Profit for the financial year		-	-	21,941	21,941
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	21,941	21,941
Transactions with owners					
Dividend on ordinary shares	28	-	-	(5,510)	(5,510)
Balance as at 31 December 2014		**78,720**	**70,367**	**18,316**	**167,403**

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

Statements of Cash Flows

for the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**26,265**	16,120	**22,016**	4,714
Adjustments for:					
Amortisation of prepaid lease payments for land	8	**369**	370	**-**	-
Depreciation of property, plant and equipment	7	**6,963**	6,820	**-**	-
Dividend income from a subsidiary	22	**-**	-	**(22,447)**	(5,003)
Loss/(Gain) on disposal of property, plant and equipment		**40**	(18)	**-**	-
Impairment loss on trade receivables	13	**-**	940	**-**	-
Interest expense	24	**1,602**	2,794	**-**	-
Interest income		**(272)**	(76)	**(8)**	(76)
Share of results of a joint venture, net of tax	10(c)	**5,901**	4,275	**-**	-
Unrealised foreign exchange gain		**(332)**	(453)	**-**	-
Operating profit/(loss) before changes in working capital		**40,536**	30,772	**(439)**	(365)
Changes in working capital:					
Inventories		**(7,490)**	17,082	**-**	-
Trade and other receivables		**10,976**	1,829	**-**	5
Trade and other payables		**1,137**	(386)	**176**	9
Cash generated from/(used in) operations		**45,159**	49,297	**(263)**	(351)
Tax (paid)/refunded		**(5,907)**	(3,895)	**(119)**	13
Net cash from/(used in) operating activities		**39,252**	45,402	**(382)**	(338)

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

Statements of Cash Flows (Cont'd)

for the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to)/Repayments by subsidiaries		**-**	-	**(18,309)**	4,808
Purchase of property, plant and equipment	7(a)	**(2,518)**	(5,406)	**-**	-
Acquisition of prepaid lease payment for land		**-**	(4,000)	**-**	-
Proceeds from disposal of property, plant and equipment		**20**	-	**-**	-
Dividend received from a subsidiary		**-**	-	**22,447**	-
Interest received		**272**	76	**8**	76
Net cash (used in)/from investing activities		**(2,226)**	(9,330)	**4,146**	4,884
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	28	**(4,723)**	(4,723)	**(4,723)**	(4,723)
Interest paid	24	**(1,602)**	(2,794)	**-**	-
Repayments of bankers' acceptances		**(17,154)**	(28,311)	**-**	-
Repayments of term loans		**(11,956)**	(534)	**-**	-
Repayments of hire purchase obligations		**(1,029)**	(406)	**-**	-
Net cash used in financing activities		**(36,464)**	(36,768)	**(4,723)**	(4,723)
Net increase/(decrease) in cash and cash equivalents		**562**	(696)	**(959)**	(177)
Effect of exchange rate changes on cash and cash equivalents		**(150)**	(55)	**-**	-
Cash and cash equivalents at beginning of financial year		**16,646**	17,397	**6,646**	6,823
Cash and cash equivalents at end of financial year	14(c)	**17,058**	16,646	**5,687**	6,646

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

The registered office and the principal place of business of the Group and of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2014 comprise the Company and its subsidiaries and the interest of the Group in a joint venture. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 March 2015.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 45 to 103 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 34 to the financial statements set out on page 104 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

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

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

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

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

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

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

4.3 Business combinations

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

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

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Business combinations (Cont'd)

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

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

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 would flow to the Group and the cost of the asset could 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods are as follows:

Long-term leasehold land	56 to 99 years
Factory and office buildings	50 years
Plant and machinery, tools and implements	10 to 20 years
Furniture and fittings and equipment	10 years
Renovations and electrical installations	10 years
Motor vehicles	7 to 15 years

Construction-in-progress represents factory under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of non-financial assets).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The residual values, useful lives and depreciation method are reviewed 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. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

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

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straightline basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

The Group and the Company recognise in relation to its interest in a joint operation:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output buy the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments (Cont'd)

(b) Joint arrangements (Cont'd)

(i) Joint operation (Cont'd)

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(ii) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investment in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangement;

(ii) The legal form of joint arrangements structured through a separate vehicle;

(iii) The contractual terms of the joint arrangement agreement; and

(iv) Any other facts and circumstances

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and a joint venture), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a prorata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

(a) raw materials and goods-in-transit: purchase costs on a first-in first-out basis.

(b) finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

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

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-forsale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and bank balances include cash and cash equivalents, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise nonderivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (Cont'd)

(c) Equity (Cont'd)

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign joint venture on distributions to the Group and real property gains taxes payable on disposal of properties, if any.

Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign joint ventures on distribution of retained earnings to the Group) and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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 on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Income taxes (Cont'd)

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

(i) where the sales tax incurred in a purchase of assets or services is not recoverable from taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

4.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.14 Contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.16 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Foreign currencies (Cont'd)

(c) Foreign operations (Cont'd)

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

4.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sales of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Dividend income

Dividend income is recognised when the right of the Group to receive payment is established.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.18 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Operating segments (Cont'd)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.19 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.20 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) the condition and location of the asset; and

(b) restrictions, if any, on the sale or use of the assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Fair value measurements (Cont'd)

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014

There is no material impact upon the adoption of these Standards during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Company.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016

5. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS (CONT'D)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on orafter 1 January 2015 (Cont'd)

Title	Effective Date
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) 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.

Due to 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 and that the present value of the minimum lease payments do not form substantially all of the fair value of the land at the inception of the lease, management had determined that the short term leasehold land lease does not transfer substantially all the risks and rewards to the Group and hence it is classified as operating lease.

The Group has assessed and classified land use rights (i.e. long term leasehold land) of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights (i.e. long term leasehold land) as finance leases in accordance with MFRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

6.2 Critical judgements made in applying accounting policies (Cont'd)

(c) Classification of joint arrangements

For the joint arrangement structured in a separate vehicle, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

(i) Structure;

(ii) Legal form;

(iii) Contractual agreement; and

(iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that the joint arrangement structured through a separate vehicle provide rights to the net assets and are therefore, classified as a joint venture.

