MANN SENG METAL INTERNATIONAL LIMITED

Company Registration No.: 200918800R

# ANNUAL REPORT 2012

## CHARTING A GREAT FUTURE

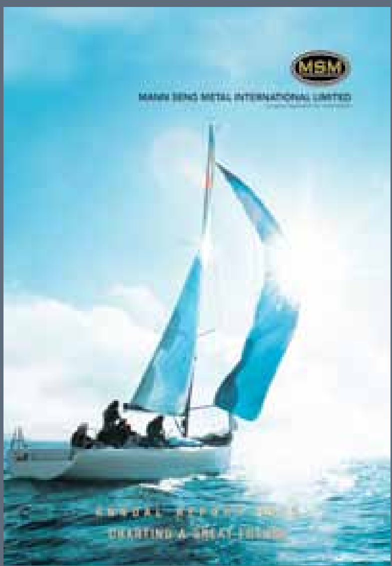
# cover rationale

The vision and goals of the MSM Group – staying relevant and responsive to the needs of the present, yet forward-thinking and always prepared for the uncertain future – is synonymous with a racing yacht that sails boldly through open and unpredictable waters, onward to its destination.

Navigating the yacht through the entire race is a feat that is not easily achieved. It takes a passionate but highly experienced team to steer the craft through the fiercest storms, add just the right balance for agility and speed, as well as conceptualize and execute a unique blue ocean strategy to stay ahead of the competition. It takes a relentless pursuit of perfection in every undertaking to the finish line.

Here at MSM, precision and innovation, steadfastness and professionalism undergirds our interaction with every stakeholder from staff to shareholder, partners to business associates. In the same way, customers have come to recognize that superior craftsmanship, an exacting finesse for detail; robust manufacturing and design flair are the qualities that embody every MSM product, from conceptualization to delivery.

We are charting for MSM a great future, and sailing towards brighter skies. Thank you for coming aboard with us.




This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Tony Toh, Senior Vice President, Corporate Finance. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.

# MSM snapshot

Established since 1980s, Mann Seng Metal International Limited (“MSM”) is an integrated metal engineering company, offering a comprehensive suite of services spanning design, product development, prototyping, tool & die fabrication, production and assembly.

Through its 190,000 sq ft of specialised production space in Malaysia and Indonesia, MSM provides solutions to customers in Asia, the USA and Europe across the oil & gas, semiconductor, healthcare, food & beverage and hospitality industries.

MSM’s business activities are segmented as follows:

- OEM contract manufacturing
- kitchen appliances, equipment & related services
- oil & gas
- cleanroom & laboratories

The Group operates a total of six showroom outlets occupying some 29,000 sq ft of floor space in Malaysia, Indonesia, Singapore and Vietnam.

MSM was listed on the Singapore Exchange Catalist on 7 May 2010.

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**• PRECISE • INNOVATIVE • STEADFAST • PROFESSIONAL**

# MESSAGE FROM THE CHAIRMAN

*Dear Shareholders,*

*I am pleased to report that the financial year ended 31 December 2012 ("FY2012") was a positive one for MSM. Having laid firm groundwork in the years before, we were able to leverage our competitive strengths to respond nimbly to the changing business environment, and consequently deliver positive results.*



**Financial Review**

We recorded a 13.9% increase in revenue to RM85.0 million in FY2012, compared to revenue of RM74.6 million reported in the preceding financial year ("FY2011"). The revenue improvement was mainly driven by higher sales from the oil and gas and the OEM contract manufacturing segments.

Our largest growth driver, the oil & gas segment posted a 48.2% increase in revenue to RM37.6 million, while the OEM contract manufacturing segment turned in a 5.4% improvement in revenue to RM17.3 million. On the other hand, the kitchen appliances, equipment and related services segment posted a 1.5% decrease to RM25.1 million, while the cleanroom and laboratories segment recorded a 31.8% decline in revenue to RM5.0 million.

In line with the revenue improvement, cost of sales increased by 14.4% to RM61.4 million, although the rate of increase for cost of sales was lower than that for revenue growth. The Group thus registered a 12.8% increase in gross profit to RM23.6 million in FY2012.

Our selling and distribution expenses increased by 18.6% to RM7.7 million, due to higher export and transportation costs corresponding with the increase in sales activity, increased exhibition costs incurred by our kitchen appliances, equipment and related services, as well as higher commission expenses overall.

We incurred a 4.6% increase in administrative expenses to RM11.0 million on higher staff costs; and an increase in depreciation of property, plant and equipment following our purchase of some motor vehicles, computer and office equipment, and furniture and fittings. Finance expense increased by 7.1% to RM2.3 million, mainly due to higher term loan interest and bills payables interest.

Taking the above factors into consideration, we recorded a 22.1% increase in profit before tax to RMB4.1 million in FY2012.

We registered a higher tax expense of RM1.9 million, versus RM0.8 million in FY2011, and consequently recorded a net profit attributable to shareholders of RM2.2 million, compared to RM2.6 million in the preceding year.

**Review of Operations**

The year under review saw our OEM contract manufacturing business unit broadening the industries served, as we secured contracts from customers in the information technology and waste management industries. This was significant for us, as we had been working hard to develop new revenue streams so as to reduce our reliance on the relatively volatile semiconductor industry.

Our oil & gas segment successfully secured contracts from existing customers, NOV Brandt and NOV (M) Sdn Bhd, for the manufacture of filters used in the oil extraction process. This is testament to our capabilities and reliability, as well as the strong business relationships we have built with our customers. Leveraging our ready capabilities and expertise, we look forward to offering new oil & gas products in the year ahead to further improve our value-add to our customers.

For FY2012, revenue for our kitchen appliances, equipment & related services segment, continued to be generated from our major customers in the restaurant, fast food restaurant & hypermarket sectors. We have received interest from several companies in FY2012 in relation to the mobile food preparation and sales kiosk, which our research and development team developed in FY2011. Since then, we have secured orders from international fast food restaurants for customised kiosks. We are encouraged by this progress, and will continue to actively participate in trade fairs and exhibitions to raise awareness of this revolutionary product.

We also enhanced our offerings in the kitchen appliances, equipment & related services segment with the addition of a new line of refrigeration equipment that incorporates energy-saving technology from Korea. The addition of this new line of products will enable us to better cater to the changing demands of our local and overseas customers, and we are pleased to have engaged the services of two experienced personnel from a top refrigeration company in Korea who will undoubtedly add value to our range of refrigeration products with their technical knowledge and expertise.



Our cleanroom and laboratories segment was impacted by a slowdown in demand from the public sector. Thankfully, we were able to mitigate the impact by stepping up on our effort to engage with new and existing customers from the private sector. The segment has made good progress with the addition of new contracts from food & beverage industry players in Malaysia, Indonesia and the Philippines.

## Outlook

Demand for our products and services in the current year may be affected by the uncertainties in the prospects for a global economic recovery. This may in turn affect selling prices, and consequently lead to margin compression for our operations. To ensure that we continue to capture a good share of the market we will tap growth opportunities present in each of our business segments, by extending our sales and marketing reach locally and regionally. In addition, we will explore viable investments and acquisitions to enhance our revenue stream going forward.

Restrictions on foreign labour will continue to pose a challenge in the form of rising cost. In light of this, we will continue to be prudent in terms of cost management, and actively explore ways to optimise our workflow and production efficiency.

## Acknowledgements

I would like to express my heartfelt gratitude to our employees and management, whose diligence and commitment have been instrumental to our growth. I would also like to thank our shareholders, customers, suppliers and business partners for their faith and support in us through FY2012. To my fellow Board members, thank you for your valuable support and counsel.

I look forward to delivering our commitment in terms of stakeholder returns and charting a brighter future with you.

**Chan Kee Sieng**
*Executive Chairman*

# BOARD OF DIRECTORS

**CHAN KEE SIENG**
*Executive Chairman*
*Age 61*

**CHAN KIT MOI**
*Executive Director*
*Age 60*

**CHAN WEN CHAU**
*Executive Director & CEO*
*Age 38*

**Mr Chan** is one of the co-founders of the MSM Group and has over four decades of experience in the OEM contract manufacturing and kitchen equipment industries.

Throughout the years of his career, Mr Chan had garnered extensive industry knowledge and wide business contacts from working as an engineering technician to setting up family companies such as Ban Seng Trading Co. dealing in trading and supply of cooking oil and gas, and eventually Chan Brother Trading Co., a steel trading company, before setting up the flagship subsidiary of MSM Group.

He was appointed as Director of the Company on 30 October 2009 and is presently responsible for charting the Group's business direction as well as corporate and strategic developments of the Group.

Mr Chan also holds directorships in Triumphant Hope Sdn Bhd, Eminent Food Industries Sdn Bhd, Mann Seng Sdn Bhd, MSM Palm Oil Engineering Sdn Bhd and Widewin Strategy Sdn Bhd.

Mr Chan is the father of the Executive Director and Chief Executive Officer, Chan Wen Chau, and elder brother to the Executive Director, Chan Kit Moi.

**Mr Chan** is one of the co-founders of the MSM Group and possesses 40 years' experience in the OEM contract manufacturing and kitchen equipment industries. Prior to co-founding the Company, Mr Chan joined Ban Seng Trading Co. and Chan Brother Trading Co. as Director, where he was in charge of strategic planning and controls, operations, inventory and administration. He was appointed as Director of the Company on 30 October 2009.

Mr Chan is presently involved in the corporate planning and business development of the Group. He holds directorships in Triumphant Hope Sdn Bhd, Eminent Food Industries Sdn Bhd and Mann Seng Sdn Bhd.

**Mr Chan** has been spearheading the expansion and growth of the Group and is responsible for the overall business and strategic development, corporate planning, operations and management of the Group. He possesses 10 years of extensive experience in the OEM contract manufacturing and kitchen equipment industries and has been closely involved in all levels of operation of the Group. Mr Chan was appointed as the Director of the Company on 8 October 2009.

Mr Chan holds directorships in Triumphant Hope Sdn Bhd, Widewin Strategy Sdn Bhd, and Wican Berhad.

Mr Chan holds a Bachelor of Engineering (Mechanical Engineering) from the University of Portsmouth in the United Kingdom.

**BRIAN WONG WYE PONG**
*Independent Director*
*Age 39*

**Mr Wong**, who is not related to any family member of the directors or staff, was appointed as Independent Director of the Group on 26 November 2009. He has more than 18 years of experience in tax, finance, internal and external audits, risk management and corporate finance.

Mr Wong is currently a partner in PKF Malaysia, an accounting firm in Malaysia. He is a fellow with CPA Australia, a chartered accountant with the Malaysian Institute of Accountants, a member of the Kampuchea Institute of Certified Public Accountants and Auditors, and a Certified Financial Planner with the Financial Planning Association of Malaysia.

Mr Wong is presently a Director on the board of Privasia Technology Bhd, a corporation listed on Bursa Malaysia Securities, and a director of other Malaysian companies, including PKF Sdn Bhd, PKF Advisory Sdn Bhd, PKF Covenant Sdn Bhd, PKF Tax Services Sdn Bhd, and Covenant Limited.

Mr Wong holds a Bachelor of Commerce from the University of Western Australia.

**LEOW WEE KIA CLEMENT**
*Independent Director*
*Age 38*

**Mr Leow**, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Group on 30 October 2009, and possesses over 13 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions.

Mr Leow is presently a partner and Head of Corporate Finance at Partners Capital (Singapore) Pte Ltd. Prior to this, Mr Leow has held senior positions in corporate finance and banking in Singapore. . He is currently an independent director of JB Foods Limited and Overseas Education Limited, companies listed on the Mainboard of the Singapore Exchange. Mr Leow has also been appointed to the Institute of Banking and Finance, Financial Industry Competency Standards Corporate Finance Working Group, which provides guidance and sets the competency standards in the corporate finance industry in Singapore.

Mr Leow holds a Bachelor of Science in Applied Economics from Cornell University, and has also been awarded a Master of Business Administration and a Postgraduate Diploma in Financial Strategy from the University of Oxford. Mr Leow is also a member of the Singapore Institute of Directors and has completed the Governance as Leadership Program at Harvard University. He has also been awarded the Singapore Armed Forces Good Service Medal in 2007.

