



**Advanced Packaging Technology (M) Bhd**

Registration No.: 198201003236 (82982-K)

Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi  
Selangor Darul Ehsan, Malaysia

Tel: (603) 8925 7101 (5 Lines) Fax: (603) 8925 9153

Website: [www.advancedpack.com.my](http://www.advancedpack.com.my)



**ADVANCED PACKAGING  
TECHNOLOGY (M) BHD.**

Registration No.: 198201003236 (82982-K)

先進包裝工業(馬)有限公司



## The Company and Its Business

**A**dvanced Packaging Technology (M) Bhd was incorporated in Malaysia under the Companies Act, 1965 on 31 March 1982 as a private limited company under the name of Goyo Corporation (M) Sdn. Bhd. The Company subsequently changed its name to Advanced Packaging Technology (M) Sdn Bhd on 09 June 1982 and was converted to a public company on 27 May 1993. It was listed on the Second Board (now known as Main Market after the merger of the Main Board and Second Board on 03 August 2009) of the Bursa Malaysia Securities Berhad on 27 May 1994.

An ISO 9001 certified company, Advanced Packaging Technology (M) Bhd is principally engaged in the manufacturing and distribution of flexible packaging materials. The Company commenced operations in April 1985 at its present location at the Bangi Industrial Estate, Selangor Darul Ehsan. Its office, factory and warehouse is sited on a 8,903 square meter ("sq m") 99-year leasehold land.

The Company produces high-quality flexible packaging materials catering to a wide cross-section of industries in both the local and overseas markets such as snack foods, instant noodles, sweets and confectionery, liquid condiments, frozen foods, spices, beverages, medical / surgical products and pharmaceuticals, among others. Our range of flexible packaging material comprises both single and multi-layers that carry appealing designs. Through close consultation with clients, we tailor-make our products according to their precise specification and design in both roll and pouch form.

Flexible packaging materials are generally made of a composite of various base films, papers or foil which are laminated so that the resultant laminates have more enhanced properties than its original substrates. The basic materials used include oriented polypropylene (OPP) film, cellulosic film, polyester film, nylon film, aluminium foil, metallised films, specialty films, linear low density polyethylene (LLDPE) film, poster paper, polyethylene and polypropylene resin.

Efficient packaging is a must for any product in this modern era. Without it, the brand image and integrity, as well as the quality built into the product during manufacturing and marketing, will be lost when it reaches the consumer. Correct packaging is the principal way of ensuring safe delivery of the product to the end-user in good condition at an economic cost. At Advanced Packaging Technology (M) Bhd, we use our specialised knowledge and skills, as well as specific machinery and facilities to deliver excellence in quality and service to each client.

In the pursuit of our commitment in quality, the Company's Quality Management System was first assessed by Zurich Certification Limited, United Kingdom and found to comply with BS EN ISO 9002:1994 standard and the certificate of registration was issued on 8 December 2000. The Quality Management System (QMS) was subsequently upgraded and certified to BS EN ISO 9001:2000 on 21 December 2003 by Independent European Certification Limited, United Kingdom. It was recertified to BS EN ISO 9001:2008 and ISO 9001:2008 by Independent European Certification (M) Sdn Bhd (IEC) on 12 January 2010 and 20 December 2012 respectively. The QMS was again upgraded and assessed by IEC and certified to ISO 9001:2015 on 15 August 2018. The certification scope covers "Design, Manufacturing and Supply of Flexible Packaging Materials and Blown Film".

Advanced Packaging Technology (M) Bhd currently also produces linear low density polyethylene (LLDPE) film for its internal consumption and external sales.

# STATEMENTS CONTENTS

<b>2</b>	Notice of Annual General Meeting
<b>6</b>	Statement Accompanying the Notice of Annual General Meeting
<b>13</b>	Corporate Information
<b>14</b>	Directors' Profile
<b>18</b>	Profile of Key Senior Management
<b>20</b>	Sustainability Statement
<b>22</b>	Corporate Governance Overview Statement
<b>32</b>	Other Information
<b>33</b>	Statement on Risk Management and Internal Control
<b>37</b>	Directors' Responsibility Statement
<b>38</b>	Audit Committee Report
<b>41</b>	Chairman's Statement
<b>43</b>	Management Discussion and Analysis
<b>45</b>	Five Years Financial Highlights and Financial Indicators
	<b>Financial Statements</b>
<b>46</b>	Directors' Report
<b>50</b>	Statement by Directors
<b>50</b>	Statutory Declaration
<b>51</b>	Independent Auditors' Report to the Members
<b>55</b>	Statement of Profit or Loss and Other Comprehensive Income
<b>56</b>	Statement of Financial Position
<b>57</b>	Statement of Changes in Equity
<b>58</b>	Statement of Cash Flows
<b>61</b>	Notes to the Financial Statements
<b>103</b>	List of Properties
<b>104</b>	Analysis of Shareholdings Form of Proxy

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirty-Eighth Annual General Meeting (“AGM”) of Advanced Packaging Technology (M) Bhd (“the Company”) will be convened and held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Wednesday, 26 August 2020 at 12.30 p.m to transact the following items of business :-

## **AGENDA**

### **As Ordinary Business**

1. To receive the Statutory Financial Statements for the year ended 31 December 2019 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of Directors’ Fees of RM235,000 per annum for the year ended 31 December 2019. **Ordinary Resolution 1**
3. To approve the payments of Directors’ Benefit (excluding Directors’ Fees) up to an amount of RM100,000 from 1 June 2020 until the next AGM of the Company. **Ordinary Resolution 2**
4. To re-elect the following Directors who retire in accordance with Article 96 of the Company’s Constitution:-
  - a) Mr Mah Siew Seng; and **Ordinary Resolution 3**
  - b) Mr Ng Choo Tim. **Ordinary Resolution 4**
5. To re-elect the following Directors who retire in accordance with Article 102 of the Company’s Constitution:
  - (a) Mr Pang Chong Yong; and **Ordinary Resolution 5**
  - (b) Mr Andrew Ling Yew Chung. **Ordinary Resolution 6**
6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

### **As Special Business**

To consider and if thought fit, to pass the following resolutions:-

#### **Ordinary Resolutions**

7. Proposed Retention of Independent Directors in accordance with the Malaysian Code on Corporate Governance 2017:-
  - (a) “THAT authority be and is hereby given to Dato’ Haji Ghazali B. Mat Ariff who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 8**

## Notice of Annual General Meeting (cont'd)

(b) "THAT subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Mr Mah Siew Seng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company."