(d) Contingent liabilities on corporate guarantees

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business. The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these plant and machinery as disclosed in Note 4.4 to the financial statements. The useful lives are based on the historical experience of the Group with similar assets and taking into account of anticipated technological changes, which are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Deferred tax assets

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

6.3 Key sources of estimation uncertainty (Cont'd)

(c) Impairment of receivables

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

(d) Write down for obsolete or slow moving inventories

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

(e) Impairment of investments in subsidiaries and joint venture

The management reviews the material investments in subsidiaries and joint venture for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries and joint venture are assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries and joint venture.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

(f) Fair value measurement

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

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group measures its financial instruments at fair value as disclosed in Note 32 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2014	Long-term leasehold land RM'000	Factory and office buildings RM'000	Plant and machinery, tools and implements RM'000	Furniture and fittings and equipment RM'000	Renovations and electrical installations RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Cost								
As at 1 January 2014	20,857	48,584	96,640	4,332	2,544	9,602	1,667	184,226
Additions	-	96	1,022	115	3	716	859	2,811
Disposal	-	-	-	-	-	(291)	-	(291)
As at 31 December 2014	20,857	48,680	97,662	4,447	2,547	10,027	2,526	186,746
Accumulated depreciation								
As at 1 January 2014	2,208	6,492	33,580	2,630	1,569	3,388	-	49,867
Charge for the year	247	919	4,787	274	161	575	-	6,963
Disposal	-	-	-	-	-	(231)	-	(231)
As at 31 December 2014	2,455	7,411	38,367	2,904	1,730	3,732	-	56,599
Carrying amount								
As at 31 December 2014	18,402	41,269	59,295	1,543	817	6,295	2,526	130,147

Notes to the Financial Statements (Cont'd)

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

Group 2013	Long-term leasehold land RM'000	Factory and office buildings RM'000	Plant and machinery, tools and implements RM'000	Furniture and fittings and equipment RM'000	Renovations and electrical installations RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Cost								
As at 1 January 2013	20,857	47,709	92,502	4,082	2,511	9,275	1,642	178,578
Additions	-	875	4,138	250	33	646	25	5,967
Disposal	-	-	-	-	-	(319)	-	(319)
As at 31 December 2013	20,857	48,584	96,640	4,332	2,544	9,602	1,667	184,226
Accumulated depreciation								
As at 1 January 2013	1,961	5,575	28,947	2,365	1,409	2,997	-	43,254
Charge for the year	247	917	4,633	265	160	598	-	6,820
Disposal	-	-	-	-	-	(207)	-	(207)
As at 31 December 2013	2,208	6,492	33,580	2,630	1,569	3,388	-	49,867
Carrying amount								
As at 31 December 2013	18,649	42,092	63,060	1,702	975	6,214	1,667	134,359

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

Company	Furniture and fittings 2014 RM'000	2013 RM'000
Cost		
At 1 January/31 December	**5**	5
Accumulated depreciation		
At 1 January/31 December	**5**	5
Carrying amount		
At 31 December	**-**	-

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

	Group 2014 RM'000	2013 RM'000
Purchase of property, plant and equipment	**2,811**	5,967
Financed by hire purchase	**-**	(401)
Financed by credit purchase (Note 19(c))	**(293)**	(160)
Cash payments on purchase of property, plant and equipment	**2,518**	5,406

(b) The carrying amount of the property, plant and equipment of the Group under hire purchase arrangements at the end of the reporting period are as follows:

	Group 2014 RM'000	2013 RM'000
Plant and machinery	**2,980**	3,167
Motor vehicles	**2,459**	2,693
	5,439	5,860

(c) As at the end of the reporting period, certain long term leasehold land, factory and office buildings, plant and machinery with a carrying amount of RM54,626,000 (2013: RM56,665,000) have been charged to bank for credit facilities granted to the Group as disclosed in Note 17 to the financial statements.

8. PREPAID LEASE PAYMENTS FOR LAND

Group Carrying amount	Balance as at 1.1.2014 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2014 RM'000
Short term leasehold land	**6,361**	**(369)**	**5,992**

	[--------------- At 31.12.2014	--------------	]
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Short term leasehold land	**7,201**	**(1,209)**	**5,992**

Group Carrying amount	Balance as at 1.1.2013 RM'000	Addition RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2013 RM'000
Short term leasehold land	1,731	5,000	(370)	6,361

	[--------------- At 31.12.2013	--------------	]
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Short term leasehold land	7,201	(840)	6,361

Prepaid lease payments for land with a carrying amount of RM1,019,000 (2013: RM1,058,000) are charged as securities for bank facilities of the Group (Note 17).

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares - at cost	**163,190**	142,423

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2014 %	2013 %	Principal activities
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and sale of food and beverage ingredients
Three-A Food Industries (M) Sdn. Bhd.	Malaysia	**100**	100	Investment holding

All subsidiaries are audited by BDO, Malaysia.

(b) During the financial year, amounts owing by subsidiaries amounting to RM20,767,000 have been capitalised as investments in subsidiaries (Note 13(c)).

10. INVESTMENT IN A JOINT VENTURE

	Group 2014 RM'000	Group 2013 RM'000
Unquoted equity shares, at cost	**14,039**	14,039
Share of post-acquisition reserves	**(12,212)**	(6,311)
	1,827	7,728
Exchange differences	**1,709**	1,619
	3,536	9,347

(a) The details of the joint venture are as follows:

Name	Country of incorporation	Proportion (%) of ownership interest 2014 %	2013 %	Principal activities
Held through Three-A Food Industries (M) Sdn. Bhd.				
Three-A (Qinhuangdao) Food Industries Co. Ltd.#	People's Republic of China	**50**	50	Manufacturing and sale of food and beverage ingredients

Audited by a firm other than BDO

10. INVESTMENT IN A JOINT VENTURE (CONT'D)

(b) Three-A (Qinhuangdao) Food Industries Co. Ltd., the only joint venture in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Three-A (Qinhuangdao) Food Industries Co. Ltd. The joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.

(c) The summarised financial information of the joint venture, adjusted for any differences in accounting policies, if any and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Assets and liabilities		
Non-current assets	**55,011**	55,421
Current assets	**9,804**	5,816
Current liabilities	**(57,743)**	(42,543)
Net assets	**7,072**	18,694
Proportion of the ownership of the Group	**50%**	50%
Carrying amount of the investment in joint venture	**3,536**	9,347
Results		
Revenue	**12,016**	2,624
Cost of sales	**(17,193)**	(7,821)
Gross loss	**(5,177)**	(5,197)
Administrative expenses	**(3,374)**	(1,219)
Finance cost	**(2,494)**	(2,134)
Loss before tax	**(11,045)**	(8,550)
Taxation	**(757)**	-
Loss for the financial year	**(11,802)**	(8,550)
Share of loss by the Group for the financial year	**(5,901)**	(4,275)

10. INVESTMENT IN A JOINT VENTURE (CONT'D)

(d) The commitments of the Group in respect of its investment in a joint venture are as follows:

		Group	
	Note	2014 USD'000	2013 USD'000
Co-operation commitments	(i)	**20,000**	20,000
Balance of the investment commitment in joint venture	(ii)	**5,450**	5,450
		RM'000	RM'000
Share of capital commitments of joint venture on buildings, machinery and equipment	(iii)	286	64

(i) On 5 May 2010, the Group had entered into a framework co-operation agreement with Wilmar International Limited ("Wilmar"), a company incorporated in Singapore to set up an equity joint venture company in the People's Republic of China ("PRC"). Both parties agreed to contribute 50% and jointly invest up to USD40,000,000 or such other amount as may be agreed by both parties from time to time.

(ii) Pursuant to the framework co-operation Agreement, the Group had on 5 May 2010 entered into a joint venture agreement with Yihai Kerry Investments Co. Ltd. ("Yihai"), a wholly-owned subsidiary of Wilmar. Both parties agreed to contribute 50% of the total investment cost of up to USD12,000,000 in the joint venture company to set up a factory in the vicinity of Shanhaiguan, PRC for the business of manufacturing and selling of food and beverage ingredients. The Group and Yihai agreed to increase their total investment in the joint venture company up to USD20,000,000 in prior years. As at the end of reporting period, the Group had invested a total amount of USD4,550,000 (2013: USD4,550,000).