**WONG KOK SEONG**
*Independent Director*
*Age 43*

**Mr Wong**, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Group on 24 November 2009 and has more than 18 years of experience in external and internal auditing, financial accounting, management consultancy, taxation, due diligence and project implementation.

Mr Wong is a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants. He is the managing partner of Hasnan THL Wong & Partners., an accounting firm in Malaysia, and is currently serving on the board of Bursa Malaysia-listed Bio Osmo Berhad, as Independent Director and Audit Committee Chairman, and is also a Director in T H Law Consultants Sdn Bhd.

He holds a Masters in Business Administration from the Open University, United Kingdom.

# KEY MANAGEMENT

**SOH YEOW SENG**
*Group Financial Controller*
*Age 31*

**Mr Soh**, who is not related to any director and staff, joined the Group in July 2011 as Group Finance Manager and was appointed as a Group Financial Controller on 17 August 2011. He is responsible for the management of the Group's account, cash flow, corporate finance, financial reporting, risk management evaluation, audit, tax compliance and administration.

Possessing more than 7 years of professional experience specializing in accounting and audit services, Mr Soh has held various accounting and audit positions in the past. Prior to joining the Company, he has been involved in external audit and internal control assurance in public listed companies and small and medium enterprises in Singapore and abroad.

Mr Soh is a member of the Certified Public Accountant Australia. He holds a Bachelor's Degree in Accounting from Monash University in Melbourne Australia.

**TANG CHENG HOOI**
*Vice President*
*Age 40*

**Mr Tang**, who is not related to any director and staff, joined the Group in 1994 and appointed as Vice President of OEM Contract Manufacturing, oil and gas and cleanroom and laboratories segment on 8 March 2013. He possesses more than 15 years of experience in sheet metal engineering and the OEM contract manufacturing industry and is presently responsible for managing and overseeing the operational aspects of the Group's production facilities and the management of the Companies.

Mr Tang holds an Engineering Diploma in Electronic Engineering from the Federal Institute of Technology, Malaysia, and a Certificate of Electrical Engineering from the City & Guilds of London Institute.

**LEE JONG KOOK**
*Vice President*
*Age 40*

**Mr Lee**, who is not related to any director and staff, was appointed as Vice President of kitchen appliances, equipment and related services segment on 8 March 2013. He is presently responsible for managing and overseeing the operational aspects of the Group's production facilities and the management of the Companies. Prior joining the Group, he was the Sales Deputy General Manager for Daeyeong E&B Co., Ltd and he brings with him 14 years of extensive experience in business development and sales and marketing.

Mr Lee holds a Bachelor Degree in Physics from University of Dankook, Korea.

**CHAN CHOI HAR**
*General Manager*
*Age 47*

**Ms Chan**, who is not related to any director and staff, is the General Manager of MSM Marketing Sdn Bhd (MSM Marketing) and is responsible for the sales, marketing and securing of new customers for the Group, and also the management of MSM Marketing. She joined the Group in 1987 and has achieved more than 10 years of sales experience in the OEM contract manufacturing and kitchen equipment industries.

Ms Chan holds a Certificate in Human Resource Management from the Centre of Advanced Management Studies and Entrepreneurial Training (Amset), and a Certificate in Business Studies from Advance Tutorial Centre, Malaysia.

**ONG SENG JOO**
*General Manager*
*Age 39*

**Mr Ong**, who is not related to any director and staff, joined the Group as General Manager of OMS Technology Sdn Bhd (MSM OMS) in November 2008. He is responsible for the management of day-to-day operations, sales and marketing of MSM OMS.

He possesses extensive experience in the designing and building of cleanrooms, biotech facilities, animal research facilities, as well as strong expertise in project and site management, and sales and marketing.

Mr Ong holds a Certificate in Technology (Mechanical Engineering) from Tunku Abdul Rahman College, Malaysia.

**MAH SIEW PENG**
*Operations Manager*
*Age 40*

**Ms Mah**, who is not related to any director and staff, is the Group's Finance & Administration Manager since 2007, and is presently managing the Group's financial, administration and human resource matters. She joined the Group in 1997 and has more than 10 years of experience in company administration.

Ms Mah holds a Bachelor Degree in Human Resource Management from the Open University, Malaysia, a Certificate in Practical Book-Keeping and Certificate in English for Commerce from Systematic Business Training Centre, Malaysia.

**TUNG WAI LOON**
*Assistant General Manager*
*Age 35*

**Mr Tung**, who is not related to any director and staff, joined the Group in 1998 and is presently the Factory Manager since 2007. He is responsible for the factory operations of MSM Equipment Manufacturer Sdn Bhd (MSM Equipment). Mr Tung possesses more than 10 years of factory and general management experience in the OEM contract manufacturing industry.

Mr Tung holds a Diploma in Electrical and Electronic Engineering from Institute Teknologi Pertama, Malaysia, a Certificate in Programmable Logic Controller and a Certificate in Laser and Holography, both from Master Academy, Malaysia.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Chan Kee Sieng**
*(Executive Chairman)*

**Chan Kit Moi**
*(Executive Director)*

**Chan Wen Chau**
*(Executive Director and Chief Executive Officer)*

**Brian Wong Wye Pong**
*(Independent Director)*

**Leow Wee Kia Clement**
*(Independent Director)*

**Wong Kok Seong**
*(Independent Director)*

## AUDIT COMMITTEE

Brian Wong Wye Pong *(Chairman)*
Leow Wee Kia Clement
Wong Kok Seong

## NOMINATING COMMITTEE

Leow Wee Kia Clement *(Chairman)*
Brian Wong Wye Pong
Wong Kok Seong

## REMUNERATION COMMITTEE

Leow Wee Kia Clement *(Chairman)*
Brian Wong Wye Pong
Wong Kok Seong

## COMPANY'S SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623
Tel: +65 6337 5115
Contact Person: Tony Toh

## COMPANY SECRETARY

Elaine Beh Pur-Lin

## REGISTERED OFFICE

36 Carpenter Street
Singapore 059915
Tel No: +65 6323 8383
Fax No:+65 6323 8282
Email: contact@cnplaw.com

## INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Philip Tan Jing Choon
(Appointment with effect from financial year ended 31 December 2011)

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00, Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 3405



Mann Seng Metal International Limited (the "**Company**") was admitted to the Official List of the SGX-Catalist on 7 May 2010.

The board of directors of the Company (the "**Board**") believes in having high standards of corporate governance and is committed to ensuring that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

As required by the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following report describes the Company's corporate governance practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2005 (the "**Code**"). The Company confirms that there has been no deviation from the Code during the year under review. The Monetary Authority of Singapore (the "**MAS**") has on 2 May 2012 issued a revised Code of Corporate Governance (the "**revised Code**"), which takes effect with respect to Annual Reports of listed entities relating to financial years commencing from 1 November 2012. The Company is reviewing and will take steps to adopt the new changes of the revised Code so as to strengthen corporate governance practice and foster greater corporate disclosure.

**Principle 1: The Board's Conduct of Affairs**

**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

The Company is headed by an effective Board to lead and control the Company. The Board has the overall responsibility for corporate governance, strategic direction and investments of the Company. Each individual Director is obliged to act in good faith and exercise independent judgment in the best interests of shareholders of the Company at all times.

The Board's principal functions include:

- Determining, reviewing and approving the corporate strategies and directions of the Group, annual budgets, major investments, divestments and funding proposals;
- Overseeing the business and affairs of the Group, establishing with the management, the strategies and financial objectives to be implemented by the management, and monitoring the performance of the management; and
- Reviewing the Group's financial performance, risk management processes and systems, financial and human resource requirements and corporate governance practices.

To assist the Board in the discharge of its function, the Audit Committee, the Nominating Committee and the Remuneration Committee have been constituted with clear written terms of reference. Matters which are delegated to Board Committees for more detailed appraisals are reported to and monitored by the Board.

The Board conducted regular scheduled meetings. In FY2012, the Board conducted two regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. Directors are free to discuss and voice their concerns on any matter raised at the Board meetings. Telephonic and videoconferencing meetings of the Board are allowed under the Company's Articles of Association. All Directors are provided with the agenda and a set of the Board papers prior to the Board meeting. These are issued in advance to give the Directors sufficient time to better understand the matters to be discussed and to obtain further clarifications or explanations at the Board meeting where necessary. The Company and the Board acknowledges that an unimpeded flow of relevant information in a timely manner is crucial for the Board to be effective in discharging its duties and responsibilities.

The Board has identified, without limitation, the following matters that require its approval:

- Declaration of dividends and other returns to shareholders of the Company;
- Major corporate policies on key areas of operation;
- Major funding proposals or bank borrowings;
- Corporate or financial restructuring and share issuances;
- Mergers and acquisitions;
- Material acquisitions and disposals;
- Approval of transactions involving interested person transactions; and
- Appointments of new Directors.

All directors are updated regularly on changes in Company policies. Newly appointed directors will be given appropriate briefings by the management on the business activities of the Group, its strategic directions and the Company's corporate governance policies and practices.

Directors received briefings and relevant trainings on changes in the relevant laws, regulations and changing commercial risk and accounting standards, and are encouraged to attend workshops and seminars to enhance their skills and knowledge.

The attendance of the Directors at meetings of the Board and Board Committees held in FY2012 are as follows:

| | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|---|---|
| **Directors** | **No. of meetings held while being a member** | **No. of meetings attended** | **No. of meetings held while being a member** | **No. of meetings attended** | **No. of meetings held while being a member** | **No. of meetings attended** | **No. of meetings held while being a member** | **No. of meetings attended** |
| Chan Kee Sieng* | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Chan Kit Moi* | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Chan Wen Chau* | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Chan Wen Yaw* | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Brian Wong Wye Pong | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Leow Wee Kia Clement | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Wong Kok Seong | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |

* Executive Directors were present at all committee meetings by invitation.

**Principle 2: Board Composition and Guidance**

**There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

As at the date of this report, the Board comprises six directors of whom three are Executive Directors and three are Independent Directors; hence the Independent Directors make up at least one-third of the Board. The Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Each director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The profiles of the directors are found in the "Board of Directors" section of this annual report.

The Board members as of the date of this report are:

| | |
|---|---|
| Chan Kee Sieng | Executive Chairman |
| Chan Kit Moi | Executive Director |
| Chan Wen Chau | Executive Director and Chief Executive Officer |
| Brian Wong Wye Pong | Independent Director |
| Leow Wee Kia Clement | Independent Director |
| Wong Kok Seong | Independent Director |

**Note:**
Mr Chan Wen Yaw has resigned as an Executive Director on 8 March 2013.

The Board is of the view that its current size and composition are appropriate and provide sufficient diversity of expertise to lead and govern the Company effectively, considering the scope and nature of its operations.

The Company has in place a Nominating Committee which determines the independence of each Director annually based on the definition of independence as set out in the Code.

The Independent Directors will assist to develop strategy and goals for the Group and regularly assess the performance of the management.

To date, none of the Independent Directors of the Group have been appointed as Director of the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted. The Board and Management will from time to time renew the Board structures of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of an Independent Director into the principal subsidiaries.

**Principle 3: Chairman and Chief Executive Officer**

**There should be a clear division of responsibilities at the top of the company — the working of the Board and the executive responsibility of the company's business — which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

The roles of Chairman and Chief Executive Officer are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Chan Kee Sieng is the Executive Chairman of the Company and one of its co-founders. He leads the Board and is responsible for the management of the Group. The Executive Chairman is in charge of charting the business direction as well as corporate planning and strategic developments of the Group. The Executive Chairman encourages Board's interaction with the management, facilitates effective contribution of non-Executive Directors, encourages constructive relationships among the Directors and promotes high standards of corporate governance. In addition, the Executive Chairman ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company.

Chan Wen Chau, the Chief Executive Officer and Executive Director of the Company, is the son of Chan Kee Sieng. He is responsible for the overall business and strategic development, corporate planning, operations and management of the Group.

**Principles 4: Board Membership**

**There should be a formal and transparent process for the appointment of new directors to the Board.**

The Nominating Committee's primary roles are to create a formal and transparent process for the appointments and re-nominations of members of the Board and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board as well as to affirm annually the independence of the Directors.