**Ordinary  
Resolution 9**

(c) "THAT subject to the passing of Ordinary Resolution 4, authority be and is hereby given to Mr Ng Choo Tim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company."

**Ordinary  
Resolution 10**

(d) "THAT authority be and is hereby given to Datuk Ismail bin Haji Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."

**Ordinary  
Resolution 11**

8. Proposed renewal of Shareholders' Mandate for the Company to buy-back its own shares ("Proposed Shareholders' Mandate")

"THAT subject to the Companies Act, 2016 ("the Act"), the Company Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Thirty-Seventh Annual General Meeting of the Company held on 30 May 2019, authorising the directors of the Company to purchase and/or hold up to 10% of the total number of issued share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy Back. The audited retained profits of the Company as at 31 December 2019 amounted to RM 9,803,243.

**Ordinary  
Resolution 12**

**AND THAT** upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to cancel such shares or retain such shares as the treasury shares or a combination of both. The Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the shareholders of the Company or subsequently cancel the treasury shares or any combination of the three (3) and in any other manner as prescribed by the Act, rules and regulations and orders made pursuant to the Act and requirements of Bursa Securities and any other relevant authority for the time being in force.

**AND FURTHER THAT** the Directors be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

- (a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

## Notice of Annual General Meeting (cont'd)

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities.”

9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855) (SSM PC No. 202008002757)

ZURIATI BINTI YAACOB (LS0009971) (SSM PC No. 202008003191)

Joint Company Secretaries

Petaling Jaya

30 June 2020

### NOTES:

#### 1. Proxy

- 1.1 *A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.*
- 1.2 *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
- 1.3 *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 1.4 *An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- 1.5 *The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.*
- 1.6 *The instrument appointing a proxy must be deposited at Ground Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- 1.7 *Only members whose names appear in the Record of Depositors on 18 August 2020 shall be entitled to attend, speak and vote at the AGM.*
- 1.8 *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Thirty-Eighth AGM will be put to vote by poll.*

#### 2. Audited Financial Statements for financial year ended 31 December 2019

- 2.1 *The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders’ approval and hence, it will not be put forward for voting.*

#### 3. Ordinary Resolutions 3 and 4: Re-election of Directors who retire by rotation in accordance with Article 96 of the Company’s Constitution.

- 3.1 *Article 96 of the Company’s Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company. Pursuant to Paragraph 7.26 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Mr Mah Siew Seng and Mr Ng Choo Tim are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election.*

#### 4. Ordinary Resolutions 5 and 6: Re-election of Directors who retire in accordance with Article 102 of the Company’s Constitution.

- 4.1 *Article 102 of the Company’s Constitution provides that any new directors appointed after last Annual General Meeting held on 30 May 2019 shall hold office only until next Annual General Meeting but shall be eligible for re-election. Mr Pang Chong Yong and Mr Andrew Ling Yew Chung who were appointed on 16 June 2020 and 18 June 2020 respectively, being eligible have offered themselves for re-election.*

#### 5. Ordinary Resolution 8 to 11: Retention of Independent Non-Executive Directors

- 5.1 *The Ordinary Resolutions 8 to 11, if passed, will allow the named directors to continue to act as Independent Non-Executive Directors of the Company.*

## Notice of Annual General Meeting (cont'd)

5.2 *The Nomination Committee had assessed the independence of Dato' Haji Ghazali B. Mat Ariff, Mr Mah Siew Seng, and Mr Ng Choo Tim who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years and Datuk Ismail Bin Haji Ahmad who has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years; the Board has recommended that the approval of the shareholders be sought to re-appoint Dato' Haji Ghazali B. Mat Ariff, Mr Mah Siew Seng, Mr Ng Choo Tim and Datuk Ismail Bin Haji Ahmad as Independent Non-Executive Directors as all of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:-*

- (a) Have vast experience in the industry the Company is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgement;*
- (b) Consistently challenge management in an effective and constructive manner;*
- (c) Have good and thorough understanding of the main drivers of the business in a detailed manner;*
- (d) Actively participate in board deliberations and decision making in an objective manner; and*
- (e) Exercise due care in all undertakings of the Company and carry out their fiduciary duties in the interest of the Company and minority shareholders.*

### **6. Ordinary Resolution 12: Proposed Shareholders Mandate**

6.1 *The Ordinary Resolution 12, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the total number of issued share capital of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. Further information on this proposed Ordinary Resolution is set out in the Statement Accompanying Notice of AGM enclosed in the Annual Report 2019 of the Company on pages 6 to 12.*

### **7. Abstention from Voting**

7.1 *All the Non-Executive Director who are shareholders of the Company will abstain from voting on Ordinary Resolution 1 and Ordinary Resolution 2 concerning Directors' fees and Directors' benefit (excluding Directors' fees) respectively at the Thirty-Eighth AGM. Any Director referred to in Ordinary Resolutions 3, 4, 5, 6, 8, 9, 10 and 11 who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election or retention as a Director at the Thirty-Eighth AGM.*



# Statement Accompanying Notice of Annual General Meeting

## PART I : GENERAL INFORMATION

### 1) NAMES OF DIRECTORS STANDING FOR RE-ELECTION

The names of the Directors standing for re-election at the forthcoming Thirty-Eighth Annual General Meeting are as follows:-

#### Re-election under Article 96 of the Company's Constitution

- a) Mr Mah Siew Seng
- b) Mr Ng Choo Tim

#### Re-election under Article 102 of the Company's Constitution

- a) Mr Pang Chong Yong
- b) Mr Andrew Ling Yew Chung

### 2) DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2019 are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Datuk Ismail bin Haji Ahmad	4	4
Yeo Tek Ling	4	4
Dato' Haji Ghazali B. Mat Ariff	4	4
Ng Choo Tim	4	4
Mah Siew Seng	4	4
Law Mong Yong	4	4
Tjin Kiat @ Tan Cheng Keat (Resigned on 31 December, 2019)	4	4
Chee Chin Hung (Resigned on 25 October, 2019)	3	3

### 3) PLACE, DATE AND HOUR OF THE THIRTY-EIGHTH ANNUAL GENERAL MEETING

The Thirty-Eighth Annual General Meeting of the Company will be held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Wednesday, 26 August 2020 at 12.30 p.m.