(iii) The joint venture company has capital commitments of RMB1,014,000 (2013: RMB237,000) on buildings, machinery and equipment as at 31 December 2014. The Group's share of the capital commitment is RMB507,000 (2013: RMB118,400) (equivalent to RM286,000 (2013: RM64,000)), representing the Group's 50% share in the joint venture company.

(e) The exchange rate of RMB1.00: RM0.5634 (2013: RMB1.00: RM0.5411) as at end of reporting period have been used.

11. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group 2014 RM'000	Group 2013 RM'000
Balance as at 1 January	**13,143**	12,377
Recognised in profit or loss (Note 26)	**1,382**	766
Balance as at 31 December	**14,525**	13,143
Deferred tax liabilities presented after appropriate offsetting	**14,525**	13,143

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
Balance as at 1 January 2013	13,569	(93)	13,476
Recognised in profit or loss	1,181	149	1,330
Balance as at 31 December 2013	14,750	56	14,806
Recognised in profit or loss	565	28	593
Balance as at 31 December 2014	15,315	84	15,399

Deferred tax assets of the Group

	Provisions RM'000
Balance as at 1 January 2013	(1,099)
Recognised in profit or loss	(564)
Balance as at 31 December 2013	(1,663)
Recognised in profit or loss	789
Balance as at 31 December 2014	(874)

12. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
At cost		
Raw materials	**31,561**	29,812
Goods-in-transit	**8,419**	4,252
Work-in-progress	**3,636**	3,331
Packing materials	**999**	1,032
Finished goods	**9,663**	8,361
	54,278	46,788

During the financial year, inventories of the Group recognised as cost of sales amounted to RM240,256,000 (2013: RM243,866,000).

13. TRADE AND OTHER RECEIVABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade receivables				
Third parties	**66,204**	74,925	**-**	-
Related parties	**595**	162	**-**	-
	66,799	75,087	**-**	-
Less: Impairment losses - third parties	**(956)**	(956)	**-**	-
	65,843	74,131	**-**	-
Other receivables				
Amounts owing by subsidiaries	**-**	-	**4,210**	6,668
Other receivables	**8**	8	**8**	8
Staff loans	**62**	20	**-**	-
Deposits	**362**	324	**-**	-
	432	352	**4,218**	6,676
Loans and receivables	**66,275**	74,483	**4,218**	6,676
Prepayments	**2,317**	4,719	**-**	-
Total trade and other receivables	**68,592**	79,202	**4,218**	6,676

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 150 days (2013: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amounts owing by related parties are due from Seong Chan Sauce & Foodstuff Sdn. Bhd. and Three-A (Qinhuangdao) Food Industries Co. Ltd., a company in which certain Directors have financial interests and a joint venture company of the Group respectively. Amounts owing by related parties are non-interest bearing and range from 60 to 90 days (2013: 90 days) credit terms and are repayable in cash.

(c) Amounts owing by subsidiaries represent non-trade transactions, which are unsecured, interest-free and payable upon demand in cash and cash equivalents. Included in amounts owing by subsidiaries is the subordination up to RM28,000,000 (2013: RM28,000,000) of advances to a subsidiary as required by borrowing covenant (Note 17).

In addition, during the financial year, an amount of RM20,767,000 owing by subsidiaries have been capitalised as investments in subsidiaries, as disclosed in Note 9 to the financial statements.

(d) Included in prepayments is RM1,804,000 (2013: RM4,209,000) paid to suppliers for purchase of raw materials.

(e) The currency exposure profile of receivables are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**50,995**	57,608	**4,218**	6,676
US Dollar	**13,861**	15,566	**-**	-
Singapore Dollar	**1,419**	1,309	**-**	-
	66,275	74,483	**4,218**	6,676

(f) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Neither past due nor impaired	**65,147**	72,876
Past due and not impaired		
1 month past due not impaired	**340**	680
2 months past due not impaired	**296**	413
3 months past due not impaired	**-**	141
4 months past due not impaired	**-**	-
More than 5 months past due not impaired	**60**	21
Past due and not impaired	**696**	1,255
Past due and impaired	**956**	956
	66,799	75,087

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) The ageing analysis of trade receivables of the Group are as follows: (Cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM696,000 (2013: RM1,255,000) that are past due at the end of the reporting period but not impaired. Trade receivables that are past due but not impaired mainly arose from active corporate customers with healthy business relationship, in which the Group is of the view that the amounts are recoverable based on past payment history. Trade receivables of the Group that are past due but not impaired are unsecured in nature. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

	Individually impaired	
	2014 RM'000	**2013 RM'000**
Trade receivables - nominal amounts	**956**	956
Less: Impairment loss	**(956)**	(956)
	-	-

(g) The reconciliation of movement in the impairment loss are as follows:

	2014 RM'000	**2013 RM'000**
Trade receivables		
At 1 January	**956**	16
Charge for the financial year (Note 25)	**-**	940
At 31 December	**956**	956

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(h) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	**17,058**	16,720	**5,687**	6,646

(a) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	**16,524**	15,992	**5,687**	6,646
US Dollar	**465**	692	**-**	-
Singapore Dollar	**67**	34	**-**	-
Indonesia Rupiah	**1**	1	**-**	-
Philippine Peso	**1**	1	**-**	-
	17,058	16,720	**5,687**	6,646

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	**17,058**	16,720	**5,687**	6,646
Bank overdrafts included in borrowings (Note 17)	**-**	(74)	**-**	-
	17,058	16,646	**5,687**	6,646

15. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary share of RM0.20 each				
Authorised	**500,000**	**100,000**	500,000	100,000
Issued and fully paid - At 1 January/31 December	**393,600**	**78,720**	393,600	78,720

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

16. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable				
Share premium	70,367	70,367	70,367	70,367
Exchange translation reserve	1,709	1,619	-	-
	72,076	71,986	70,367	70,367
Distributable				
Retained earnings	81,029	68,325	18,316	1,885
	153,105	140,311	88,683	72,252

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

17. BORROWINGS

	Group 2014 RM'000	Group 2013 RM'000
Current liabilities		
Secured:		
Bank overdrafts (Note 14)	-	74
Bankers' acceptances	-	17,154
Term loans	**2,015**	4,635
Hire purchase creditors (Note 18)	**977**	1,029
	2,992	22,892
Non-current liabilities		
Secured:		
Term loans	**7,487**	16,823
Hire purchase creditors (Note 18)	**2,004**	2,981
	9,491	19,804
Total borrowings		
Secured:		
Bank overdrafts (Note 14)	-	74
Bankers' acceptances	-	17,154
Term loans	**9,502**	21,458
Hire purchase creditors (Note 18)	**2,981**	4,010
	12,483	42,696

(a) The bank borrowings of the Group, other than hire purchase creditors are secured by the following:

(i) fixed charges over the prepaid lease payments for land (Note 8), long-term leasehold land, factory and office buildings, plant and machinery of a subsidiary (Note 7);

(ii) debentures over certain plant and machinery of a subsidiary;

(iii) negative pledge on two adjoining pieces of leasehold land of a subsidiary;

(iv) a corporate guarantee of RM9,502,000 (2013: RM38,612,000) by the Company; and

(v) subordination up to RM28,000,000 (2013: RM28,000,000) of advances by the Company to the subsidiary.