The Nominating Committee meets at least once a year. The Nominating Committee comprises the following members, all of whom, including the Chairman, are independent:

| | |
|---|---|
| Leow Wee Kia Clement | Chairman of the Nominating Committee |
| Brian Wong Wye Pong | Member of Nominating Committee |
| Wong Kok Seong | Member of Nominating Committee |

For new appointments to the Board, the Nominating Committee will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select the appropriate candidates for the position.

The Nominating Committee is charged with the responsibility of re-nomination having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All Directors submit themselves for re-nomination and re-election at regular intervals at least once every 3 years. One-third of the Directors will retire at the Company's annual general meeting each year.

Annually, the Nominating Committee is required to determine the "independence" status of the Directors. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

**Principle 5: Board Performance**

**There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.**

The Board and the Nominating Committee strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

The Nominating Committee has implemented a process for evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board and set objective performance criteria for such evaluation. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. Evaluations of individual Directors aim to assess whether that individual continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties). The Chairman acts on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the Nominating Committee.

**Principle 6: Access to information**

**In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.**

The Board is provided with complete, accurate, and adequate information in a timely manner to enable it to fulfill its responsibilities. Such information include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained. Such information is provided to the Directors to enable them to keep abreast of the Group's operational and financial performance and position and to facilitate more-informed decision-making. Board members also have separate and independent access to the senior management and the company secretary at all times. Board members may, at the Company's expense, also obtain independent professional advice as and when necessary in furtherance of their duties.

The company secretary will attend all Board Meetings to ensure that Board procedures are followed and that applicable rules and regulations, including the requirements of the Companies Act (Chapter 50) of Singapore and the Rules of Catalist are complied with. Under the direction of the Chairman, the company secretary's other responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the company secretary should be a matter for the Board as a whole.

**Principle 7: Procedures for Developing Remuneration Policies**

**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

The Remuneration Committee comprises the following members, all of whom, including the Chairman, are independent:

| | |
|---|---|
| Leow Wee Kia Clement | Chairman of the Remuneration Committee |
| Brian Wong Wye Pong | Member of the Remuneration Committee |
| Wong Kok Seong | Member of the Remuneration Committee |

The Remuneration Committee shall perform the following functions:

- recommend to the Board a framework of remuneration for the Directors and key Executive or Senior Management, and determine specific remuneration packages for each Executive Director, with the recommendations of the Remuneration Committee submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee; and

- perform an annual review of the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees.

If necessary, the Remuneration Committee should seek expert advice inside and/or outside the Company on remuneration of all Directors. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

**Principle 8: Level and Mix of Remuneration**

**The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.**

As part of its review, the Remuneration Committee ensures that remuneration packages are comparable within the industry and with similar companies. The Remuneration Committee considers the Group's relative performance and the contributions and responsibilities of the individual Directors.

*Policy in respect of Executive Directors and other Executive Officers*

Executive Directors do not receive directors' fees. Executive Directors are paid a basic salary pursuant to their respective service agreements, each of which are for a fixed appointment period of 3 years. The notice period of each Executive Director is fixed at a period of 6 months. Each Executive Director may, in lieu of the 6 months' notice or part thereof, pay an amount equivalent to 6 months' of his last drawn salary.

The Group advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Group's and the individual employee's performance. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Group's and the individual's employee's performance.

*Policy in respect of Non-Executive Directors' remuneration*

Non-Executive Directors do not have service agreements with the Company. They are compensated based on fixed directors' fees, which are determined by the Board based on their contribution, taking into consideration factors such as effort, time spent and responsibilities of the Non-Executive Directors. The members of the Audit Committee are paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of them. The Chairman of each Board committee is also paid a higher fee compared with members of the Board committee in view of the higher responsibility carried by that office. The directors' fees are subject to approval by the shareholders at each AGM. Non-Executive Directors do not receive any other remuneration from the Company.

**Principle 9: Disclosure on Remuneration**

**Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.**

The level and mix of remuneration of the Company's Directors and Executive Officers for the financial year ended 31 December 2012 are as follows:

| Remuneration band and Name of Director/Executive Officers | Salary | Bonus | Directors' fees | Other benefits | Total |
|---|---|---|---|---|---|
| **Below S$250,000** | | | | | |
| **Directors** | | | | | |
| Chan Kee Sieng | 106,000 | 4,000 | – | 30,000 | 140,000 |
| Chan Kit Moi | 80,000 | 3,000 | – | 20,000 | 103,000 |
| Chan Wen Chau | 111,000 | 4,000 | – | 43,000 | 158,000 |
| Chan Wen Yaw (3) | 82,000 | 3,000 | – | 28,000 | 113,000 |
| Brian Wong Wye Pong | – | – | 19,000 | – | 19,000 |
| Leow Wee Kia Clement | – | – | 48,000 | – | 48,000 |
| Wong Kok Seong | – | – | 15,000 | – | 15,000 |
| **Executive Officers** | | | | | |
| Chan Yun Tyng (1) | – | – | – | – | – |
| Chan Choi Har | 88% | 8% | – | 4% | 100% |
| Ong Seng Joo | 70% | 8% | – | 22% | 100% |
| Katty Lai Wui Loon (2) | 77% | 19% | – | 4% | 100% |
| Tang Cheng Hooi | 75% | 7% | – | 18% | 100% |
| Mah Siew Peng | 84% | 8% | – | 8% | 100% |
| Tung Wai Loon | 76% | 7% | – | 17% | 100% |
| Soh Yeow Seng | 79% | 6% | – | 15% | 100% |
| Lee JongKook | 85% | – | – | 15% | 100% |

**Note:**

(1) Ms Chan Yun Tyng resigned as a General Manager of Toyomi (M) Sdn. Bhd., a wholly-owned subsidiary of the Company on 28 March 2012.

(2) Ms Katty Lai Wui Loon resigned as a General Manager of MSM Equipment Manufacturer Sdn. Bhd., a wholly-owned subsidiary of the Company on 30 April 2012.

(3) Mr Chan Wen Yaw resigned as an Executive Director on 8 March 2013.

The Company does not have any employee of the Group who is an immediate family member of any Director or the Chief Executive Officer had received remuneration exceeding S$150,000 during the financial year ended 31 December 2012. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister and parent.

The Company does not currently have any employee share scheme in place.

**Principle 10: Accountability**

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET to SGX-ST and press releases. The Group makes announcement of its financial results in accordance with the requirements of the Rules of Catalist. Management provides the Board with management accounts on a monthly basis. Such reports keep the Board informed of, on a balanced and understandable basis, the Group's performance, position and prospects and enable the Board to discharge of its duties efficiently.

**Principle 11: Audit Committee**

**The Board should establish an audit committee with written terms of reference which clearly set out its authority and duties.**

The Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

| | |
|---|---|
| Brian Wong Wye Pong | Chairman of the Audit Committee |
| Leow Wee Kia Clement | Member of the Audit Committee |
| Wong Kok Seong | Member of the Audit Committee |

All members of the Audit Committee have accounting and related financial management expertise and experience.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and cooperation of the management, full discretion to invite any persons including a Director or an employee of the Group to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

The Audit Committee assists the Board in discharging its responsibility to safeguard the assets of the Company, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group. The Audit Committee will provide a channel of communication between the Board, the management and the independent auditor on matters relating to audit.

The Audit Committee holds meetings periodically and has been entrusted with the following functions:

- Review the scope and results of the audit and its cost effectiveness;
- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- Make recommendations to the Board on the appointment, re-appointment and removal of the independent auditor, and approving the remuneration and terms of engagement of the independent auditor;
- Review with the independent auditor the audit plan, audit report and their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- Review the half yearly and annual, and quarterly, if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;

- Review the internal control procedures and ensure co-ordination between the independent auditor and the management, and review the assistance given by the management to the independent auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the independent auditor may wish to discuss (in the absence of the management, where necessary);

- Review and discuss with the independent auditor any suspected fraud or irregularities, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

- Consider and recommend the appointment or re-appointment of the independent auditor and matters relating to the resignation or dismissal of the independent auditor;

- Review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

- Review potential conflicts of interest (if any);

- Review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

- Review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

- Review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;

- On a half-yearly basis, review the Group's compliance with relevant government regulations and licensing requirements;

- Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

- Generally undertake such other functions and duties as may be required by statute or by the Rules of Catalist, or by such amendments as may be made thereto from time to time.

The Audit Committee meets with the independent auditor and with internal auditors, at least once annually, and more frequently, when required, with at least one of the meetings conducted without the presence of management.

The Audit Committee reviews the independence and objectivity of independent auditor annually. During the financial year under review, the AC has reviewed the independence of Nexia TS Public Accounting Corporation including the volume of all non-audit services provided to the Group, and is satisfied that the nature and extend of such services will not prejudice the independence and objectivity of the external auditors.

The Audit Committee constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. During the year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to RM274,000 and RM40,000 respectively.

The Audit Committee has recommended and the Board approve the nomination for re-appointment of Nexia TS Public Accounting Corporation as Independent auditor of the Company at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiaries and/or significant associated company. The Board and the Audit Committee have reviewed the appointment of different auditors for its subsidiaries and/or significant associated company and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

The Audit Committee is satisfied that the Company has complied with Rule 712, 715 and 716 of the Rules of Catalist of the SGX-ST.

The Company has implemented a whistle blowing policy which will provide well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The AC will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

**Principle 12: Internal Controls**

**The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.**

The Audit Committee will review, at least annually, the reports submitted by the independent and internal auditors relating to the effectiveness of the Group's significant internal controls, including financial, operational and compliance controls, risk management, and risks of fraud and irregularities. Any material non-compliance and recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Audit Committee will also review the effectiveness of the actions taken by the Management on the recommendations made by the independent and external auditors in this respect.

For the financial year under review, the CEO and the Group Financial Controller have provided their confirmation and assurance to the Board on the integrity of the financial statements for the Company and that they give a true and fair view of the Company's operations, finances and effectiveness of the Company's risk management and internal controls systems.

Based on the internal controls established by and maintained by the Company, the negative assurance provided by the CEO and the Group Financial Controller, the work performed by the internal and external auditors and reviews performed by Management and various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls in place in addressing the financial, operational and compliance risks, are adequate as at 31 December 2012.

**Principle 13: Internal Audit**

**The company should establish an internal audit function that is independent of the activities it audits.**

The Group has outsourced its internal audit function to Wensen Consulting Asia (S) Pte Ltd, a qualified professional firm which meets the standards set by internationally recognised professional bodies including the International Professional Practices Framework issued by The Institute of Internal Auditors.

The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made.

The internal auditor function is independent and it reports directly to the Audit Committee on audit matters and to the Chief Executive Officer on administrative matters. The internal auditor assists the Board in monitoring and managing risks and internal controls of the Group.

The Audit Committee also reviews and approves the internal auditor's plan of each financial year to ensure that the scope of the internal auditor's plan is adequate and covers the review of the significant internal controls of the Group, including financial, operational and compliance controls. The internal auditor will report their audit findings and recommendation to the Audit Committee.

The Management together with the Board and the Company's Sponsor, CIMB Bank Berhad, Singapore Branch will review all audit reports and findings from internal auditors and external auditors during the Audit Committee meetings.

During the financial year 2012, the internal auditors had reviewed and carried out the audit on areas pertaining to production planning and control, production operation management, equipment and machineries maintenance management, quality assurance and quality control management, business development management, sales management, marketing management and procurement management.

The Audit Committee had reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

**Principles 14 and 15: Communication with Shareholders**

**Principle 14: Companies should engage in regular, effective and fair communication with shareholders.**

**Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Board believes in regular, timely and effective communication with shareholders. Shareholders are kept informed of all important developments concerning the Group through timely dissemination of information via SGXNET announcements, press releases, annual reports and various other announcements made whenever necessary. The Company also maintains a website at http://www.msmmgroup.com at which shareholders can access information about the Group.