### 4) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The details of the directors standing for re-election at the forthcoming Thirty-Eighth Annual General Meeting are set out on pages 14 to 17 of the Annual Report.



# Statement Accompanying Notice of Annual General Meeting (cont'd)

## **PART II : SHARE BUY-BACK STATEMENT**

**(Pursuant to paragraph 12.06 (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)**

### **1.0 IMPORTANCE**

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other Professional Adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt Statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

### **2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

#### **2.1 Introduction**

At the Thirty-Seventh Annual General Meeting ("AGM") held on 30 May 2019, Advanced Packaging Technology (M) Bhd ("APT or the Company") obtained shareholders' approval for the purchase of up to a maximum of ten percent (10%) of the issued and paid up share capital of the Company on Bursa Securities.

This authority conferred by the shareholders will expire at the conclusion of the forthcoming Thirty-Eighth AGM of the Company.

On 13 March 2020, the Board of Directors of APT announced to Bursa Securities that APT proposed to seek shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming Thirty-Eighth AGM to allow the Directors to exercise the power of the Company to purchase its own shares up to a maximum of ten percent (10%) of the total number of issued shares of APT at any point in time through Bursa Securities ("Proposed Shareholders' Mandate for Share Buy-Back" or "Proposed Share Buy-Back").

The purpose of this statement is to provide you with information on the Proposed Share Buy-Back, and to seek approval for the ordinary resolution to be tabled under special businesses at the forthcoming Thirty-Eighth AGM of the Company.

The Proposed Shareholders' Mandate for Share Buy-Back will take effect immediately after passing of the ordinary resolution at the forthcoming Thirty-Eighth AGM and will continue in force until:-

- (a) the conclusion of the next AGM of the Company following the Thirty-Eighth AGM at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time it shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by the law to be held; or
- (c) the authority is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The Shareholders' Mandate, if obtained, would give authority to the Directors to exercise the power of the Company to purchase its own Shares in circumstances which the Directors consider would be in the interest of the Company.

## Statement Accompanying Notice of Annual General Meeting (cont'd)

### 2.2 The maximum number or percentage of share to be acquired

The Board proposes to seek a mandate from the shareholders of APT to purchase and/or hold in aggregate up to ten percent (10%) of the total number of issued shares of the Company at any point in time through Bursa Securities.

### 2.3 Funding

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of APT for the purchase of its own Shares. As at 31 December 2019, the audited retained profits of the Company amounted to RM 9,803,243.

The purchase of the Company's own Shares will be sourced wholly from internally generated funds and/or borrowings or a combination of both, of the Company. In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, the Board will ensure that the Company has sufficient financial capability to repay the bank borrowings and that the bank borrowings will not have a material impact on the cash flow of the Company.

### 3. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS

As at 1 June 2020, being the latest practicable date prior to printing of this Statement ("LPD") and assuming that APT purchases shares of up to ten percent (10%) of its total number of issued shares and that the Purchased Shares are from public shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors, Major/Substantial Shareholders and persons connected with the Directors and/or Major Shareholders are as follows:-

	No. of APT Shares held							
	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled <sup>(ii)</sup>			
<b>Directors</b>	<b>Direct</b>	<b>%<sup>(i)</sup></b>	<b>Indirect</b>	<b>%</b>	<b>Direct</b>	<b>%<sup>(ii)</sup></b>	<b>Indirect</b>	<b>%</b>
Yeo Tek Ling	12,169	0.06	-	-	12,169	0.07	-	-
Ng Choo Tim	648,297	3.39	-	-	648,297	3.51	-	-
Law Mong Yong	459	0.00 <sup>#</sup>	-	-	459	0.00 <sup>#</sup>	-	-
Dato' Haji Ghazali B. Mat Ariff	-	-	-	-	-	-	-	-
Mah Siew Seng	-	-	-	-	-	-	-	-
Datuk Ismail Bin Haji Ahmad	-	-	-	-	-	-	-	-
Pang Chong Yong	1,593,493	8.34	-	-	1,593,493	8.64	-	-
Andrew Ling Yew Chung	-	-	-	-	-	-	-	-
<b>Major / Substantial Shareholders</b>								
Brilliant Smart International Limited	1,616,262	8.46	-	-	1,616,262	8.76	-	-
Pang Chong Yong	1,593,493	8.34	-	-	1,593,493	8.64	-	-
Peter Ling Ee Kong	1,130,300	5.91	-	-	1,130,300	6.13	-	-

Notes:

# negligible

(i) Based on the existing number of issued shares of 20,504,250 (excluding 1,392,016 Treasury Shares held by the Company as at LPD

(ii) Based on the number of issued shares of 18,453,825 shares assuming the Company purchases the maximum 2,050,425 shares, representing ten per centum (10%) of its total number of issued shares of 20,504,250

## Statement Accompanying Notice of Annual General Meeting (cont'd)

### 4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

#### 4.1 Potential Advantages

The Proposed Share Buy-Back, if exercised, is expected to potentially benefit the Company and its shareholders as follows:

- (a) The Company would expect to enhance the Earning Per Share ("EPS") of the Company (in the case where the Directors resolve to cancel the Purchased Shares so purchased and/or retain the Purchased Shares as Treasury Shares and the Treasury Shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- (b) If the Purchased Shares are kept as Treasury Shares, it will give the Directors an option to sell the Purchased Shares at a higher price and therefore make a gain for the Company. In addition, the Company may utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. Alternatively, the Purchased Shares can be distributed as share dividends to shareholders; and
- (c) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

#### 4.2 Potential Disadvantages

The Proposed Share Buy-Back is expected to have cash flow implications whereby the working capital will be reduced. However, it will not have a material impact on the cash flow of the Company.

### 5. FINANCIAL EFFECTS

Based on the assumption that the Proposed Share Buy-Back is carried out in full, the effect of the Proposed Share Buy-Back on the share capital, dividend, Net Assets ("NA"), EPS and working capital of APT are as set out below:

#### (a) Share Capital

Based on the issued and paid-up share capital of APT as at LPD of RM20,504,250 comprising 20,504,250 APT Shares, a maximum of 2,050,425 APT Shares may be purchased and cancelled pursuant to the Proposed Share Buy-Back.

The Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company if all the Shares purchased are retained as Treasury Shares.

The effect of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company if all the Shares Purchased are cancelled is outlined below:

## Statement Accompanying Notice of Annual General Meeting (cont'd)

	No. of APT ordinary share	Amount (RM)
Existing issued and paid-up share capital as at LPD	20,504,250	20,504,250.00
Purchased and held as Treasury Shares as at LPD	1,392,016	1,392,016.00
If maximum number of shares are purchased pursuant to the Proposed Share Buy-Back	658,409	658,409.00
Issued and paid-up capital, if 2,050,425 Treasury Shares are cancelled	18,453,825	18,453,825.00

### (b) Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of APT as a result of the reduction in the issued and paid-up share capital of APT as described under Section 5 (a) above.

### (c) NA Per Share and EPS

The NA per share of the Company may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining Shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share unit, the resultant NA per share should increase accordingly. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company for the financial year ending 31 December 2020.

### (d) Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Company, the quantum of which depends on the purchase price(s), the number of Shares bought back and the effective funding costs thereof.

## 6. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVER AND MERGERS, 2010, AS AMENDED FROM TIME TO TIME AND ANY RE-ENACTMENT THEREOF ("CODE")

Based on the Company's issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company as at LPD, the Proposed Share Buy-Back is not expected to trigger any obligation by the substantial shareholders of the Company and/or parties acting in concert with them to undertake a mandatory offer under the Code. The effect on the shareholdings of the substantial shareholders of the Company after the implementation of the Proposed Share Buy-Back is shown in Section 3 of this Statement.

## Statement Accompanying Notice of Annual General Meeting (cont'd)

### 7. PURCHASE AND RESALE OF ITS OWN SHARES IN THE PROCEEDING 12 MONTHS

APT does not have any transaction on purchase and resale of its own shares in the preceding twelve (12) months prior to the LPD.

### 8. PRICING

- (a) APT shall purchase its own Shares or resell its treasury shares (if applicable) only on the market of Bursa Securities. The price for the purchase shall not be more than fifteen percent (15%) above the weighted average market price of APT Shares for the five (5) market days immediately preceding the date of purchase.
- (b) If the Purchased Shares are subsequently resold on Bursa Securities, the price for the resale of Treasury Shares shall:-
  - (i) not be less than the weighted average market price for APT Shares for five (5) market days immediately prior to the resale; or
  - (ii) not be more than 5% to the weighted average market price for APT Shares for five (5) market days immediately prior to the resale provided that:-
    - (aa) the resale takes place no earlier than 30 days from the date of the purchase; and
    - (bb) the resale price is not less than the cost of purchase of the Purchased Shares being resold.

### 9. SHARE PRICES

The following table sets out the monthly highest and lowest transacted prices of the Company's Shares on Bursa Securities for the last twelve (12) months from June 2019 to May 2020:

Year		Highest (RM)	Lowest (RM)
2019 -	June	1.98	1.89
	July	1.89	1.74
	August	2.25	1.75
	September	2.25	1.86
	October	2.23	1.94
	November	2.40	1.98
	December	2.30	2.06
2020 -	January	2.30	2.16
	February	2.27	2.00
	March	2.18	1.68
	April	2.10	1.80
	May	2.00	1.87

(Source: [shareinvestor.com](http://shareinvestor.com))

The last transacted price per share unit of the Company on 19 June 2020, was RM1.93.

## Statement Accompanying Notice of Annual General Meeting (cont'd)

### 10. TREATMENT OF SHARES PURCHASED

In accordance with Section 127 of the Act, the Company is allowed to deal with the Purchased APT Shares in the following manner:-

- (a) to cancel the Purchased APT Shares; or
- (b) to retain the Purchased APT Shares as Treasury Shares, for distribution as share dividends to the shareholders, resell on the Bursa Securities, transfer for the purpose of or under an employees' share scheme, transfer as purchase consideration, cancel the Purchased APT Shares; transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe;
- (c) to retain part of the Purchased APT Shares as Treasury Shares and cancel the remainder; or
- (d) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

The decision as whether to retain the Purchased APT Shares as Treasury Shares, or to cancel the Shares purchased or a combination of both, will be made by the Board of APT at the appropriate time.

### 11. PUBLIC SHAREHOLDING SPREAD

As at 31 December 2019, the public shareholding spread of the Company was 61.54%. Assuming that the Proposed Share Buy-Back is carried out in full and the Shares so purchased are from the public shareholders, the public shareholding of the Company would be reduced to approximately 60.17%.

### 12. DIRECTORS' RECOMMENDATION

The Board of Directors, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and therefore recommends for the shareholders to vote in favour of the ordinary resolution no. 12 on the Proposed Shareholders' Mandate for Share Buy-Back at the forthcoming Thirty-Eighth AGM of the Company.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of APT and they collectively and individually accept full responsibility for the accuracy and correctness of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

### 14. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company during normal office hours on any business day falling from the date of this Statement and up to the time set for convening the Thirty-Eighth AGM:

- (a) Constitution of APT; and
- (b) Statutory Financial Statements of APT for the past two years ended 31 December 2018 and 31 December 2019.

This Statement was approved by the Board on 19 June 2020.

# Corporate Information

## BOARD OF DIRECTORS

Datuk Ismail bin Haji Ahmad (Chairman)  
Yeo Tek Ling (Re-designated as Managing Director on 1 January 2020)  
Dato' Haji Ghazali B. Mat Ariff  
Mah Siew Seng  
Ng Choo Tim  
Law Mong Yong  
Pang Chong Yong (Appointed on 16 June 2020)  
Andrew Ling Yew Chung (Appointed on 18 June 2020)  
Tjin Kiat @ Tan Cheng Keat (Managing Director) (Resigned on 31 December 2019)  
Chee Chin Hung - (Resigned on 25 October 2019)

## SECRETARIES

Leong Shiak Wan  
Practicing Certificate No. 202008002757 (MAICSA 7012855)  
Zuriati Binti Yaacob  
Practicing Certificate No. 202008003191 (LS0009971)

## AUDITORS

PKF  
AF 0911  
Chartered Accountants

## AUDIT COMMITTEE

Dato' Haji Ghazali B. Mat Ariff (Chairman)  
- Senior Independent Non-Executive Director  
Datuk Ismail bin Haji Ahmad  
- Independent Non-Executive Director  
Mah Siew Seng  
- Independent Non-Executive Director