17. BORROWINGS (CONT'D)

(b) Term loans are repayable as follows:

	Group 2014 RM'000	Group 2013 RM'000
Not later than one (1) year	**2,015**	4,635
Later than one (1) year and not later than five (5) years	**5,044**	12,933
Later than five (5) years	**2,443**	3,890
	9,502	21,458

(c) Information on financial risks of borrowings is disclosed in Note 33 to the financial statements.

(d) All borrowings are denominated in RM.

18. HIRE PURCHASE CREDITORS

	Group 2014 RM'000	Group 2013 RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	**1,151**	1,263
- later than one (1) year but not later than five (5) years	**2,241**	3,224
- later than five (5) years	**-**	154
Total minimum hire purchase and lease payments	**3,392**	4,641
Less: Future finance charges	**(411)**	(631)
Present value of hire purchase and lease payments	**2,981**	4,010
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	**977**	1,029
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	**2,004**	2,828
- later than five (5) years	**-**	153
	2,004	2,981
	2,981	4,010

Information on financial risks of hire purchase creditors is disclosed in Note 33 to the financial statements.

19. TRADE AND OTHER PAYABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Trade payables				
- third parties	**8,600**	7,331	**-**	-
Other payables	**2,054**	2,484	**-**	-
Accruals	**3,692**	3,217	**228**	52
	5,746	5,701	**228**	52
Total trade and other payables	**14,346**	13,032	**228**	52

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2013: 30 to 60 days)

(b) The currency exposure profile of payables are as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Ringgit Malaysia	**8,663**	12,491	**228**	52
Euro	**154**	165	**-**	-
US Dollar	**5,527**	376	**-**	-
Singapore Dollar	**2**	-	**-**	-
	14,346	13,032	**228**	52

(c) Included in other payables of the Group are credit purchase of property, plant and equipment amounting to RM293,000 (2013: RM160,000).

(d) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

20. COMMITMENTS

(a) Operating lease commitments

The Group has entered into non-cancellable lease arrangements, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised based on prevailing market rates. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group 2014 RM'000	Group 2013 RM'000
Not later than one (1) year	**125**	318
Later than one (1) year and not later than five (5) years	**30**	155
	155	473

20. COMMITMENTS (CONT'D)

(b) Capital commitments

	Group	
	2014 RM'000	2013 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	**3,029**	23

21. CONTINGENT LIABILITIES

	Company	
	2014 RM'000	2013 RM'000
Corporate guarantees given to banks for credit facilities granted to a subsidiary – secured (Note 17)	**9,502**	38,612

The Directors have assessed the financial guarantee contracts and concluded that the guarantees are unlikely to be called upon by the banks. This is because the guarantees are collateralised by fixed charges over certain properties, plant and machinery of the Group (Note 17). Accordingly, the fair value of the above corporate guarantees is negligible.

22. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales of goods	**311,410**	302,910	**-**	-
Dividend income from a subsidiary	**-**	-	**22,447**	5,003
	311,410	302,910	**22,447**	5,003

23. COST OF SALES

Cost of sales comprises of cost of goods sold and its associated expenses.

Notes to the Financial Statements (Cont'd)

24. FINANCE COSTS

	Group 2014 RM'000	Group 2013 RM'000
Interest expense on:		
- bank overdrafts	**15**	31
- term loans	**1,224**	1,513
- bankers' acceptances	**129**	958
- hire purchase creditors	**234**	292
	1,602	2,794

25. PROFIT BEFORE TAX

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit before tax is stated after charging:					
Amortisation of prepaid lease payments for land	8	**369**	370	**-**	-
Auditors' remuneration					
- current year		**100**	100	**30**	30
- under provision in prior years		**8**	8	**8**	5
- others		**-**	1	**-**	1
Depreciation of property, plant and equipment	7	**6,963**	6,820	**-**	-
Directors' remuneration paid and payable to the Directors of the Company:					
Fees:					
- payable by the Company		**191**	-	**191**	-
Emoluments other than fees:					
- payable by the Company		**-**	110	**-**	110
- payable by a subsidiary		**2,712**	2,511	**-**	-
Impairment loss on trade receivables	13	**-**	940	**-**	-
Loss on disposal of property, plant and equipment		**40**	-	**-**	-
Rental of machineries		**80**	86	**-**	-
Rental of premises		**324**	288	**-**	-
And crediting:					
Gain on disposal of property, plant and equipment		**-**	18	**-**	-
Interest income		**272**	76	**8**	76
Realised foreign exchange gain		**996**	112	**-**	-
Unrealised foreign exchange gain		**332**	453	**-**	-

26. TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax				
Current tax expense based on profit for the financial year	**7,603**	4,816	**2**	21
(Over)/Under provision in prior years	**(934)**	222	**73**	-
	6,669	5,038	**75**	21
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	**828**	627	**-**	-
Under provision in prior years	**554**	139	**-**	-
	1,382	766	**-**	-
	8,051	5,804	**75**	21

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profit for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	**26,265**	16,120	**22,016**	4,714
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	**6,566**	4,030	**5,504**	1,179
Tax effects in respect of:				
Non-allowable expenses	**1,865**	1,417	**110**	93
Non-taxable income	**-**	(4)	**(5,612)**	(1,251)
	8,431	5,443	**2**	21
(Over)/Under provision of income tax expense in prior years	**(934)**	222	**73**	-
Under provision of deferred tax in prior years	**554**	139	**-**	-
Tax expense recognised in profit or loss	**8,051**	5,804	**75**	21

27. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014 RM'000	2013 RM'000
Profit attributable to owners of the parent	**18,214**	10,316
Weighted average number of ordinary shares outstanding ('000)	**393,600**	393,600
Basic earnings per ordinary share (sen)	**4.6**	2.6

(b) Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potentially dilute shares.

28. DIVIDENDS

	Group and Company			
	2014		2013	
	Gross dividend per share sen	Amount of dividend RM'000	Gross dividend per share sen	Amount of dividend RM'000
Interim single tier dividend	**1.4**	**5,510**	-	-
Interim tax exempt dividend	**-**	**-**	1.2	4,723

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

29. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, wages, allowances and bonuses	**15,471**	11,388	**-**	30
Contributions to defined contribution plan	**922**	613	**-**	-
Social security contributions	**71**	73	**-**	-
Other employee benefits	**282**	110	**-**	-
	16,746	12,184	**-**	30

29. EMPLOYEE BENEFITS (CONT'D)

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,353,000 (2013: RM2,169,000) and RM nil (2013: RM30,000) respectively.

30. RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has related party relationships with its subsidiaries and a joint venture.