**Dealings in Securities**

The Company has adopted an internal code on dealings in securities. Directors, senior management and employees (collectively "Officers") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's securities during the periods commencing one month before the announcement of the Group's half year and full year results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Company are advised not to deal in the Company's securities for a short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the Group CFO / Company Secretary before trading in Company's securities and to confirm annually that they have complied with and not in breach of the Code. The Board is kept informed when a Director trades in the Company's securities.

**Interested Person Transactions**

The Company has established procedures to ensure that all transactions with interested person transactions are reported on in a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board.

The Company does not have a general mandate from shareholders for interested person transactions. By way of disclosure, the Company wishes to inform that there have been transactions with Welch (M) Sdn Bhd, Globalink Metal Sdn Bhd and Eminent Food Industries Sdn Bh, Chan Strategy Sdn Bhd and Controlling Shareholder and Executive Chairman Chan Kee Sieng, Controlling Shareholder and Executive Director, Chan Kit Moi and Controlling Shareholder Chan Kat Yin during FY2012.

Welch (M) Sdn Bhd is regarded as an "interested person" under the provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Catalist Rules because it is associated to Controlling Shareholder and Executive Chairman Chan Kee Sieng, Executive Director and Chief Executive Officer Chan Wen Chau.

Globalink Metal Sdn Bhd is regarded as an "interested person" under the provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Catalist Rules because it is associated to Controlling Shareholder and Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin, Controlling Shareholder and Executive Director Chan Kit Moi and Executive Director and Chief Executive Officer Chan Wen Chau.

Eminent Food Industries Sdn Bhd is regarded as an "interested person" under the provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Catalist Rules because it is associated to Controlling Shareholder and Executive Chairman Chan Kee Sieng, Controlling Shareholder and Executive Director, Chan Kit Moi and Controlling Shareholder Chan Kat Yin.

Chan Strategy Sdn Bhd is regarded as an "interested person" under the provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Catalist Rules because it is associated to Controlling Shareholder and Executive Chairman Chan Kee Sieng, Controlling Shareholder and Executive Director, Chan Kit Moi.

Controlling Shareholder and Executive Chairman Chan Kee Sieng, Controlling Shareholder and Executive Director, Chan Kit Moi and Controlling Shareholder Chan Kat Yin is regarded as an "interested person" under the provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Catalist Rules.

None of these transactions (i) (individually) were of a value exceeding S$100,000; and (ii) may be regarded as a part of a series of transactions. Set out below is information concerning these transactions.

| **Name of Interested Person** | **Aggregate value of all interested person transactions during the financial year under review (including transactions less than S$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)** | **Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (including transactions less than S$100,000)** |
|---|---|---|
| | **01-01-2012 to 31-12-2012 RM'000** | **01-01-2012 to 31-12-2012 RM'000** |
| Sales of goods to: | | |
| Globalink Metal Sdn Bhd | 103 | – |
| Welch (M) Sdn Bhd | 896 | – |
| Purchase of material from: | | |
| Globalink Metal Sdn Bhd | 75 | – |
| Service charges charged to: | | |
| Eminent Food Industries Sdn Bhd | 10 | – |
| Rental expenses paid to | | |
| Mr Chan Kee Sieng, Mr Chan Kit Moi and Mr Chan Kat Yin in respect of the premies No. 3 Taman Kencana, Selangor, Malaysia. | 72 | – |
| Chan Strategy Sdn Bhd in respect of the premises No. 39, Taman Taming Jaya, Selangor Malaysia. | 12 | – |
| Subcontractors' cost paid to: | | |
| Globalink Metal Sdn Bhd | 603 | – |

### Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries companies involving the interest of any Director or controlling shareholder of the Company.

### Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and Board.

### Non-Sponsorship Fees

The Continuing Sponsor of the Company is CIMB Bank Berhad, Singapore Branch. In compliance with Rule 1204(21) of the Rules of Catalist, there was no non-sponsor fee paid to the Sponsor by the Company for FY2012

### Use of Proceeds

The Company has raised an IPO proceeds amounting to approximately S$3.76 million from the initial public offering of its shares in May 2010. The IPO proceeds has been fully utilised in accordance with the percentage allocated in the offer document dated 27 April 2010.

A report on the use of proceeds, is append as follows:-

| **Intended use of proceeds** | | **Amount allocated (S$'000)** | **Amount utilised (S$'000)** | **Balance available as at 31 December 2012 (S$'000)** |
|---|---|---|---|---|
| (i) | Expansion of MSM Metal factory 2 | 1,000 | (1,000) | – |
| (ii) | Improvement of production facilities and acquisition of equipments | 500 | (500) | – |
| (iii) | Expansion of sales and marketing activities | 1,000 | (1,000) | – |
| (iv) | Research and development activities | 350 | (350) | – |
| (v) | General working capital | 910 | (910) | – |
| Total | | 3,760 | 3,760 | – |

# financial statements

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the balance sheet of the Company as at 31 December 2012.

## DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Chan Kee Sieng
Chan Kit Moi
Chan Wen Chau
Brian Wong Wye Pong
Leow Wee Kia Clement
Wong Kok Seong

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | **Holdings registered in name of director or nominee** | | **Holdings in which director is deemed to have an interest** | |
|---|---|---|---|---|
| | **At 31.12.2012** | **At 1.1.20112** | **At 31.12.2012** | **At 1.1.2012** |
| **Company** | | | | |
| (No. of ordinary shares) | | | | |
| Chan Kee Sieng | 85,000 | 85,000 | 61,564,747 | 61,564,747 |
| Chan Kit Moi | 130,000 | 130,000 | 61,564,747 | 61,564,747 |
| Chan Wen Chau | 2,785,186 | 2,785,186 | – | – |
| Chan Wen Yaw *(Resigned on 8 March 2013)* | 1,082,435 | 1,082,435 | – | – |
| **Immediate and Ultimate Holding Corporation – Triumphant Hope Sdn Bhd** | | | | |
| (No. of ordinary shares) | | | | |
| Chan Kee Sieng | 100 | 100 | – | – |
| Chan Kit Moi | 100 | 100 | – | – |

The directors' interests in the ordinary shares of the Company as at 21 January 2013 were the same as those as at 31 December 2012.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

## SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

## AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Brian Wong Wye Pong (Chairman)
Leow Wee Kia Clement
Wong Kok Seong

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance. In performing those functions, the Committee carried out the following:

- Review the scope and results of internal audit procedures with the internal auditor;
- Review the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- Review the assistance given by the Company's management to the independent auditor;
- Review the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2012 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- Review the half yearly and annual financial statements and results announcement before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;
- Review transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules");
- Review the independence and objectivity of the independent auditor; and
- Make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, and approve the remuneration and terms of engagement of the independent auditor.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

**INDEPENDENT AUDITOR**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

..................................................
**Chan Kee Sieng**
**Director**

..................................................
**Chan Kit Moi**
**Director**

**1 April 2013**

# STATEMENT BY DIRECTORS

For the financial year ended 31 December 2012

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 29 to 67 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue on the date of this report.

On behalf of the directors

..................................................

**Chan Kee Sieng**
**Director**

..................................................

**Chan Kit Moi**
**Director**

**1 April 2013**

# INDEPENDENT AUDITOR'S REPORT

To the Members of Mann Seng Metal International Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Mann Seng Metal International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 29 to 67, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 management, 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

**Nexia TS Public Accounting Corporation**
**Public Accountants and Certified Public Accountants**

**Director-in-charge: Philip Tan Jing Choon**
**Appointed since the financial year ended 31 December 2011**

**Singapore**

**1 April 2013**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

| | Note | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|---|
| Revenue | 4 | 84,967 | 74,576 |
| Cost of sales | | (61,363) | (53,652) |
| Gross profit | | 23,604 | 20,924 |
| Other income - net | 5 | 1,396 | 1,498 |
| Expenses | | | |
| - Selling and distribution | | (7,664) | (6,460) |
| - Administrative | | (10,962) | (10,480) |
| - Finance | 8 | (2,287) | (2,135) |
| Profit before income tax | | 4,087 | 3,347 |
| Income tax expense | 9 | (1,899) | (795) |
| **Total comprehensive income attributable to equity holders of the Company, representing net profit** | | 2,188 | 2,552 |
| **Earnings per share attributable to equity holders of the Company (RM cents per share)** | | | |
| - Basic and diluted | 10 | 2.43 | 2.84 |

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

# BALANCE SHEETS

As at 31 December 2012

| | Note | Group 2012 RM'000 | Group 2011 RM'000 | Company 2012 RM'000 | Company 2011 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | 11 | 6,200 | 5,174 | * | * |
| Trade and other receivables | 12 | 19,834 | 18,451 | 5,619 | 6,371 |
| Inventories | 13 | 21,739 | 23,037 | – | – |
| Other current assets | 14 | 2,576 | 1,330 | 15 | 16 |
| | | 50,349 | 47,992 | 5,634 | 6,387 |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 15 | 41,528 | 43,179 | – | – |
| Investment properties | 16 | 3,382 | 3,441 | – | – |
| Investments in subsidiaries | 17 | – | – | 19,153 | 19,153 |
| | | 44,910 | 46,620 | 19,153 | 19,153 |
| **Total Assets** | | 95,259 | 94,612 | 24,787 | 25,540 |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 18 | 16,695 | 13,718 | 260 | 226 |
| Borrowings | 19 | 18,815 | 19,015 | – | – |
| Current income tax liabilities | | 151 | 440 | – | – |
| | | 35,661 | 33,173 | 260 | 226 |
| **Non-Current Liabilities** | | | | | |
| Borrowings | 19 | 22,792 | 26,731 | – | – |
| Deferred income tax liabilities | 21 | 163 | 253 | – | – |
| | | 22,955 | 26,984 | – | – |
| **Total Liabilities** | | 58,616 | 60,157 | 260 | 226 |
| **NET ASSETS** | | 36,643 | 34,455 | 24,527 | 25,314 |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | 22 | 26,862 | 26,862 | 26,862 | 26,862 |
| Retained earnings/ (accumulated losses) | | 9,781 | 7,593 | (2,335) | (1,548) |
| **Total Equity** | | 36,643 | 34,455 | 24,527 | 25,314 |

* *Denotes below RM1,000.*

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

| | Note | Share Capital RM'000 | Retained Earnings RM'000 * | Total Equity RM'000 |
|---|---|---|---|---|
| **2012** | | | | |
| Beginning of financial year | | 26,862 | 7,593 | 34,455 |
| Total comprehensive income for the financial year | | – | 2,188 | 2,188 |
| **End of financial year** | | 26,862 | 9,781 | 36,643 |
| **2011** | | | | |
| Beginning of financial year | | 26,862 | 6,135 | 32,997 |
| Dividends relating to 2010 paid | 23 | – | (1,094) | (1,094) |
| Total comprehensive income for the financial year | | – | 2,552 | 2,552 |
| **End of financial year** | | 26,862 | 7,593 | 34,455 |

* *Retained profits of the Group are distributable.*

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

| | Note | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit | | 2,188 | 2,552 |
| Adjustments for | | | |
| - Income tax expense | | 1,899 | 795 |
| - Depreciation of property, plant and equipment | 6 | 3,505 | 3,146 |
| - Depreciation of investment properties | 6 | 59 | 58 |
| - Property, plant and equipment written off | 6 | 5 | 65 |
| - Gain on disposal of property, plant and equipment | 5 | (139) | (843) |
| - Interest income | 5 | (37) | (34) |
| - Interest expense | 8 | 2,287 | 2,135 |
| | | 9,767 | 7,874 |
| Change in working capital | | | |
| - Trade and other receivables | | (1,383) | 948 |
| - Inventories | | 1,298 | (2,397) |
| - Other current assets | | (1,246) | 14 |
| - Trade and other payables | | 2,977 | 1,498 |
| - Bills payable | | (287) | (687) |
| Cash generated from operations | | 11,126 | 7,250 |
| Interest paid | | (340) | (301) |
| Interest received | | 37 | 34 |
| Income tax paid | | (2,278) | (2,897) |
| **Net cash provided by operating activities** | | 8,545 | 4,086 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | | (1,322) | (14,624) |
| Proceeds from disposals of property, plant and equipment | | 317 | 986 |
| **Net cash used in investing activities** | | (1,005) | (13,638) |
| **Cash flows from financing activities** | | | |
| Decrease/(increase) in short-term bank deposits pledged | | 217 | (785) |
| Proceeds from bank borrowings | | – | 11,900 |
| Repayment of bank borrowings | | (1,688) | (1,309) |
| Repayments of finance lease liabilities | | (3,669) | (3,118) |
| Interest paid | | (1,947) | (1,834) |
| Dividends paid to equity holders of the Company | | – | (1,094) |
| **Net cash (used in)/provided by financing activities** | | (7,087) | 3,760 |
| **Net increase/(decrease) in cash and cash equivalents** | | 453 | (5,792) |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | | (1,467) | 4,325 |
| **End of financial year** | 11 | (1,014) | (1,467) |

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

Mann Seng Metal International Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 36 Carpenter Street, Singapore 059915. The principal place of business of the subsidiaries is located at Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 17.