## REMUNERATION COMMITTEE

Dato' Haji Ghazali B. Mat Ariff (Chairman)  
- Senior Independent Non-Executive Director  
Mah Siew Seng  
- Independent Non-Executive Director

## NOMINATION COMMITTEE

Dato' Haji Ghazali B. Mat Ariff (Chairman)  
- Senior Independent Non-Executive Director  
Ng Choo Tim  
- Independent Non-Executive Director

## REGISTERED OFFICE

Level 12, Menara Symphony  
No. 5 Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7890 4800  
Fax: 03-7890 4650

## REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Share Registrars Sdn Bhd  
Level 11, Menara Symphony  
No.5 Jalan Prof. Khoo Kay Kim  
Seksyen 13,  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7890 4700  
Fax: 03-7890 4670

## PRINCIPAL BANKER

CIMB Bank Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

**Website : [www.advancedpack.com.my](http://www.advancedpack.com.my)**



## Directors' Profile

**DATUK ISMAIL BIN HAJI AHMAD**      **Age : 83**    **Gender : Male**

Malaysian

Chairman (Independent Non-Executive Director).

Datuk Ismail bin Haji Ahmad was appointed as the Chairman of the Company on 31 May, 2018. He was first appointed to the Board on 30 December 1998. He is currently a member of the Audit Committee.

He holds a Bachelor of Arts (Hons) degree from the University of Malaya, and a Master degree in Public Policy and Administration from the University of Wisconsin, United States of America. He has attended the Senior Management Programme conducted by the Harvard Business School.

Datuk Ismail joined the Administrative and Diplomatic Service in 1964 and had served in the Prime Minister's Department, Ministry of Home Affairs and Ministry of Primary Industries. He served as the Chief Executive Officer of the Commodities Trading Commission from 1981 to 1995. Datuk Ismail was the Chairman of Bank Muamalat Malaysia Berhad from 1999 to 2004.

He does not have any family relationship with any director and/or major shareholder of the Company. There is no conflict of interest between him and the Company. He has not been convicted of any offence within the past ten years.

He does not hold any shares in the Company.

**YEOTEK LING**      **Age : 61**    **Gender : Male**

Malaysian

Managing Director (Non-Independent Executive Director)

Mr. Yeo Tek Ling, was appointed as the Managing Director of the Company on 01 January, 2020. He is now the principal officer of the Company and is responsible for the overall management of the Company's business and operations.

He was appointed to the Board on 6 January 1994 and assumed the position of Finance Director in January 1996. He first joined the Company in October 1985 as an Accountant and subsequently became the Finance & Administration Manager and Corporate Planner.

He was attached to Associated Pan Malaysia Cement Sdn Bhd as an Assistant Accountant for three years prior to joining the Company.

In his previous role as Finance Director until 31 December, 2019, Mr. Yeo was responsible to oversee the accounting and financial reporting, taxation, financial management, corporate finance, supply chain, ISO 9001 Quality Management Systems, corporate and administrative matters of the Company. He also assisted the former Managing Director from time to time in management and other operational matters. He has involved in the installation of major machineries and Good Manufacturing Practice (GMP) project. He had assisted in turning around the Company in the initial years of operations. He also assisted the Company in obtaining public listing in 1994 and the ISO 9002 certification in year 2000 as well as the subsequent upgrading to ISO 9001:2000 in 2003, ISO 9001:2008 in 2009 and ISO 9001:2015 in 2018.

## Directors' Profile (cont'd)

He is a member of the Malaysian Institute of Accountants (MIA) and the Chartered Institute of Management Accountants (CIMA), U.K. and a Chartered Global Management Accountant. He was a council member of MIA and CIMA Malaysia Division. He was also a Board Member of the Association of International Certified Professional Accountants (formed by CIMA, U.K. and the American Institute of Certified Public Accountants) for South East Asia Region. He had served previously as the Chairman of the Malaysia Country Branch Committee of CIMA during the term 2013/2014 and 2016/2017. He had also served as a member of the Professional Accountants in Business Committee of the International Federation of Accountants, New York for a period of six (6) years from 2002 to 2007.

He does not have any family relationship with any director and/or major shareholder of the Company. There is no conflict of interest between him and Company.

He does not hold directorships in any other public companies. He has no record of conviction for any offence within the past ten years. He holds 12,169 ordinary shares in the Company.

**NG CHOOTIM #            Age : 68    Gender : Male**

Malaysian

Director (Independent Non-Executive Director)

Mr Ng Choo Tim, was appointed a Board member on 29 June 1989. He is a member of the Nomination Committee.

Mr Ng was a partner of Syarikat Guan Seng for many years, a company trading in electrical products and furniture which had ceased operation.

He does not have any family relationship with any director and / or major shareholder. There is no conflict of interest between him and the Company. He does not hold directorships in any other public companies. He has not been convicted of any offences within the past ten years.

He holds 648,297 ordinary shares in the Company.

**DATO' HAJI GHAZALI B. MAT ARIFF            Age : 79    Gender : Male**

Malaysian

Director (Independent Non-Executive Director)

Dato' Haji Ghazali B. Mat Ariff is the Senior Independent Non-Executive Director of the Company. He was appointed to the Board on 23 March 1994. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

Dato' Ghazali is an Advocate and Solicitor. He qualified as a Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court of Malaya on 27 September 1979. He set up a legal firm in March 1980 which is now known as Ghazali Ariff & Partners and is currently the Senior Partner of the firm.

He worked as a legal assistant at Messrs. Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur from 1979 to 1980. Prior to that, he was a college trained teacher at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanah Bolkuah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Advanced Packaging Technology (M) Bhd, Dato' Ghazali sits on the Board of Amalgamated Industrial Steel Berhad. In September 2007, Dato' Ghazali assumed the position as Chairman of Amalgamated Industrial Steel Berhad. He also sits on the Board of several private limited companies.

## Directors' Profile (cont'd)

Dato' Ghazali is the past President of The Malay College Old Boys' Association (MCOBA). He was the Vice President of Jemaah Dato'- Dato' Perlis from 2004 to 2014. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002.

He has no conflict of interest with the Company and has not been convicted of any offence within the past ten years. He does not have any family relationship with any director and/or major shareholder of the Company.

He does not hold any shares in the Company.