The Group also has related party relationships with the following:

Seong Chan Sauce & Foodstuff Sdn. Bhd.	A company of which Fang Chew Ham and Fong Chu King @ Tong Chu King, who are Directors of the Company, have financial interests.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Sale of products				
- Seong Chan Sauce & Foodstuff Sdn. Bhd.	**832**	1,018	**-**	-
- Three-A (Qinhuangdao) Food Industries Co. Ltd.	**329**	-	**-**	-
(Advances to)/Repayments by subsidiaries	**-**	-	**(18,309)**	4,808

The related party transactions described above were carried out on negotiated terms and conditions in the ordinary course of business between the related party and the Company.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

Notes to the Financial Statements (Cont'd)

30. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel (Cont'd)

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

	Group	
	2014 RM'000	**2013 RM'000**
Short-term employee benefits	**3,501**	3,416
Contributions to defined contribution plan	**274**	333
	3,775	3,749

31. SEGMENTS INFORMATION

(a) Segmental information

Segment analysis has not been prepared as the business of the Group is focused only in manufacturing and trading of food and beverage ingredients.

The Group does not have any non-current assets that are located in countries other than Malaysia.

The chief operating decision maker reviews the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

(b) Geographical information

For the purpose of disclosing geographical information, revenue is based on the geographical location of customers from which the sales transactions originated. The foreign customers are predominantly based in Singapore, Hong Kong, China, South Korea, Indonesia, Philippines, Vietnam, Australia and United States of America.

	Group	
	2014 RM'000	**2013 RM'000**
Revenue:		
Malaysia	**221,319**	215,279
Singapore	**24,902**	17,516
Foreign countries	**65,189**	70,115
	311,410	302,910

The assets and liabilities of the Group and of the Company are solely located in Malaysia other than investment in a joint venture of the Group amounting to RM3,536,000 (2013: RM9,347,000) which is located in the People's Republic of China.

32. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Borrowings	**12,483**	42,696	**-**	-
Trade and other payables	**14,346**	13,032	**228**	52
Total liabilities	**26,829**	55,728	**228**	52
Less: Cash and bank balances	**(17,058)**	(16,720)	**(5,687)**	(6,646)
Net debt	**9,771**	39,008	**(5,459)**	(6,594)
Total capital	**231,825**	219,031	**167,403**	150,972
Net debt	**9,771**	39,008	**(5,459)**	(6,594)
Equity	**241,596**	258,039	**161,944**	144,378
Gearing ratio (%)	**4**	15	*****	*

* Gearing ratio is not presented as the Company is in net cash position as at 31 December 2014 and 31 December 2013

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2014.

The Group is not subject to any other externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments

Group	2014 RM'000	2013 RM'000
Financial assets		
Loans and receivables – trade and other receivables	**66,275**	74,483
Cash and bank balances	**17,058**	16,720
	83,333	91,203
Financial liabilities		
Other financial liabilities		
Borrowings	**12,483**	42,696
Dividend payable	**5,510**	4,723
Trade and other payables	**14,346**	13,032
	32,339	60,451
Company		
Financial assets		
Loans and receivables - trade and other receivables	**4,218**	6,676
Cash and bank balances	**5,687**	6,646
	9,905	13,322
Financial liabilities		
Other financial liabilities		
Dividend payable	**5,510**	4,723
Trade and other payables	**228**	52
	5,738	4,775

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

(ii) Obligations under hire purchase creditors

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the end of each reporting period.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the hire purchase and lease creditors, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the financial instruments not carried at fair value for which fair value is disclosed together with their carrying amount shown in the statement of financial position:

At 31 December 2014	**Note**	**Carrying amount RM'000**	**Fair value RM'000**
Financial liability			
Hire purchase creditors – Level 2	18	**2,981**	**2,905**
At 31 December 2013			
Financial liability			
Hire purchase creditors – Level 2	18	4,010	3,905

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flows risk, interest rate risk and foreign currency risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, and foreign currency risk. Information on the management of the related exposures is detailed below:

(a) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for certain new customers, where deposits in advance are normally required. The credit period is generally for a period of 30 days, extending up to 150 days for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the cash and bank balances placed with financial institutions in Malaysia, the Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting date are as follows:

	Group			
	2014		2013	
	RM'000	**% of total**	**RM'000**	**% of total**
By country:				
Malaysia	**52,600**	**80%**	60,491	82%
Singapore	**1,456**	**2%**	1,324	2%
Other countries	**11,787**	**18%**	12,316	16%
	65,843	**100%**	74,131	100%

At the end of each reporting period, approximately 52% (2013: 54%) of the trade receivables of the Group were due from ten (10) major customers.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Financial assets that are neither past due not impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

The Group actively manages its debts maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2014 **Group**	**On demand or within one year RM'000**	**Two to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities				
Dividend payable	**5,510**	**-**	**-**	**5,510**
Trade and other payables	**14,346**	**-**	**-**	**14,346**
Term loans	**2,572**	**6,292**	**2,791**	**11,655**
Hire purchase creditors	**1,151**	**2,241**	**-**	**3,392**
Total undiscounted financial liabilities	**23,579**	**8,533**	**2,791**	**34,903**
Company				
Financial liabilities				
Dividend payable	**5,510**	**-**	**-**	**5,510**
Trade and other payables	**228**	**-**	**-**	**228**
Total undiscounted financial liabilities	**5,738**	**-**	**-**	**5,738**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity and cash flow risk (Cont'd)

As at 31 December 2013 Group	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Dividend payable	4,723	-	-	4,723
Trade and other payables	13,032	-	-	13,032
Bank overdrafts	74	-	-	74
Bankers' acceptances	17,154	-	-	17,154
Term loans	5,905	15,572	4,432	25,909
Hire purchase creditors	1,263	3,224	154	4,641
Total undiscounted financial liabilities	42,151	18,796	4,586	65,533
Company				
Financial liabilities				
Dividend payable	4,723	-	-	4,723
Trade and other payables	52	-	-	52
Total undiscounted financial liabilities	4,775	-	-	4,775

(c) Interest rate risk

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

The primary interest rate risk of the Group relates to interest-bearing borrowings from financial institutions. The borrowings of the Group are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge this risk.

The exposure of interest rate in the Group is not material and hence, sensitivity analysis is not presented.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group	Note	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
As at 31 December 2014									
Fixed rate									
Hire purchase creditors	**18**	**5.81**	**977**	**636**	**591**	**623**	**154**	**-**	**2,981**
Floating rates									
Term loans	**17**	**6.66**	**2,015**	**1,200**	**1,270**	**1,350**	**1,224**	**2,443**	**9,502**
As at 31 December 2013									
Fixed rates									
Bankers' acceptances	17	3.53	17,154	-	-	-	-	-	17,154
Hire purchase creditors	18	5.80	1,029	980	637	590	621	153	4,010
Floating rates									
Term loans	17	6.46	4,635	3,796	2,933	3,059	3,145	3,890	21,458

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk

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

A joint venture operating in PRC has assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures. The net investment of the Group in PRC is not hedged as currency positions in RMB is considered to be long-term in nature.