The Company's immediate and ultimate holding corporation is Triumphant Hope Sdn. Bhd., incorporated in Malaysia.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mann Seng Metal International Limited on 1 April 2013.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Malaysia Ringgit ("RM") and all values are rounded up to the nearest thousand ("RM'000") except as otherwise indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

***Interpretations and Amendments to Published Standards Effective in 2012***

On 1 January 2012, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Group Accounting

***(a) Consolidation***

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Group Accounting (cont'd)

#### *(a) Consolidation (cont'd)*

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.



#### *(b) Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group, except for business combination under common control.

The consideration transferred for the acquisition of a subsidiary or business comprises of the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets acquired is recorded as goodwill.

#### *(c) Disposals*

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of the investments in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.4 Revenue Recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

***(a) Sale of Goods***

Revenue from sale of goods is recognised when the Group has delivered the products to its customers and the customers have accepted the products.

***(b) Interest Income***

Interest income is recognised using the effective interest method.

***(c) Rental Income***

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

### 2.5 Property, Plant and Equipment

***(a) Measurement***

***(i) Land and Buildings***

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

***(ii) Other Property, Plant and Equipment***

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

***(iii) Components of Cost***

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Property, Plant and Equipment (cont'd)

#### *(b) Depreciation*

Freehold land are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---|---|
| Leasehold land | 99 years |
| Buildings | 10 to 50 years |
| Plant and machinery | 5 to 10 years |
| Renovation and signboard | 10 years |
| Motor vehicles | 5 years |
| Computer | 5 years |
| Office equipment, fixtures, furniture and fittings | 10 years |
| Showroom equipment | 3 years |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

#### *(c) Subsequent Expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### *(d) Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income - net".

### 2.6 Borrowing Cost

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the assets under construction. This includes those cost on borrowings acquired for assets under construction, as well as those in relation to general borrowings used to finance the assets under construction.

### 2.7 Investment Properties

Investment properties comprise freehold and leasehold land and office buildings that are held for long term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---|---|
| Leasehold land | over the lease period |
| Building | 50 years |

The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.7 Investment Properties (cont'd)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

### 2.8 Impairment of Non-Financial Assets

*Property, plant and equipment*
*Investments in subsidiaries*
*Investment properties*

Property, plant and equipment, investments in subsidiaries and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

### 2.9 Financial Assets

Cash and cash equivalents and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.10 Financial Guarantee

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

### 2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.12 Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.13 Fair Value Estimation of Financial Assets and Liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.14 Leases

#### (a) *When the Group is the lessee:*

The Group leases motor vehicles and certain plant and machinery under finance leases from non-related parties and warehouse and office buildings under operating leases from directors and non-related parties.

##### (i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 Leases (cont'd)

***(a) When the Group is the lessee: (cont'd)***

***(ii) Lessee – Operating leases***

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

***(b) When the Group is the lessor:***

***(i) Lessor – Operating leases***

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as an income in profit or loss when earned.

### 2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but exclude borrowing costs.

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

### 2.16 Income Taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 Income Taxes (cont'd)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.17 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

### 2.18 Employee Compensation

***(a) Defined Contribution Plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Malaysian Employees Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

***(b) Employee Leave Entitlement***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

### 2.19 Currency Translation

***(a) Functional and Presentation Currency***

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

***(b) Transactions and Balances***

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.19 Currency Translation (cont'd)

#### *(b) Transactions and Balances (cont'd)*

Foreign currency gains and losses impacting profit or loss are presented in profit or loss within 'other income - net'.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### *(c) Translation of Group Entities' Financial Statements*

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

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

### 2.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments

### 2.21 Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

### 2.22 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

### 2.23 Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### *(a) Impairment of Trade and Other Receivables*

Management reviews its trade and other receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Management has assessed an allowance for impairment and write off amounting to RM155,000 (2011: RM145,000) and RM194,000 (2011: RM1,013,000).



The carrying value of trade and other receivables of the balance sheet date are disclosed in Note 12.



### *(b) Useful Life of Plant and Machinery*

The cost of plant and machinery are depreciated on a straight–line basis over their estimated useful lives which management estimates the useful lives of these assets to be within 5 to 10 years.

The Group reviews the residual values and useful lives of plant and machinery at each reporting date in accordance with the accounting policies in Note 2.5. The estimation of the residual values and useful lives involves significant judgements. The carrying amounts of the Group's plant and machinery as at 31 December 2012 are RM11,617,000 (2011: RM12,421,000).

If the actual lives of these plant and machinery differs by 1 year from management estimates, the carrying amount of the plant and machinery will increase by RM218,000 or decrease by RM295,000.

## 4. REVENUE

| | Group | |
|---|---|---|
| | **2012**<br>**RM'000** | **2011**<br>**RM'000** |
| Sale of OEM contract manufacturing products | 17,271 | 16,387 |
| Sale of kitchen appliances, equipment and related services | 25,068 | 25,454 |
| Sale of oil and gas products | 37,609 | 25,373 |
| Sale of cleanroom and laboratories products and related services | 5,019 | 7,362 |
| | 84,967 | 74,576 |

## 5. OTHER INCOME - NET

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Rental income | | |
| - Investment properties (Note 16) | 84 | 104 |
| - Other | 337 | 113 |
| Sales of scrap | 207 | 223 |
| Insurance claim | 29 | – |
| Interest income from bank deposits | 37 | 34 |
| Gain on disposal of property, plant and equipment | 139 | 843 |
| Currency translation gains-net | 453 | 109 |
| Other | 110 | 72 |
| | 1,396 | 1,498 |





## 6. EXPENSES BY NATURE

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Purchases of inventories | 43,368 | 41,635 |
| Depreciation of property, plant and equipment (Note 15) | 3,505 | 3,146 |
| Depreciation of investment properties (Note 16) | 59 | 58 |
| Property, plant and equipment written off | 5 | 65 |
| Allowance for impairment of trade receivables (Note 28(b)(ii)) | 155 | 145 |
| Reversal of allowance for impairment of trade receivables (Note 28(b)(ii)) | (28) | (468) |
| Commission | 501 | 392 |
| Directors' fees | 204 | 202 |
| Employee compensation (Note 7) | 15,556 | 14,091 |
| Fees on audit services paid/payable to: | | |
| - Auditor of the Company | 120 | 104 |
| - Other auditors* | 212 | 110 |
| Fees on non-audit services paid/payable to: | | |
| - Auditor of the Company | – | 3 |
| - Other auditors* | 80 | 23 |
| Freight and forwarding | 228 | 359 |
| Fuel and gas | 1,140 | 892 |
| Insurance | 533 | 326 |
| Inventory written off (Note 13) | 120 | 435 |
| Professional fees | 746 | 1,183 |
| Rental expense on operating leases | 546 | 545 |
| Subcontractors' cost | 3,473 | 2,816 |
| Travelling and transportation | 3,736 | 3,205 |
| Utilities | 1,572 | 1,477 |
| Upkeep, repair and maintenance | 1,175 | 1,077 |
| Changes in inventories | 1,298 | (2,256) |
| Others | 1,685 | 1,027 |
| Total cost of sales, selling and distribution, and administrative expenses | 79,989 | 70,592 |

* *Includes the network of member firms of Nexia International.*

## 7. EMPLOYEE COMPENSATION

| | Group 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Salaries, wages and bonuses | 14,027 | 12,755 |
| Employer's contribution to defined contribution plans | 952 | 903 |
| Other short-term benefits | 577 | 433 |
| | 15,556 | 14,091 |

## 8. FINANCE EXPENSES

| | Group 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Interest expense | | |
| - Bank borrowings | 1,044 | 890 |
| - Bank overdraft | 340 | 301 |
| - Bills payable | 335 | 285 |
| - Finance lease liabilities | 568 | 659 |
| | 2,287 | 2,135 |

## 9. INCOME TAXES

| | Group 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Tax expense attributable to profit is made up of: | | |
| - Current income tax - Malaysia | 1,990 | 934 |
| - Deferred income tax (Note 21) | 56 | (22) |
| | 2,046 | 912 |
| - Over provision of current income tax in prior financial years | (1) | (117) |
| - Over provision of deferred tax in prior financial years | (146) | – |
| | 1,899 | 795 |

The reconciliation between the income tax expense and the product of accounting multiplied by the applicable corporate tax for the year ended 31 December are as follows:

| | Group 2012 RM'000 | 2011 RM'000 |
|---|---|---|
| Profit before income tax | 4,087 | 3,347 |
| Tax calculated at Malaysia income tax rate of 25% (2011: 25%) | 1,022 | 837 |
| Effect of: | | |
| - Different tax rates in other countries | 69 | 52 |
| - Tax incentives | (170) | (347) |
| - Expenses not deductible for tax purposes | 385 | 276 |
| - Income not subject to tax | (4) | (31) |
| - Utilisation of previously unrecognised tax losses | (133) | (508) |
| - Deferred tax assets not recognised | 877 | 633 |
| Tax expense | 2,046 | 912 |

## 10. EARNINGS PER SHARE

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

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Net profit attributable to equity holders of the Company | 2,188 | 2,552 |
| Weighted average number of ordinary shares outstanding for basic earnings per share | 90,000 | 90,000 |
| Basic earnings per share (RM cents per share) | 2.43 | 2.84 |

There were no dilutive potential ordinary shares during the financial year.

## 11. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Cash at bank and on hand | 4,872 | 3,027 | * | * |
| Short-term bank deposits | 1,328 | 2,147 | – | – |
| | 6,200 | 5,174 | * | * |

* *Denotes less than RM1,000.*

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Cash and bank balances (as above) | 6,200 | 5,174 |
| Less: Short-term bank deposits pledged | (1,328) | (1,545) |
| Less: Bank overdrafts (Note 19) | (5,886) | (5,096) |
| Cash and cash equivalents per consolidated statement of cash flows | (1,014) | (1,467) |

Short-term bank deposits are pledged in relation to the security granted for certain borrowings [Note 19(a)].

## 12. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Trade receivables | | | | |
| - Non-related parties | 19,547 | 18,641 | – | – |
| - Related parties | 351 | 61 | – | – |
| | 19,898 | 18,702 | – | – |
| Less: Allowance for impairment of trade receivables – non-related parties (Note 28(b)(ii)) | (272) | (339) | – | – |
| Trade receivables - net | 19,626 | 18,363 | – | – |
| Other receivables | | | | |
| - Non-related parties | 208 | 88 | – | – |
| - Subsidiaries | – | – | 5,619 | 6,371 |
| | 19,834 | 18,451 | 5,619 | 6,371 |

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

## 13. INVENTORIES

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Raw materials | 5,268 | 5,159 |
| Work-in-progress | 11,305 | 14,021 |
| Finished goods | 5,166 | 3,857 |
| | 21,739 | 23,037 |

The cost of inventories recognised as an expense and included in "cost of sales" amounts to RM44,666,000 (2011: RM39,379,000).

The Group recognised an expense of RM120,000 (2011: RM435,000) in the cost of inventories, in respect to the write-down of inventories to net realisable value.