**MAH SIEW SENG #            Age : 67    Gender : Male**

Malaysian

Director (Independent Non-Executive Director)

Mr. Mah Siew Seng is a Chartered Certified Accountant by profession. He was appointed to the Board on 23 March 1994. He is a member of the Audit Committee and Remuneration Committee.

He is a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He practices as a Chartered Accountant in Teluk Intan under the name of Messrs. Mah Siew Seng & Co since 1982.

Mr Mah does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He is not a director of any other public companies but sits on the Board of several private limited companies. He has not been convicted of any offence within the past ten years.

He does not hold any shares in the Company.

**LAW MONG YONG            Age : 61    Gender : Male**

Malaysian

Director (Non-Independent Non-Executive Director)

Mr Law Mong Yong was appointed a Director on 17 November, 2017. He holds a Bachelor of Applied Science (Elec & Mgm) degree from University of Melbourne, Victoria, Australia.

He has over 30 years experience in various business fields such as retailing of electrical products, sales and finance of motor vehicles, credit and leasing, general insurance, food manufacturing which includes confectionery (hard boiled candies) and canned tropical fruits, timber logging, fruit farming, plantations and swiftlet farming as well as bird nest processing. He is the treasurer of Kelantan Bird's Nest Merchants Association.

He does not have any family relationship with other directors and / or major shareholders. There is no conflict of interest between him and the Company. He does not hold directorships in any other public companies. He has not been convicted of any offences within the past ten years. He holds 459 ordinary shares in the Company.

## Directors' Profile (cont'd)

**PANG CHONG YONG #      Age : 61      Gender : Male**

Malaysian

Director (Non-Independent Non-Executive)

Mr Pang Chong Yong was appointed a Director on 16 June, 2020. He holds an IME, Mini MBA, Executive Certificate in Business Management, International Management Education, Singapore.

He has over 30 years' experience in the installation of vehicles and bus manufacturing.

He is the co-founder of Gemilang Coachwork Sdn Bhd and has been the Chief Executive Director/Managing Director of the Company since its incorporation in 1989. He is also the Chief Executive Officer of Gemilang International Limited since its listing on the Main Board of the Stock Exchange of Hong Kong in November, 2016.

He has seasoned experience in formulating corporate strategies and policies, as well as carrying out general management and day-to-day operations. Prior to the founding of Gemilang Coachwork, Mr Pang has over 10 years experience in the installation of cars accessories and provision of after-sales services.

He does not have any family relationship with other directors and / or major shareholders. There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten years.

He holds 1,593,493 ordinary shares in the Company.

**ANDREW LING YEW CHUNG #      Age : 29      Gender : Male**

Malaysian

Director (Non-Independent Non-Executive)

Mr Andrew Ling Yew Chung was appointed a Director on 18 June, 2020. He is a qualified CPA from Australia and obtained a Bachelor of Commerce – Accounting & Finance from the University of Melbourne, Australia. He was a licenced investment banker based in Hong Kong.

From 2013 to 2015, he served in audit and assurance for EY Malaysia and was engaged to a diverse range of clients including listed companies, and companies engaged in manufacturing and technology. In 2016, he worked in corporate finance with Gemilang International Limited and its principal subsidiary to assist with their corporate exercises. From 2017 to 2020, he served in corporate finance and investment banking with Alliance Capital Partners Limited in Hong Kong, where he advised and assisted with the listing and corporate exercises of various companies located in Hong Kong, Singapore and Mainland China.

He is the son of Mr Peter Ling Ee Kong who is a substantial shareholder of the Company. There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten years. He does not hold any ordinary share in the Company.

# Director standing for re-election

## Profile of Key Senior Management

### **YEO TEK LING**

**Age : 61**

**Gender : Male**

Malaysian

Managing Director (Non-Independent Executive Director)

Mr. Yeo Tek Ling, was appointed to the Board on 6 January 1994 and assumed the position of Finance Director in January 1996. He was appointed as the Managing Director of the Company on 01 January, 2020. He is now the principal officer of the Company and is responsible for the overall management of the Company's business and operations.

His personal profile is listed in the Directors' profile in this annual report.

### **TEOH EE YEONG**

**Age : 50**

**Gender : Male**

Malaysian

General Sales Manager

Mr Teoh Ee Yeong first joined the Company on 16 November, 1992 as a Sales Representative and later as Senior Sales Representative, Sales Executive, Area Sales Manager and Sales Manager. He assumed the position of Acting General Sales Manager from 01 January, 2013 to 31 December, 2019. He is the General Sales Manager effective from 01 January, 2020. He is responsible for the overall marketing and sales activities of the Company. Mr Teoh obtained a Bachelor of Arts in Business and Marketing from Oxford Brookes University in 2000.

He does not hold directorship in any public listed companies. He is the nephew of Mr Tan Cheng Keat, the former Managing Director of the Company and previously a major shareholder. He has not been convicted of any offence within the past five years.

### **SAK KON FOONG**

**Age : 63**

**Gender : Female**

Malaysian

Finance and Administration Manager

Ms Sak was appointed as the Finance and Administration Manager on 01 January, 2020 and primarily responsible for the accounting, financial reporting, costing, taxation, financial and administration matters of the Company. She first joined the Company on 01 March, 1984 as an Assistant Accountant and was promoted to Accountant on 01 January, 1988.

She is also the Lead Auditor of the Internal Quality Audit for the Company's Quality Management System on ISO 9001.

She is member of the Malaysian Institute of Accountants (MIA) and the Chartered Institute of Management Accountants (CIMA), U.K. and a Chartered Global Management Accountant.

She is not a director of any public listed companies and she has not been convicted of any offence within the past five years.

## Profile of Key Senior Management (cont'd)

### **MOHAMAD SALLEH BIN HAWARI**

**Age : 51**

**Gender : Male**

Malaysian

Acting Quality Controller

Encik Mohamad Salleh Bin Hawari has more than 10 years of relevant experience in quality control in flexible packaging materials converting industry. He obtained a Diploma in Banking Studies from ITM. He has attended training in quality control and quality management system.

He was appointed to the current position on 06 June, 2009. He first joined the Company as Trainee Assistant Quality Controller on 01 August, 2003. He is responsible for the quality control function of the Company.

He is not a director of any public listed companies. He has not been convicted of any offence within the past five years.