The Group is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The foreign currencies primarily involved are the US Dollar, Singapore Dollar and European Dollar. In addition, the Group does not use foreign exchange derivative instruments to hedge its transaction risk.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currencies balances amount to RM534,000 (2013: RM728,000) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD, SGD and EURO exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
Profit after tax		**2014 RM'000**	**2013 RM'000**
USD/RM	- strengthen 3% (2013: 3%)	**198**	357
	- weakened 3% (2013: 3%)	**(198)**	(357)
SGD/RM	- strengthen 3% (2013: 3%)	**33**	30
	- weakened 3% (2013: 3%)	**(33)**	(30)
EURO/RM	- strengthen 3% (2013: 3%)	**(3)**	(4)
	- weakened 3% (2013: 3%)	**3**	4

34. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The following breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 and 2013 into realised and unrealised earnings is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	**85,052**	71,732	**18,316**	1,885
- Unrealised	**13,801**	12,690	**-**	-
	98,853	84,422	**18,316**	1,885
Total share of accumulated losses from joint venture				
- Realised	**(5,901)**	(4,658)	**-**	-
- Unrealised	**-**	383	**-**	-
	92,952	80,147	**18,316**	1,885
Less: Consolidation adjustments	**(11,923)**	(11,822)	**-**	-
Retained earnings as per financial statements	**81,029**	68,325	**18,316**	1,885

Particulars of Properties
Held by the Group

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2014 (RM'000)	Date of Acquisition	Year of Last Revaluation
No. H.S. (M) 472 Lot 4196 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	55 years (30 May 2070)	19 years	110,976	14,849	11,861	03 Oct 1995	2003
No. Hakmilik 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	87 years (03 Jul 2102)	38 years	34,950	4,376	2,932	03 Jan 1997	2003
No. Hakmilik 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Production Factory Warehouse	Industrial Land	Leasehold 99 years	87 years (03 Jul 2102)	10 years	93,032	8,781	7,374	19 May 1997	2003
No. H.S. (M) 4098 No. P.T. 2317 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	27 years (22 Jun 2042)	16 years	8,168	573	405	27 May 1997	2003
No. H.S. (M) 4651 No. P.T. 5938 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	31 years (26 Jun 2046)	16 years	6,806	876	615	31 Mar 1998	2003

Particulars of Properties Held by the Group (Cont'd)

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2014 (RM'000)	Date of Acquisition	Year of Last Revaluation
No. H.S. (M) 3999 No. P.T. 584 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Production Factory	Industrial Land	Leasehold 60 years	26 years (24 May 2041)	7 years	46,005	5,329	4,505	23 Aug 2004	2010
No. H.S. (M) 11086 Lot 66 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Warehouse	Industrial Land	Leasehold 99 years	55 years (30 May 2070)	5 years	87,123	7,280	6,558	05 Dec 2005	2009
No. H.S. (D) 264602 PT No. 12294 (589) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Production Factory	Industrial Land	Leasehold 60 years	55 years (25 Jul 2070)	4 years	43,560	5,991	5,317.	13 Feb 2008	2008
No. H.S. (M) 9078 PT No. 669 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	39 years (19 Jul 2054)	5 years	7,631	680	611	07 Apr 2009	2009
No. H.S. (M) 9111 No. PT 27687 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Vacant	Industrial Land	Leasehold 99 years	78 years (22 Sep 2093)	—	42,281	967	915	10 Dec 2009	—

Particulars of Properties Held by the Group (Cont'd)

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2014 (RM'000)	Date of Acquisition	Year of Last Revaluation
PN 67417 No. Lot 2306 Jalan Welfare, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	50 years (17 Jul 2065)	5 years	7,535	1,016	931	11 Jan 2010	—
No. H.S. (M) 14513 No. PT 12493 (Lot 9107 & Lot 9108) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Production Factory / Warehouse	Industrial Land	Leasehold 99 years	78 years (22 Sep 2093)	11 years (Lot 9108) 4 years (Lot 9107)	103,570	15,863	14,580	26 Mar 2010 (Lot 9108) 09 Oct 2010 (Lot 9107)	2010
No. HSD 288090 No. PT 847 Jalan Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Vacant	Industrial Land	Leasehold 99 years	97 years (15 Jan 2112)	—	80,847	6,658	6,239	30 Apr 2010	2010
No. HSD 261056 No. PT 12202 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 99 years	93 years (21 Dec 2108)	3 years	7,623	1,025	971	12 Apr 2011	—
No. H.S. (M) 1366 No. PT 848 Jalan Kampong, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Vacant	Agriculture Land	Leasehold 60 years	17 years (20 Jan 2030)	—	81,128	5,000	4,375	03 Dec 2012	2013

Bursa Securities Listing Requirements Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. **Utilisation of Proceeds**

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

2. **Share Buy-Back**

   The Company did not carry out any share buy-back exercise during the financial year ended 31 December 2014.

3. **Options, Warrant or Convertible Securities Exercised**

   The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2014.

4. **American Depository Receipts (ADR) / Global Depository Receipt (GDR)**

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

5. **Sanctions and/or Penalties**

   There were no sanctions/penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year ended 31 December 2014.

6. **Non-Audit Fees**

   The amount of non-audit fees paid/payable to external auditors and its affiliates for the financial year ended 31 December 2014 amounted to RM8,000

7. **Variation in Results**

   There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2014.

8. **Profit Guarantee**

   There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2014.

9. **Revaluation Policy on Landed Properties**

   The Group's landed properties are not revalued but are reviewed at each balance sheet date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation, amortisation and impairment. For landed properties classified as investment properties, the Group assesses the fair value at the end of each financial year and the change in fair value is taken as gains or losses in the income statement.

Bursa Securities Listing Requirements
Compliance Information (Cont'd)

10. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involve 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 that have been entered by the Company or its subsidiary involving Directors and substantial shareholders in the past two years preceding the date of this annual report.

11. Related Party Transactions of a Revenue / Trading Nature (RRPT)

The breakdown of the value of the transactions conducted during the financial year were as follows:-

Related Party	Interested Directors/ Connected Persons	Nature of Transactions	Value of Transactions (RM'000)
Seong Chan Sauce & Foodstuff Sdn. Bhd.	Fang Siew Yee Fang Siew Ping Liew Kuo Shin	Sales of goods by San Soon Seng Food Industries Sdn. Bhd.	832
Three-A (Qinghuangdao) Food Industries Co.Ltd.	Fang Chew Ham Fong Chu King @ Tong Chu King Yihai Kerry Investments Co. Ltd. Wilmar International Limited	Sales of goods by San Soon Seng Food Industries Sdn. Bhd.	329

The RRPT are subject to the following:-

- the provision of the products to the related parties are based on fixed price quoted to all customers or classes of customers.
- The price of charges in the provision of products by the Company is no lower than the prevailing market prices.

The material terms of such RRPT are applied consistently to all classes of customers of in respect of such RRPT. There is no preferred treatment accorded to the related parties.