## 14. OTHER CURRENT ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Deposits | 536 | 322 | – | – |
| Prepayments | 2,040 | 1,008 | 15 | 16 |
| | 2,576 | 1,330 | 15 | 16 |

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land RM'000 | Leasehold Land and Buildings RM'000 | Plant and Machinery RM'000 | Renovation and Signboard RM'000 | Motor Vehicles RM'000 | Computer, Office Equipment, Fixtures, Furniture and Fittings RM'000 | Showroom Equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| <u>**Group**</u> | | | | | | | | |
| **2012** | | | | | | | | |
| ***Cost*** | | | | | | | | |
| Beginning of financial year | 7,339 | 19,652 | 25,747 | 3,674 | 3,359 | 2,427 | 229 | 62,427 |
| Additions | – | – | 1,142 | 178 | 392 | 325 | – | 2,037 |
| Written off | – | – | (441) | – | – | – | (13) | (454) |
| Disposals | – | – | (114) | – | (457) | (40) | – | (611) |
| End of financial year | 7,339 | 19,652 | 26,334 | 3,852 | 3,294 | 2,712 | 216 | 63,399 |
| ***Accumulated depreciation*** | | | | | | | | |
| Beginning of financial year | – | 1,065 | 13,326 | 1,206 | 1,989 | 1,510 | 152 | 19,248 |
| Depreciation charge (Note 6) | – | 345 | 1,946 | 355 | 527 | 260 | 72 | 3,505 |
| Written off | – | – | (441) | – | – | – | (8) | (449) |
| Disposals | – | – | (114) | – | (282) | (37) | – | (433) |
| End of financial year | – | 1,410 | 14,717 | 1,561 | 2,234 | 1,733 | 216 | 21,871 |
| ***Net Book Value*** | | | | | | | | |
| **End of financial year** | 7,339 | 18,242 | 11,617 | 2,291 | 1,060 | 979 | – | 41,528 |

## 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| | Freehold Land RM'000 | Leasehold Land and Buildings RM'000 | Plant and Machinery RM'000 | Renovation and Signboard RM'000 | Motor Vehicles RM'000 | Computer, Office Equipment, Fixtures, Furniture and Fittings RM'000 | Showroom Equipment RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| <u>Group</u> | | | | | | | | |
| **2011** | | | | | | | | |
| ***Cost*** | | | | | | | | |
| Beginning of financial year | 7,339 | 6,183 | 19,436 | 3,245 | 3,855 | 2,043 | 327 | 42,428 |
| Additions | – | 13,469 | 9,160 | 429 | 386 | 385 | – | 23,829 |
| Written off | – | – | – | – | – | – | (98) | (98) |
| Disposals | – | – | (2,849) | – | (882) | (1) | – | (3,732) |
| End of financial year | 7,339 | 19,652 | 25,747 | 3,674 | 3,359 | 2,427 | 229 | 62,427 |
| ***Accumulated depreciation*** | | | | | | | | |
| Beginning of financial year | – | 697 | 14,473 | 1,000 | 2,169 | 1,276 | 109 | 19,724 |
| Depreciation charge (Note 6) | – | 368 | 1,679 | 206 | 582 | 235 | 76 | 3,146 |
| Written off | – | – | – | – | – | – | (33) | (33) |
| Disposals | – | – | (2,826) | – | (762) | (1) | – | (3,589) |
| End of financial year | – | 1,065 | 13,326 | 1,206 | 1,989 | 1,510 | 152 | 19,248 |
| ***Net Book Value*** | | | | | | | | |
| **End of financial year** | 7,339 | 18,587 | 12,421 | 2,468 | 1,370 | 917 | 77 | 43,179 |

## 15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Included within additions to the consolidated financial statements are the following property, plant and equipment acquired under finance leases:

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Plant and machinery | 355 | 7,733 |
| Motor vehicles | 360 | 363 |
| Computer, office equipment, fixtures, furniture and fittings | – | 171 |
| Renovation and signboard | – | 9 |
| | 715 | 8,276 |

(b) The carrying amount of property, plant and equipment held under finance leases are as follows:

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Plant and machinery | 8,486 | 9,991 |
| Motor vehicles | 1,055 | 1,361 |
| Computer, office equipment, fixtures, furniture and fittings | 299 | 392 |
| Renovation and signboard | 9 | 9 |
| | 9,849 | 11,753 |

(c) Bank borrowings and bills payable are secured on certain property, plant and equipment of the Group with carrying amounts of RM25,581,000 (2011: RM25,926,000) [Note 19(a)].

## 16. INVESTMENT PROPERTIES

| | Leasehold Land RM'000 | Leasehold Land and Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| <u>Group</u> | | | |
| **2012** | | | |
| ***Cost*** | | | |
| Beginning and end of financial year | 3,005 | 903 | 3,908 |
| ***Accumulated depreciation*** | | | |
| Beginning of financial year | 273 | 194 | 467 |
| Depreciation charge (Note 6) | 46 | 13 | 59 |
| End of financial year | 319 | 207 | 526 |
| ***Net Book Value*** | | | |
| **End of financial year** | 2,686 | 696 | 3,382 |

## 16. INVESTMENT PROPERTIES (cont'd)

| | Leasehold Land RM'000 | Leasehold Land and Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2011** | | | |
| ***Cost*** | | | |
| Beginning and end of financial year | 3,005 | 903 | 3,908 |
| ***Accumulated depreciation*** | | | |
| Beginning of financial year | 228 | 181 | 409 |
| Depreciation charge (Note 6) | 45 | 13 | 58 |
| End of financial year | 273 | 194 | 467 |
| ***Net Book Value*** | | | |
| **End of financial year** | 2,732 | 709 | 3,441 |

Investment properties are leased to related and non-related parties under operating leases [Note 25(c)].

All investment properties are mortgaged to secure bank loans [Note 19(a)].

The following amounts are recognised in profit or loss:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Rental income (Note 5) | 84 | 104 |
| Direct operating expenses arising from: | | |
| - Investment properties that generated rental income | (15) | (17) |
| - Investment properties that did not generate rental income | (60) | (94) |

The fair value of investment properties held by the Group are as follows:

| Location | Description | Existing Use | Tenure | Unexpired term of lease | Fair values 2012 RM'000 | Fair values 2011 RM'000 |
|---|---|---|---|---|---|---|
| Lot 1861 Mukim Cheras, Daerah Hulu Langat, Selangor Darul Ehsan | Vacant land | Industrial | Leasehold land | 59 | 3,700 | 3,700 |
| No. 14 Jalan Kencana 30 Taman Kencana, 56100 Kuala Lumpur | Factory with 3-storey office | Commercial | Leasehold land and building | 71 | 1,150 | 1,150 |

The fair value of the investment properties at balance sheet date is estimated by management, with reference to valuation done by independent professional valuer in the previous years, using the Direct Market Comparison method.

## 17. INVESTMENT IN SUBSIDIARIES

| | Company 2012 RM'000 | Company 2011 RM'000 |
|---|---|---|
| *Equity investment at cost:* | | |
| Beginning of financial year | 19,153 | 18,653 |
| Issuance of shares | – | 500 |
| Incorporation of a subsidiary | – | * |
| | 19,153 | 19,153 |

* *Denotes less than RM1,000.*

Details of subsidiaries are as follows:

| Name of companies | Principal activities | Country of business/ incorporation | Effective equity holding 2012 % | Effective equity holding 2011 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| MSM Metal Industries Sdn Bhd [1] | Contract manufacturing of all metal products | Malaysia | 100 | 100 |
| MSM Equipment Manufacturer Sdn Bhd [1] | Contract manufacturing of F&B kitchen equipment and manufacturing and sale of standard kitchen equipment | Malaysia | 100 | 100 |
| MSM Marketing Sdn Bhd [1] | Sale and servicing of standard kitchen equipment products | Malaysia | 100 | 100 |
| Toyomi (M) Sdn Bhd [1] | Sale and servicing of metal parts and kitchen equipment, and design consultancy and installation works | Malaysia | 100 | 100 |
| FIC Refrigeration (M) Sdn Bhd [1] | Manufacturing, sale and servicing of refrigeration appliances | Malaysia | 100 | 100 |
| OMS Technology Sdn Bhd [1] | Design, consultancy and installation works for cleanrooms and laboratories | Malaysia | 100 | 100 |
| Marc Conleth Industries Sdn Bhd [1] | Metal engineering work for oil and gas and environmental related industries | Malaysia | 100 | 100 |
| MSM Metal (S) Pte Ltd [2] | Trading and servicing of metal parts and kitchen equipment | Singapore | 100 | 100 |
| **Held by MSM Equipment Manufacturer Sdn Bhd** | | | | |
| PT. Mulia Sinergi Metalindo [3] | Sale and service of metal parts, kitchen equipment | Indonesia | 100 | 100 |

[1] Audited by SSY Partners, Malaysia, a member firm of Nexia International
[2] Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International
[3] Audited by KAP Kanaka Puradiredja, Indonesia, a member firm of Nexia International

In accordance with the requirements of Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Manual Section B: Rules of Catalist, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for one of its subsidiaries will not comprise the standard and effectiveness of the audit of the Company.

## 18. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| Trade payables to | | | | |
| - Non-related parties | 10,195 | 10,171 | – | – |
| - Related parties | 4 | 29 | – | – |
| | 10,199 | 10,200 | – | – |
| Accrual for operating expenses | 2,541 | 1,846 | 120 | 120 |
| Other payables | 1,774 | 1,260 | 140 | 106 |
| Advance from customers | 2,181 | 412 | – | – |
| | 16,695 | 13,718 | 260 | 226 |



## 19. BORROWINGS

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| ***Current*** | | |
| Bank overdrafts (Note 11) | 5,886 | 5,096 |
| Bank loans | 3,226 | 3,169 |
| Bills payable | 7,182 | 7,469 |
| Finance lease liabilities (Note 20) | 2,521 | 3,281 |
| | 18,815 | 19,015 |
| ***Non-current*** | | |
| Bank loans | 17,212 | 18,957 |
| Finance lease liabilities (Note 20) | 5,580 | 7,774 |
| | 22,792 | 26,731 |
| Total borrowings | 41,607 | 45,746 |

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| 6 months or less | 15,224 | 15,790 |
| 6 – 12 months | 3,591 | 3,225 |
| 1 – 5 years | 11,250 | 13,887 |
| Over 5 years | 11,542 | 12,844 |
| | 41,607 | 45,746 |

## 19. BORROWINGS (cont'd)

### (a) Security granted

Bank overdraft, bank loans and bills payable are secured by a legal mortgage over the Group's freehold land, leasehold land and buildings and investment properties (Notes 15 and 16), short-term bank deposits of the Group (Note 11), corporate guarantee of the Company and certain personal guarantee of the directors. Finance lease liabilities of the Group are effectively secured over to the leased plant and machinery, motor vehicles and computer equipment [Note 15(a)], as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

### (b) Fair value of non-current borrowings

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Bank loans | 17,571 | 19,014 |
| Finance lease liabilities (Note 20) | 5,580 | 7,774 |
| | 23,151 | 26,788 |

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **%** | **%** |
| Bank loans | 5.0 | 5.0 |
| Finance lease liabilities (Note 20) | 3.5 | 4.0 |

## 20. FINANCE LEASE LIABILITIES

The Group leases certain plant and machinery, motor vehicles and computer equipment from non-related parties under finance lease agreements. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease term.

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Minimum lease payments due | | |
| - Not later than one year | 2,911 | 3,874 |
| - Between one and five years | 5,923 | 8,305 |
| - Later than five years | 133 | 312 |
| | 8,967 | 12,491 |
| Less: Future finance charges | (866) | (1,436) |
| Present value of finance lease liabilities | 8,101 | 11,055 |

## 20. FINANCE LEASE LIABILITIES (cont'd)

The present values of finance lease liabilities are analysed as follows:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Not later than one year (Note 19) | 2,521 | 3,281 |
| Later than one year (Note 19) | | |
| - Between one and five years | 5,464 | 7,477 |
| - Later than five years | 116 | 297 |
| | 5,580 | 7,774 |
| Total | 8,101 | 11,055 |



## 21. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting and their movement during the financial year, are shown on the balance sheets as follows:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| ***Deferred income tax liabilities - net*** | | |
| - to be settled after one year | 163 | 253 |

Movement in deferred income tax account is as follows:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Beginning of financial year | 253 | 275 |
| Tax credited to profit or loss | (90) | (22) |
| End of financial year | 163 | 253 |

Deferred income tax assets are recognised for tax losses, capital allowances and reinvestment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RM3,044,000 (2011: RM2,837,000), capital allowances of RM4,705,000 (2011: RM2,616,000) and reinvestment allowances of RM1,664,000 (2011: RM1,115,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses, capital allowances and reinvestment allowances in their respective countries of incorporation. The tax losses, capital allowances and reinvestment allowances have no expiry date.