### **MD AINI BIN MUSTARI**

**Age : 48**

**Gender : Male**

Malaysian

Production Manager

Encik Md Aini Bin Mustari has about ten (10) years of production operations experience in flexible packaging materials converting industry. He holds a Executive Diploma in Quality Management from Universiti Teknologi Malaysia in 2007. Before he re-joined the Company as Production Manager on 18 January, 2010, he was the Quality Controller from 1998 to 2009.

He is responsible for the production operations and ensures smooth and efficient running and proper housekeeping and cleanliness of the production floor. He is the Management representative of the ISO quality management system of our company. He is not a director of any public listed companies. He has not been convicted of any offence within the past five years.

# Sustainability Statement

Advanced Packaging Technology (M) Bhd ("Company") recognises sustainability is an integral part of its business operations. The Company has always adhered to the three pillars of sustainable development, namely, economic, environmental and social considerations to ensure that our operations support sustained growth and business performance to best meet and balance the interests of our various stakeholders.

## Scope

The Company's sustainability framework is premised upon the evaluation of the economic, environmental and social ("EES") risk and opportunities in accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide.

## Sustainability Governance

The Board of Directors ("Board") is overall responsible to promote and ensure sustainability is embedded in the business operations of the Company. The implementation is headed by the Managing Director and all departmental heads are involved in the supervision of the sustainable practices and operations by developing and implementing sustainability initiatives.

The Company manages sustainability issues under the following areas:

## Material Sustainability Matters

The Company considers those sustainability matters as material when they have a significant impact on economic, environmental and social ("EES") risk and opportunities.

### 1) Economic

#### Sustainable Business Growth

As sustainability is an integral part of our way of doing business, our strategy is to ensure that there is a sustainable business growth over a longer term rather than a short term view on operations and profitability so that the interest of all stakeholders are taken care off in the long run.

In line with this practice, the Company continues to invest in new machineries, equipment and other resources to remain cost competitive and efficient in its business operations as well as producing quality products to meet customers' stringent requirements. We strive to work harder on people management to train and groom talent and optimise work strength across all operations.

#### Good Corporate Governance and Business Practices

It is the intention of the Company to operate its business with sound practices and good corporate governance to ensure that the Company is a responsible and reliable one in order to sustain its operation and benefit all stakeholders.

The Company views the compliance of laws, rules and regulations are equally important. It believes these are part of the important elements of a sustainable business operation in the long term.

#### Product Quality

The Company works closely with major customers and suppliers for better partnership in order to achieve better value which is beneficial to both organisations in the long run. Product quality is critical to our Company's performance and reputation. As such, the Company's Quality Management System is certified to ISO 9001:2015 standard. This helps to manage our products in meeting customers' quality specifications and satisfy their requirements.

Various measures were implemented in checking the product quality during processing and post processing. Data and results were recorded for performance evaluation and analysis as well as for problems solving and future reference.

#### Customer satisfaction

We place our customers and their interest at the heart of our business. As customers are important to the success of the Company, regular evaluation of customer satisfaction through a half yearly survey was carried out and the results have shown an average of high score of overall customer satisfaction across product quality, reliability, delivery, service, pricing and responsiveness.

Continuous improvement to further satisfy customers' requirements is always in the agenda of the Company.

#### Supply Chain Management

We practise and promote a fair and transparent supply chain management through supplier evaluation and selection, price competitiveness comparison and supplier performance review. This has enabled us to procure quality products and services at competitive prices. As such, raw materials used in manufacturing will only be sourced from approved suppliers to ensure consistency of quality of supplies and prompt delivery.

Supplier performance review was carried out regularly based on performance data collected for a period of time with certain criteria. The results shown over 80% of the suppliers have performed satisfactorily.

The Company endeavours to contribute to the local economy by way of supporting procurement of products and services from local companies whenever possible.



## Sustainability Statement (cont'd)

### 2) Environment

As environment has been a core issue to the world, the Company has taken environmental matters as part of its good business practices towards sustainability in preserving the environment in which it operates. Below are some of the key areas that the Company has taken steps to minimise the impact to the environment.

#### Compliance

The Company has always committed to comply with legal and regulatory requirements of the relevant authorities such as Malaysian Department of Environment (“DOE”) which governs plant and factory operations and maintenance in areas relating to environment and emission standards, fuel usage, noise level and treatment of plant discharge, effluents and waste water.

#### Management of Manufacturing Waste

Since the Company is involved in manufacturing and waste is a normal norm and inevitable in any manufacturing process. However, the Company has always strived to minimise the waste level by setting target and close monitoring of its achievement. Sectional wastage level of each manufacturing process was set on yearly basis, data recorded and compiled and compared monthly for close monitoring. Some sections performed within target while certain sections were not able to achieve the set target. More efforts for improvement in minimising manufacturing waste are being taken on a continuing basis.

Solid wastes are segregated into various categories for disposal to recycling companies or collected by waste disposal companies as approved by the relevant authority. Scheduled wastes of chemical nature are collected by DOE approved company for safe disposal.

#### Conservation of Energy

Better and more efficient machineries/equipment were used with proper scheduling as a way to better use of energy resources. Energy efficient air conditioners and lighting bulbs were installed to replace the old units which consumed higher energy. Lighting and air conditioning were switched off whenever not in used.

### 3) Social

The Directors believed that the Company is socially responsible to strike a balance between profitability and its social obligations. Therefore, the Company will continue to operate with care and as a responsible corporate citizen in discharging its social sustainability efforts.

#### Human Resources

Employees are the key assets and one of the pillars of success of the Company. As its success is the result of the employees' collective efforts and hard work at the workplace, the Company strives to balance between responsibility, performance and reward to its employees.

The Company has complied with local labour laws and regulations and implemented the minimum wages policy of the government. The terms and conditions of employment are the same for all employees in the same category without any form of discrimination as the Company believes in human rights and equal opportunities for all employees. Workplace diversity in terms of age, gender and ethnicity is being embraced by the Company for inclusiveness.

The Company recognises the importance of its employees as one of the most valuable and important asset of the Company, pro-active action has been taken by the Company in ensuring continuous human capital development by making available training and career advancement opportunities.

The Company also acknowledges that continuous training and human capital development will better equip its employees in the workplace and produce better performance results for the Company. As such, both external and in-house training programmes were provided or conducted on a regular basis to enhance the skill and knowledge as well as job performance of its employees. Targets were set for training for new employees and other employees on a yearly basis.