Analysis of Shareholdings

as at 05 March 2015

Authorised Share Capital	:	RM100,000,000 divided into 500,000,000 Ordinary Shares of RM0.20 each
Issued and Fully Paid-Up Capital	:	RM78,720,003 divided into 393,600,019 Ordinary Shares of RM0.20 each
Class of Shares	:	Ordinary Share of RM0.20 each
Voting Rights	:	One (1) Voting Right per Ordinary Share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	216	5.02	13,938	0.00
100 – 1,000	291	6.77	214,021	0.05
1,001 – 10,000	2,268	52.73	13,028,860	3.31
10,001 – 100,000	1,273	29.60	42,125,460	10.70
100,001 – 19,679,999 *	251	5.84	196,617,740	49.95
19,680,000 and above **	2	0.05	141,600,000	35.98
TOTAL	**4,301**	**100.00**	**393,600,019**	**100.00**

* *Less than 5% of Issued Holdings*
** *5% and above of Issued Holdings*

Top Thirty (30) Shareholders

(without aggregating the securities from different securities accounts belonging to the same depositor)

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn. Bhd.	80,000,000	20.33
2. Wilmar International Limited	61,600,000	15.65
3. Foong Chiew Fatt	16,180,960	4.11
4. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	15,216,580	3.87
5. Amanahraya Trustee Berhad Public Islamic Optimal Growth Fund	13,623,200	3.46
6. Fong Chiew Hean	12,650,000	3.21
7. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Kwee Hock	12,220,380	3.10

Analysis of Shareholdings (Cont'd)

as at 05 March 2015

Name of Shareholders	No. of Shares Held	% of Issued Capital
8. Fong Chu King @ Tong Chu King	10,950,000	2.78
9. Amanahraya Trustees Berhad Public Islamic Equity Fund	8,844,500	2.25
10. Amanahraya Trustees Berhad PB Growth Fund	4,470,700	1.14
11. Teo Kwee Hock	4,330,300	1.10
12. Tan Booi Charn	4,000,000	1.02
13. Amanahraya Trustees Berhad Public Islamic Opportunities Fund	3,410,400	0.87
14. Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,951,400	0.75
15. Amanahraya Trustees Berhad PB Islamic Equity Fund	2,734,800	0.69
16. Tan Kim Tee	2,239,800	0.57
17. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Faai @ Ng Yoke Pei	2,134,900	0.54
18. Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Public Industry Fund	2,091,400	0.53
19. Amanahraya Trustees Berhad Public Islamic Mixed Asset Fund	2,030,500	0.52
20. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yoong Fui Kien	2,001,000	0.51
21. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chen Fook Wah	1,767,800	0.45
22. UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rentas Megah Sdn. Bhd.	1,586,700	0.40
23. Chan Chu Wei	1,583,000	0.40
24. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Phoa Boon Ting	1,530,080	0.39
25. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheong Siew Chyuan	1,500,000	0.38
26. T.B.R Shopping Centre (M) Sdn. Bhd.	1,500,000	0.38
27. Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38
28. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An for UOB Kay Hian Pte. Ltd.	1,234,000	0.31
29. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Wai Kong	1,112,000	0.28
30. Ooi Poh Keoh	1,040,000	0.26
TOTAL	**278,022,400**	**70.64**

Analysis of Shareholdings (Cont'd)

as at 05 March 2015

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn. Bhd.	80,420,000	20.43
2. Wilmar International Limited	61,600,000	15.65
3. Amanahraya Trustees Berhad	38,065,500	9.67
4. JF Apex Nominees (Tempatan) Sdn. Bhd.	27,842,640	7.07

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1. Dato' Mohd Nor Bin Abdul Wahid	438,000	0.11	–	–
2. Fang Chew Ham	100,000	0.03	120,200,960 [1]	30.54
3. Fong Chu King @ Tong Chu King	10,950,000	2.78	29,040,860 [2]	7.38
4. Chew Eng Chai	160,000	0.04	7,000 [3]	0.00
5. Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38	2,220,000 [4]	0.56
6. Fang Siew Yee	–	–	80,520,000 [5]	20.46
7. Khoo Wee Boon	–	–	–	–
8. Mohd Zaki Bin Hamzah	500,000	0.13	–	–
9. Kwek Ju-Yang, Mark	–	–	–	–
10. Sun You Ning	–	–	–	–

Note:

1. Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King; and Fang Chew Ham Holdings Sdn. Bhd.
2. Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fang Chew Ham and his son Fong Peng Fai
3. Indirect interest via shareholdings of his spouse Lim Tong Lean
4. Indirect interest via shareholdings of his spouse Ng Faai @ Ng Yoke Pei
5. Indirect interest via shareholdings of her spouse Liew Kuo Shin and Fang Chew Ham Holdings Sdn. Bhd.

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be held at Ballroom Level 1, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday 5th May 2015 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the audited Financial Statements for the financial year ended 31st December 2014 and the Reports of the Directors and Auditors thereon.
   (Resolution 1)

2. To approve the payment of Directors' fees of RM190,500 for the financial year ended 31 December 2014 (2013: NIL).
   (Resolution 2)

3. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:-

   3.1 Dato' Mohd Nor Bin Abdul Wahid **(Resolution 3)**
   3.2 Mr. Fang Chew Ham **(Resolution 4)**
   3.3 Mr. Chew Eng Chai **(Resolution 5)**

4. To consider and if thought fit, pass the following Resolution in accordance with Section 129(6) of the Companies Act 1965:-

   4.1 "That Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."
   (Resolution 6)

   4.2 "That Mr. Fong Chu King @ Tong Chu King, retiring pursuant to Section 129(6) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."
   (Resolution 7)

5. To re-elect the following Director who retire pursuant to Article 93 of the Company's Articles of Association:-

   5.1 Mr. Sun You Ning **(Resolution 8)**

6. To re-appoint Auditors of the Company and to authorize the Directors to fix their remuneration.
   (Resolution 9)

7. As special business, to consider and if thought fit, to pass the following resolutions with or without modifications:

   Ordinary Resolutions

   7.1 Authority to Directors to Allot and Issue Shares
   Pursuant to Section 132D of the Companies Act 1965

   "That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act 1965 to allot and issue new ordinary shares of RM0.20 in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
   (Resolution 10)

7.2 Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.4 of the Circular to Shareholders dated 8 April 2015 ("the Circular") subject further to the following:-

(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment to the minority shareholders of the Company; and

(ii) the disclosure of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to this shareholders' mandate during the financial year of the Company is made in the annual report by providing a breakdown of the aggregate value of the Recurrent Related Party Transactions, amongst others, based on the following information:-

(a) the type of Recurrent Related Party Transactions made; and
(b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationships with the Company and its subsidiaries.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

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

AND THAT authority be and is hereby given to the Directors of the Company (or any of them) to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by the Ordinary Resolution.

AND THAT, the estimates given of the Recurrent Related Transactions specified in Section 2.4 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of the Circular."

(Resolution 11)

7.3 Proposed Renewal of Authority for the Company to purchase its own shares

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Board of Directors from time to time as they deem fit and expedient in the best interests of the Company ("the Proposed Share Buy-Back") provided that:-

(i) The aggregate number of Shares bought back and/or held does not exceed ten per centum (10%) of the total issued and paid up share capital of the Company subject to the restrictions that the issued and paid up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;

(ii) The maximum funds to be allocated for the buy-back of the Company's own shares shall not exceed the total retained profits and the share premium account of the Company;

(iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and

THAT upon completion of the buy-back of the Company of its own Shares, the Directors of the Company are authorised to deal with the shares so bought back in any of the following manner:-

(i) the shares so purchased may be cancelled; and/or

(ii) the shares so purchased may be retained as treasury shares and held by the Company; or

(iii) retain part of the shares so purchased as treasury shares and cancel the remainder;

and the treasury shares may be distributed as dividends to the shareholders of the Company and/or resold on the market of Bursa Malaysia Securities Berhad and/or subsequently cancelled; and/or any combination of the three and in any other manner;

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which the next annual general meeting after that date is required by law to be held, or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy Back (including without limitation, the appointment of stockbroking firm and the opening and maintenance of a Central Depository Account designated as a Share Buy-Back Account) with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad and all other relevant governmental/regulatory authorities.