## 21. DEFERRED INCOME TAXES (cont'd)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

***Deferred income tax liabilities***

| | Accelerated tax depreciation RM'000 |
|---|---|
| **2012** | |
| Beginning of financial year | 392 |
| Credited to profit or loss | (146) |
| End of financial year | 246 |
| **2011** | |
| Beginning of financial year | 456 |
| Credited to profit or loss | (64) |
| End of financial year | 392 |

***Deferred income tax assets***

| | Tax losses RM'000 |
|---|---|
| **2012** | |
| Beginning of financial year | (139) |
| Charged to profit or loss | 56 |
| End of financial year | (83) |
| **2011** | |
| Beginning of financial year | (181) |
| Charged to profit or loss | 42 |
| End of financial year | (139) |

## 22. SHARE CAPITAL

| | Number of ordinary shares | Amount RM'000 |
|---|---|---|
| **Group and Company** | | |
| **2012 and 2011** | | |
| Beginning and end of financial year | 90,000,000 | 26,862 |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 23. DIVIDENDS

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| **Ordinary dividend paid** | | |
| Final dividend paid in respect of the previous financial year of $0.005 Singapore cents per share | – | 1,094 |

## 24. CONTINGENT LIABILITIES

| | Company | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Corporate guarantees (secured) | 42,551 | 24,258 |



The above are the subsidiaries' corporate guarantees of RM42,551,000 (2011: RM24,258,000).

The Company has given corporate guarantees to certain banks and financial institutions for credit facilities granted to the subsidiaries. The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the banks and financial institutions with regard to the subsidiaries is minimal. The subsidiaries for which the guarantees were provided are in favourable equity positions and are profitable.

## 25. COMMITMENTS

### (a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Property, plant and equipment | 1,380 | 550 |

### (b) Operating lease commitments – where the Group is a lessee

The Group leases warehouse and office buildings from directors and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Not later than one year | 493 | 282 |
| Between one and five years | 324 | 275 |
| | 817 | 557 |

## 25. COMMITMENTS (cont'd)

### (c) Operating lease commitments – where the Group is a lessor

The Group leases out office space to related and non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

| | Group | |
|---|---|---|
| | 2012<br>RM'000 | 2011<br>RM'000 |
| Not later than one year | 167 | 188 |
| Between one and five years | 80 | 180 |
| | 247 | 368 |





## 26. RELATED PARTY TRANSACTIONS

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

### (a) Sales and purchases of goods and services and other expenses

| | Group | |
|---|---|---|
| | 2012<br>RM'000 | 2011<br>RM'000 |
| Sales of goods to related parties | 103 | 162 |
| Rental income charged to a related party | 84 | 72 |
| Service charges charged to a related party | 10 | 10 |
| Purchases of material from a related party | (76) | (23) |
| Subcontractors' cost paid to a related party | (603) | (249) |

Outstanding balances as at 31 December 2012, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 18 respectively.

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

| | Group | |
|---|---|---|
| | 2012<br>RM'000 | 2011<br>RM'000 |
| Salaries, bonuses and allowances | 1,812 | 1,721 |
| Directors' fees | 204 | 202 |
| Employer's contribution to defined contribution plans | 159 | 171 |
| Other short-term benefits | 463 | 444 |
| | 2,638 | 2,538 |

Included in the above is total compensation to directors of the Group amounting to RM1,197,000 (2011: RM1,451,000).

## 27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors comprises three independent directors and three non-independent directors. The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United States of America and Indonesia. All geographic locations are engaged in the Original Equipment Manufacturer contract manufacturing, oil & gas, cleanroom & laboratories and kitchen appliances, equipment and related services.

The Board of Directors has organised the business of the Group in four business segments as set out below:

- OEM contract manufacturing;
- Kitchen appliances, equipment & related services;
- Oil & gas; and
- Cleanroom & laboratories.



The segment information provided to the Board of Directors for the reportable segments is as follows:

| | OEM contract manufacturing RM'000 | Oil & gas RM'000 | Cleanroom & laboratories RM'000 | Kitchen appliances, equipment and related services RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2012** | | | | | |
| **Revenue** | | | | | |
| - Sales to external parties | 17,271 | 37,609 | 5,019 | 25,068 | 84,967 |
| **Adjusted EBITDA** | 939 | 9,083 | 363 | (484) | 9,901 |
| Depreciation of property, plant and equipment | 1,732 | 437 | 51 | 1,285 | 3,505 |
| Finance expense | 1,000 | 787 | 5 | 495 | 2,287 |
| **2011** | | | | | |
| **Revenue** | | | | | |
| - Sales to external parties | 16,387 | 25,373 | 7,362 | 25,454 | 74,576 |
| **Adjusted EBITDA** | (1,142) | 6,873 | 430 | 2,491 | 8,652 |
| Depreciation of property, plant and equipment | 1,501 | 456 | 51 | 1,138 | 3,146 |
| Finance expense | 1,204 | 405 | 6 | 520 | 2,135 |

## 27. SEGMENT INFORMATION (cont'd)

As the amounts of total assets and liabilities for each reportable segment is not regularly provided to Board of Directors, such information is not presented in the financial statements.

There are no inter-business segment sales. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on measure of Earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA"). Interest income and depreciation of investment properties are not allocated to segments, as this type of activity is driven by the Chief Executive Officer (CEO) and Financial Controller, who manage the cash position of the Group.

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Adjusted EBITDA for reportable segments | 9,901 | 8,652 |
| Depreciation of property, plant and equipment | (3,505) | (3,146) |
| Depreciation of investment properties | (59) | (58) |
| Finance expense | (2,287) | (2,135) |
| Interest income | 37 | 34 |
| Profit before income tax | 4,087 | 3,347 |

**Geographical information**

The Group's four business segments operate in three primary geographical areas:

- Malaysia – the Group is headquartered and has operations in Malaysia. The operations in this area are principally in the manufacturing and sales of OEM contract manufacturing products, oil & gas, cleanroom and laboratories and kitchen appliances, equipment and related services;

- United States of America – the operations include the sale of OEM contract manufacturing products and oil and gas product;

- Indonesia – the operations include the sale of OEM contract manufacturing products and kitchen appliances, equipment and related services;

- Other countries – the operations include the sale of OEM contract manufacturing products in United Kingdom, New Zealand and Thailand, and the sale of kitchen appliances and equipment in Singapore, Vietnam and Cambodia.

## 27. SEGMENT INFORMATION (cont'd)

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| **Revenue** | | |
| Malaysia | 61,414 | 54,088 |
| United States of America | 19,622 | 15,892 |
| Indonesia | 1,721 | 3,457 |
| Other countries | 2,210 | 1,139 |
| | 84,967 | 74,576 |
| **Non-current assets** | | |
| Malaysia | 44,843 | 46,617 |
| Indonesia | 3 | 3 |
| Singapore | 64 | – |
| | 44,910 | 46,620 |



Revenue of approximately RM35,100,000 (2011: RM25,400,000) are derived from a single external customer which is attributable to the sale of oil and gas products.

## 28. FINANCIAL RISK MANAGEMENT

***Financial risk factors***

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Market risk**

***(i) Currency risk***

The Group mainly operates in Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies such as United States Dollar ("USD"). Singapore Dollar ("SGD"), Euro ("EUR") and Indonesia Dollar ("IDR"). As the transactions in foreign currencies are minimal, the Group manages the foreign exchange exposure arising from future commercial transactions and recognised assets and liabilities by a policy of matching, as far as possible, receipts and payments in each individual currency.

## 28. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### *(i) Currency risk (cont'd)*

The Group's currency exposure based on the information provided to key management is as follows:

| | RM RM'000 | USD RM'000 | SGD RM'000 | EUR RM'000 | IDR RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **31 December 2012** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 4,951 | 1,191 | 58 | – | – | 6,200 |
| Trade and other receivables | 17,076 | 2,679 | 79 | – | – | 19,834 |
| Other financial assets | 452 | – | 37 | – | 47 | 536 |
| Inter-companies receivables | 6,597 | – | – | – | – | 6,597 |
| | 29,076 | 3,870 | 174 | – | 47 | 33,167 |
| **Financial liabilities** | | | | | | |
| Trade and other payables | 16,429 | – | 266 | – | – | 16,695 |
| Borrowings | 39,571 | – | – | 2,036 | – | 41,607 |
| Inter-companies payables | 6,597 | – | – | – | – | 6,597 |
| | 62,597 | – | 266 | 2,036 | – | 64,899 |
| **Net financial (liabilities)/assets** | (33,521) | 3,870 | (92) | (2,036) | 47 | (31,732) |
| Add: Net non-financial assets | 452 | – | 37 | – | 47 | 536 |
| Currency profile including non-financial assets and liabilities | (33,069) | 3,870 | (55) | (2,036) | 94 | (31,196) |
| **Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies** | – | 3,870 | (55) | (2,036) | 94 | 1,873 |

## 28. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### *(i) Currency risk (cont'd)*

| | RM RM'000 | USD RM'000 | SGD RM'000 | EUR RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **31 December 2011** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 4,409 | 726 | 39 | – | 5,174 |
| Trade and other receivables | 12,647 | 5,804 | – | – | 18,451 |
| Other financial assets | 290 | 15 | 17 | – | 322 |
| Inter-companies receivables | 8,139 | – | – | – | 8,139 |
| | 25,485 | 6,545 | 56 | – | 32,086 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 13,428 | – | 264 | 26 | 13,718 |
| Borrowings | 43,299 | – | – | 2,447 | 45,746 |
| Inter-companies payables | 8,139 | – | – | – | 8,139 |
| | 64,866 | – | 264 | 2,473 | 67,603 |
| **Net financial (liabilities)/assets** | (39,381) | 6,545 | (208) | (2,473) | (35,517) |
| Add: Net non-financial assets | 290 | 15 | 17 | – | 322 |
| Currency profile including non-financial assets and liabilities | (39,091) | 6,560 | (191) | (2,473) | (35,195) |
| **Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies** | – | 6,560 | (191) | (2,473) | 3,896 |

The Company does not have any significant exposure to currency risk as the transactions in foreign currencies are minimal.

## 28. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Market risk (cont'd)

#### *(i) Currency risk (cont'd)*

If the USD, SGD, EURO and IDR change against the RM by 5% (2011: 5%) respectively, with all other variables including tax rate being held constant, the effects arising from net financial liabilities/assets position will be as follows:

| | Increase/(Decrease) 2012 Net Profit RM'000 | 2012 Equity RM'000 | 2011 Net Profit RM'000 | 2011 Equity RM'000 |
|---|---|---|---|---|
| ***Increase/(Decrease)*** | | | | |
| USD against RM | | | | |
| - strengthened | 145 | 145 | 245 | 245 |
| - weakened | (145) | (145) | (245) | (245) |
| SGD against RM | | | | |
| - strengthened | (2) | (2) | (8) | (8) |
| - weakened | 2 | 2 | 8 | 8 |
| EURO against RM | | | | |
| - strengthened | (76) | (76) | (93) | (93) |
| - weakened | 76 | 76 | 93 | 93 |
| IDR against RM | | | | |
| - strengthened | 4 | 4 | – | – |
| - weakened | (4) | (4) | – | – |

#### *(ii) Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank loans at variable interest rates. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's exposure to cash flow interest rate risk arises mainly from non-current variable-rate borrowings.

The Group's borrowings at variable rates are denominated in RM. If the RM interest rate increases/ decreases by 1% (2011: 1%) with all other variables including tax rates being held constant, the net profit and equity will be lower/higher by RM312,000 (2011: RM343,000).

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and the Company are bank deposits, and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with recognised and creditworthy third parties. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

| | Group 2012 RM'000 | Group 2011 RM'000 |
|---|---|---|
| Corporate guarantees provided to the banks on subsidiaries' loan | 42,551 | 24,258 |

## 28. FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Credit risk (Cont'd)

The trade receivables of the Group comprise 1 debtor (2011: 1 debtor) that represented 32% (2011: 36%) of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| **By geographical areas** | | |
| Malaysia | 16,128 | 12,288 |
| Indonesia | 718 | 1,169 |
| United States of America | 2,563 | 4,739 |
| Other countries | 217 | 167 |
| | 19,626 | 18,363 |
| **By types of customers** | | |
| Related parties | 351 | 61 |
| Non-related parties | | |
| - Multi-national companies | 8,896 | 9,800 |
| - Other companies | 10,379 | 8,502 |
| | 19,626 | 18,363 |

***(i) Financial assets that are neither past due nor impaired***

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

***(ii) Financial assets that are past due and/or impaired***

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Past due 0 to 3 months | 3,105 | 3,511 |
| Past due 3 to 6 months | 1,074 | 544 |
| Past due over 6 months | 530 | 536 |
| | 4,709 | 4,591 |

## 28. FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Credit risk (Cont'd)

#### *(ii) Financial assets that are past due and/or impaired (cont'd)*

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

| | Group | |
|---|---|---|
| | **2012** | **2011** |
| | **RM'000** | **RM'000** |
| Gross amount | 272 | 339 |
| Less: Allowance for impairment | (272) | (339) |
| | – | – |
| Beginning of financial year | 339 | 1,675 |
| Allowance made (Note 6) | 155 | 145 |
| Allowance utilised | (194) | (1,013) |
| Reversal of allowance of impairment (Note 6) | (28) | (468) |
| | 272 | 339 |

The impaired trade receivables arise from sales to companies which were closed down or had liquidity problem.

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 19) to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash and short-term bank deposits as disclosed in Note 11.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | **Less than 1 year RM'000** | **Between 1 and 2 years RM'000** | **Between 2 and 5 years RM'000** | **Over 5 years RM'000** |
|---|---|---|---|---|
| **<u>Group</u>** | | | | |
| **31 December 2012** | | | | |
| Trade and other payables | 16,695 | – | – | – |
| Borrowings | 18,589 | 4,827 | 9,680 | 15,630 |
| | 35,284 | 4,827 | 9,680 | 15,630 |

## 28. FINANCIAL RISK MANAGEMENT (cont'd)

### (c) Liquidity risk (cont'd)

| | Less than 1 year RM'000 | Between 1 and 2 years RM'000 | Between 2 and 5 years RM'000 | Over 5 years RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **31 December 2011** | | | | |
| Trade and other payables | 13,718 | – | – | – |
| Borrowings | 19,127 | 5,517 | 12,131 | 15,197 |
| | 32,845 | 5,517 | 12,131 | 15,197 |
| **Company** | | | | |
| **31 December 2012** | | | | |
| Financial guarantee contracts | 42,551 | – | – | – |
| **31 December 2011** | | | | |
| Financial guarantee contracts | 24,258 | – | – | – |



### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's policy, which is unchanged from 2011, is to maintain gearing ratio of not exceeding 2.0 times.

Gearing ratio is calculated as total borrowings divided by total net worth. Net worth is defined as total assets minus total liabilities.

| | Group | |
|---|---|---|
| | 2012 RM'000 | 2011 RM'000 |
| Total borrowings | 41,607 | 45,746 |
| Net worth | 36,643 | 34,455 |
| Gearing ratio (times) | 1.14 | 1.33 |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2012 and 2011.

## 29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2013 or later periods and which the Group has not early adopted

- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (Revised) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (Revised) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 28 (Revised) – Investment in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 32 – Financial Instruments: Offsetting of Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards – Government Loans (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
- FRS 110 (New) – Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 111 (New) – Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 (New) – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- FRS 113 (New) – Fair Value Measurements (effective for annual periods beginning on or after 1 January 2013)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

| | | |
|---|---|---|
| Issued and fully paid-up shares excluding treasury shares | : | 90,000,000 |
| Treasury shares | : | Nil |
| Class of Shares | : | Ordinary shares |
| Voting Rights | : | One vote per share |

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholder as at 15 March 2013)

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | **No. of shares** | **%** | **No. of shares** | **%** |
| Triumphant Hope Sdn Bhd | 61,564,747 | 68.41 | – | – |
| Chan Kee Sieng | 85,000 | 0.09 | 61,564,747 | 68.41 |
| Chan Kit Moi | 130,000 | 0.14 | 61,564,747 | 68.41 |
| Chan Kat Yin | 130,000 | 0.14 | 61,564,747 | 68.41 |

**Notes:**

Messrs Chan Kat Yin, Chan Kee Sieng and Chan Kit Moi are shareholders of Triumphant Hope Sdn Bhd (each holding 33.33% of shares in the capital of Triumphant Hope Sdn Bhd) and they are deemed to have an interest in the shares held by Triumphant Hope Sdn Bhd.

**Shareholdings Held in the Hands of Public**

Based on information available to the Company as at 15 March 2013, approximately 25.30% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual (Section B: Rules of Catalist) is complied with.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS
AS AT 15 MARCH 2013

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 999 | 1 | 0.77 | 3 | 0.00 |
| 1,000 - 10,000 | 28 | 21.54 | 229,000 | 0.25 |
| 10,001 - 1,000,000 | 95 | 73.08 | 13,544,623 | 15.05 |
| 1,000,001 AND ABOVE | 6 | 4.61 | 76,226,374 | 84.70 |
| TOTAL | 130 | 100.00 | 90,000,000 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS
AS AT 15 MARCH 2013

| NO. | SHAREHOLDER'S NAME | NUMBER OF SHARES HELD | % |
|---|---|---|---|
| 1 | TRIUMPHANT HOPE SDN. BHD. | 61,564,747 | 68.41 |
| 2 | CIMB SECURITIES (SINGAPORE) PTE LTD | 7,042,006 | 7.82 |
| 3 | CHAN WEN CHAU | 2,785,186 | 3.09 |
| 4 | LIM CHYE HUAT @ BOBBY LIM CHYE HUAT | 2,500,000 | 2.78 |
| 5 | PHILLIP SECURITIES PTE LTD | 1,252,000 | 1.39 |
| 6 | CHAN WEN YAW | 1,082,435 | 1.20 |
| 7 | CHOO KOK CHENG | 950,000 | 1.06 |
| 8 | ONG SENG JOO | 883,810 | 0.98 |
| 9 | CHAN WEN YEE | 883,810 | 0.98 |
| 10 | LEE KAY HUAN HOLDINGS PTE LTD | 840,000 | 0.93 |
| 11 | CHIN JIT SIN | 750,000 | 0.83 |
| 12 | KAM FOONG KENG | 750,000 | 0.83 |
| 13 | KOK SHAW TERK (GUO SHAODE) | 737,000 | 0.82 |
| 14 | BNP PARIBAS SECURITIES SERVICES | 703,003 | 0.78 |
| 15 | LIM POH HOCK ERIC | 500,000 | 0.56 |
| 16 | UOB KAY HIAN PTE LTD | 460,000 | 0.51 |
| 17 | GERALD CHEW KIN MUN | 400,000 | 0.44 |
| 18 | CHAN SIEW LING | 376,000 | 0.42 |
| 19 | CHUA KENG LOY | 250,000 | 0.28 |
| 20 | HONG LEONG FINANCE NOMINEES PTE LTD | 230,000 | 0.26 |
| | TOTAL | 84,939,997 | 94.37 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Company will be held at the Blk 18 Sin Ming Lane, #06-08 Midview City, Singapore 573960 on Thursday, 25 April 2013 at 9.30 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. ***Resolution 1***

2. To approve the Directors' fees of S$83,000 for the financial year ending 31 December 2013 (2012:S$83,000) ***Resolution 2***

3. To re-elect the following directors, each of whom will retire pursuant to Article 107 of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 109:

   (i) Mr Chan Kee Sieng ***Resolution 3***
   (ii) Mr Chan Kit Moi ***Resolution 4***



4. To re-appoint Nexia TS Public Accounting Corporation as the auditors of the Company and authorise the Directors to fix their remuneration. ***Resolution 5***

5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.



## SPECIAL BUSINESS

To consider and, if thought fit, approve the following Ordinary Resolution, with or without modifications:

6. **Authority to allot and issue shares**

   "That pursuant to Section 161 of the Companies Act, Cap. 50, and subject to Rule 806 of the SGX-ST Listing Manual (Section B: Rules of Catalist), approval be and is hereby given to the Directors of the Company to issue: ***Resolution 6***

   (a) shares in the capital of the Company (whether by way of bonus, rights or otherwise) or;

   (b) convertible securities; or

   (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalism issues; or

   (d) shares arising from the conversion of convertible securities in (b) and (c) above,

   at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that :-

   (i) the aggregate number of shares and convertible securities that may be issued shall not be more than 100% of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited as at the date the general mandate is passed;

(ii) the aggregate number of shares and convertible securities to be issued other than a pro-rata basis to existing shareholders shall not be more than 50% of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited as at the date the general meeting is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the date of the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options in issue as at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
*(See Explanatory Note)*





By Order of the Board

Chan Kee Sieng
Executive Chairman
Singapore
10 April 2013

**Explanatory Notes:**

1. The Ordinary Resolution 6 above, is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares up to an amount not exceeding in aggregate 100% of the total number of issued shares excluding treasury shares of which the total number of shares issued other than on a pro-rata basis to existing shareholders shall not exceed 50% of the total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the SGX-ST Listing Manual (Section B: Rules of Catalist) currently provides for the percentage of the total number of issued shares excluding treasury shares to be calculated on the basis of the total number of issued shares at the time that the resolution is passed (taking into account the conversion or exercise of any convertible securities and the exercise of employee share options on the issue at the time that the resolution is passed, which were issued pursuant to previous shareholder approval), adjusted for any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

**Notes:**

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street Singapore 059915 not less than 48 hours before the time set for the Annual General Meeting.

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**MANN SENG METAL INTERNATIONAL LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200918800R)

**ANNUAL GENERAL MEETING**
**PROXY FORM**

I/We ___________________________________ (Name) ____________________________ (NRIC/Passport No.)

of ______________________________________________________________________________ (Address),

being a member/members of Mann Seng Metal International Limited (the "**Company**"), hereby appoint:

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

and/or *(Please delete as appropriate)*

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Blk 18 Sin Ming Lane, #06-08 Midview City, Singapore 573960 on Thursday, 25 April 2013 at 9.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/ proxies will vote or abstain as he/they may think fit, as the proxy/proxies will on any other matter arising at the Annual General Meeting)

| No. | Ordinary Resolutions | For | Against |
|---|---|---|---|
| | **ORDINARY BUSINESS** | | |
| Resolution 1 | To receive and adopt the Financial Statements for the financial year ended 31 December 2012, the Directors' Report and the Auditors' Report thereon. | | |
| Resolution 2 | To approve the Directors' fees for the financial year ending 31 December 2013. | | |
| Resolution 3 | To re-elect Mr Chan Kee Sieng as Director. | | |
| Resolution 4 | To re-elect Mr Chan Kit Moi as Director. | | |
| Resolution 5 | To re-appoint Nexia TS Public Accounting Corporation as the Auditors of the Company and authorise the Directors to fix their remuneration. | | |
| | **SPECIAL BUSINESS** | | |
| Resolution 6 | To authorise Directors to issue shares pursuant to section 161 of the Companies Act (Chapter 50) of Singapore. | | |

Dated this________ day of _______________ 2013

| **Total number of shares held in:** | |
|---|---|
| CDP Register | |
| Register of Members | |

_________________________________________
Signature(s) of member(s) or Common Seal

**IMPORTANT: PLEASE READ THE FOLLOWING NOTES.**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than 1 proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting of the Company, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street Singapore 059915 not less than 48 hours before the time set for the Annual General Meeting.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

**MANN SENG METAL INTERNATIONAL LIMITED**
Company Registration No.: 200918800R

**Principal Place of Business:**

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