(Resolution 12)

7.4 To consider and if thought fit, to pass the following resolution in accordance with the Recommendation 3.3. of the Malaysian Code on Corporate Governance 2012

"That Mr. Chew Eng Chai who has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2002 be and is hereby retained as an Independent Non-Executive Director of the Company."

(Resolution 13)

7.5 To consider and if thought fit, to pass the following resolution in accordance with the Recommendation 3.3. of the Malaysian Code on Corporate Governance 2012

"That subject to the passing of the above resolution 6, Mr. Tan Chon Sing @ Tan Kim Tieng who has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2012 be and is hereby retained as an Independent Non-Executive Director of the Company."

(Resolution 14)

8. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

NG BEE LIAN (MAICSA 7041392)
Company Secretary

Kuala Lumpur
Date: 8 April 2015

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

1. Authority to Directors to Allot and Issue Shares Pursuant to Section 132 D of the Companies Act 1965 (Resolution 10)

   The proposed resolution No. 10, if passed, is to empower the Directors to issue up to a maximum of ten (10) per centum of the total paid up share capital of the Company for the time being without convening a general meeting for such purposes as the Directors would be in the interest of the Company. This renewed authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting. No shares had been issued by the Company since obtaining the authority from its shareholders at the last Annual General Meeting held on 28 May 2014. The renewal of the general mandate, if granted, will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition.

2. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 11)

   For further information on proposed resolution No.11, please refer to the Circular To Shareholders dated 8 April 2015 accompanying the Company's Annual Report for the financial year ended 31 December 2014.

3. Proposed Renewal of Authority for the Company to purchase its own shares (Resolution 12)

   The proposed resolution No. 12, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid up share capital of the Company.

4. To Retain the designation of Mr. Chew Eng Chai as the Independent Non-Executive Director of the Company in accordance with the Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 (Resolution 13)

   Mr. Chew Eng Chai has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2002. The Board recommends retaining his designation as Independent Non-Executive Director due to the following reasons:-

   - He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
   - He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
   - He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
   - His vast experience in finance and manufacturing industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
   - He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and

- He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

5. To Retain the designation of Mr. Tan Chon Sing @ Tan Kim Tieng as the Independent Non-Executive Director of the Company in accordance with the Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 (Resolution 14)

   Mr. Tan Chon Sing @ Tan Kim Tieng has served the Board as the Independent Non-Executive Director of the Company for more than ten (10) years since 17 June 2002. The Board recommends retaining his designation as Independent Non-Executive Director due to the following reasons:-

   - He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
   - He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
   - He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
   - His vast experience in finance and manufacturing industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
   - He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and
   - He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

NOTES:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor D.E. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy 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).

3. 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 Act are complied with.

4. 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. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

5. For the purpose of determining a member who shall be entitled to attend the Thirteenth Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositor as at 27 April 2015. Only depositors whose names appear in the Record of Depositors as at 27 April 2015 shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his stead.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect with each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

7. 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 nominees may appoint in respect of each omnibus account it holds.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

Directors who are seeking re-election or re-appointment at the 13th Annual General Meeting of the Company

Three (3) Directors retiring by rotation pursuant to Article 86 of the Company's Articles of Association and seeking for re-election are:

- Dato' Mohd Nor Bin Abdul Wahid
- Mr. Fang Chew Ham
- Mr. Chew Eng Chai

One (1) Director retiring pursuant to Article 93 of the Company's Articles of Association and seeking re-election is:-

- Mr. Sun You Ning

Two (2) Directors who are over the age of seventy (70) years seeking for re-appointment is:

- Mr. Tan Chon Sing @ Tan Kim Tieng
- Mr. Fong Chu King @ Tong Chu King

The details of the above Directors who are seeking re-election or re-appointment are set out in their respective profiles which appear in the Directors' Profiles on pages 10 to 13 of this Annual Report. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appears on page 112 of this Annual Report.

Board Meetings held in the financial year ended 31 December 2014

During the financial year ended 31 December 2014, five Board Meetings were held. The details of the attendance of the Directors at Board meetings are as follows:-

Name of Director	Attendance
Dato' Mohd Nor Bin Abdul Wahid	5/5
Fang Chew Ham	5/5
Fong Chu King @ Tong Chu King	5/5
Chew Eng Chai	5/5
Tan Chon Sing @ Tan Kim Tieng	4/5
Fang Siew Yee	5/5
Khoo Wee Boon	5/5
Mohd Zaki Bin Hamzah	5/5
Kwek Ju-Yang, Mark	3/5
Sun You Ning (appointed as Non-Independent Non-Executive Director on 18.11.2014)	1/1

Details of venue, date and time of the Thirteenth Annual General Meeting

VENUE
Ballroom, Level 1,
Jalan Kelab Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya,
Selangor Darul Ehsan

DATE AND TIME
Tuesday, 5th May 2015 at 11.00 a.m.

PROXY FORM

THREE-A RESOURCES BERHAD
(Company No. 481559-M)
(Incorporated in Malaysia)

I/We, ...

of ....

being a member of Three-A Resources Berhad hereby appoint ....

of ....

or the Chairman of the meeting as my/our proxy to attend and vote as indicated hereon on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held on the 5th day of May 2015 at 11.00 a.m. and at any adjournment thereof.

	Resolutions	For	Against
1	Receive the audited Financial Statements for the financial year ended 31st December 2014 and the Reports of the Directors and Auditors thereon		
2	To approve the payment of Directors' Fees amounting to RM190,500 for the financial year ended 31 December 2014		
3	Re-election of Dato' Mohd Nor Bin Abdul Wahid		
4	Re-election of Mr. Fang Chew Ham		
5	Re-election of Mr. Chew Eng Chai		
6	Re-appointment of Mr. Tan Chon Sing @ Tan Kim Tieng		
7	Re-appointment of Mr. Fong Chu King @ Tong Chu King		
8	Re-election of Mr. Sun You Ning		
9	Re-appointment of M/s BDO as Auditors and to authorize the directors to fix the Auditors' Remuneration		
10	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act 1965		
11	Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
12	Proposed Renewal of Authority for the Company to Purchase Its Own Shares		
13	To retain the designation of Mr. Chew Eng Chai as Independent Non-Executive Director		
14	To retain the designation of Mr. Tan Chon Sing @ Tan Kim Tieng as Independent Non-Executive Director		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

No. of Shares	

Dated this ....day of......................................2015

....
Signature / Common Seal

Notes:

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7. 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 nominees may appoint in respect of each omnibus account it holds.

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STAMP

THREE-A RESOURCES BERHAD
Al 308, Lot 590 & Lot 4196,
Jalan Industri, U19,
Kampung Baru Sungai Buloh,
40160 Shah Alam,
Selangor Darul Ehsan,
Malaysia

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