The Company also ensures that its employees are adequately provided for with medical benefits and insurance coverage together with a competitive remuneration. Dinner / trip were organized from time to time for the employees as part of the benefits.

#### Occupational Health and Safety Management

The Company is committed to comply with the relevant laws and regulations as laid down by the Department of Occupational Health and Safety (“DOSH”). This is to ensure safety and health issues in the workplace are not compromised.

It has a Safety and Health Committee to oversee the safety and occupational health issues in the workplace. Protective gears were given to its factory and production staff/workers for better protection. Preventive measures such as safety briefing and fire drills were conducted on site to enable the employees to better understand certain safety issues and to react quickly in time of emergency.

No major industrial accident has happened so far except minor injuries have happened but the number of incident is low.

This statement was approved by the Board on 10 June 2020.

# Corporate Governance Overview Statement

The Board of Directors (“the Board”) of Advanced Packaging Technology (M) Bhd acknowledges the importance of having a good corporate governance framework in conducting the business and affairs of the Company in order to enhance shareholders’ value and the financial performance of the Company while taking into account the interest of other stakeholders. In order to achieve the above objectives, a proper and practical framework for governance and controls has been established and implemented by the Company that are in line with the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance issued by the Securities Commission on 26 April, 2017 (“the Code”).

Pursuant to Paragraph 15.25 of the Listing requirements of Bursa Malaysia Securities Berhad, the statement below outlines the manner in which the Company has applied the principles and the extent of its compliance of the Code for the financial year ended 31 December 2019.

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. BOARD RESPONSIBILITIES**

#### **1.1 Role and Responsibilities of the Board**

The Board’s principal roles and responsibilities are establishing goals, setting strategic direction and overseeing investments and conduct of the Company’s business, business and financial performance as well as risk management and integrity of internal control. It provides leadership, strategic direction and advice to the Company and guides the Company in achieving its objectives and addressing succession planning, sustainability, stakeholder interests and corporate communications.

The Board of Directors has established clear roles and responsibilities in discharging its fiduciary duties and leadership functions. The Directors are fully aware of the dual role of leadership and control for it to be effective. They are also conscious of the need to practising good corporate governance in the discharge of their stewardship responsibilities to protect the various stakeholders’ interest and the Company’s assets and to enhance the Company’s performance.

The Board is supported by various Board Committees to carry out its oversight of management to ensure appropriate checks and balances are in place and carrying out performance review. The Chairman of the Board and Board Committees are assisted by Management and the Company Secretary in undertaking their responsibility of organising and ensuring that notices of meetings, agenda papers and other relevant information are supplied on a timely basis and tabled for the Board and Board Committees to function effectively.

#### **1.2 Chairman**

The Chairman of the Company is an Independent and Non-Executive Director and he is primarily responsible for providing leadership to the Board and ensures its effectiveness in discharging its duties and responsibilities. He is also responsible for instilling good corporate governance practice.

#### **1.3 Chairman and CEO**

The positions of Chairman and CEO are held by two separate individuals and their roles and responsibilities as the Non-Executive Chairman and the Managing Director are clearly divided to ensure a balance of power and authority.

The Chairman provides leadership to the Board and monitors its effectiveness while the Managing Director manages the overall business operation.

#### **1.4 Company Secretary**

The Board is supported by the two Company Secretaries who are well qualified with the relevant qualification and they have the required experience and are competent to discharge their duties and responsibilities.

## Corporate Governance Overview Statement (cont'd)

They are responsible for all the secretarial function of the Company and provide the Board with the relevant governance advice from time to time and ensure adherence to rules and procedures.

### 1.5 Information and Meeting Papers

All relevant agenda, Board papers and reports for each meeting are circulated to Directors in advance of the meeting. When requested by the Board or Board Committees, additional information is promptly supplied to enable them to effectively discharge their responsibilities. Minutes of the meeting are circulated subsequently before the next meeting.

### 1.6 Directors' Training

The Board acknowledges that appropriate training programmes for the Directors will keep them abreast with developments in market place as well as increase their knowledge and understanding of recent developments in laws, regulations and business practices.

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) as required by the Bursa Malaysia Securities Berhad. The Directors have also attended various accredited programmes under the Continuous Education Programme (CEP) conducted by various course/training providers and met the prescribed CEP requirements.

The Company Secretary has from time to time updated the Directors on the Company Laws, the Code and the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to disclosure and other obligations.

Apart from the above, other training programmes, seminars, workshops attended by some of the Directors individually are as follows:

Dato' Haji Ghazali B. Mat Ariff

- 1) 08 November, 2019 – Audit Oversight Board Conversation with Audit Committee by Audit Oversight Board;
- 2) 20 November, 2019 – Housing Conference 2019 (Making Affordability the new Norm) organized by REHDA Institute.

Mr. Mah Siew Seng

- 1) 17-18 August, 2019 – Macro View and Implementing ISQC1 organized by Malaysian Institute of Accountants (MIA);
- 2) 05 November, 2019- 2020 Budget Seminar organized by MIA.

Mr. Yeo Tek Ling

- 1) 17 April, 2019 - Roundtable on MIA-ACCA Business & Economics Outlook Report 2019 organized by Malaysian Institute of Accountants (MIA)/ACCA;
- 2) 27 June, 2019 - Cyber Security in the Boardroom organized by Bursa Malaysia/Deloitte;
- 3) 23 August, 2019 – The Convergence of Digitisation and Sustainability organized by Bursa Malaysia/ Institute of Corporate Directors Malaysia (ICDM);
- 4) 11 September, 2019 – MIA's Directors' Dialogue with Jonathan Labrey on Integrated Reporting organized by Bursa Malaysia/ MIA;
- 5) 23 September, 2019 – Sustainability Inspired Innovations: Enablers of the 21st Century organized by Bursa Malaysia / ICDM;
- 6) 31 October, 2019 – Session on Corporate Governance and Anti-Corruption organized by Bursa Malaysia/Securities Commission;
- 7) 05 November, 2019 – Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 organised by Bursa Malaysia;
- 8) 21 November, 2019 – MIA's CFO Circle Luncheon Talk – Having Adequate Procedure - How Adequate is Actually Adequate? organized by MIA.

## Corporate Governance Overview Statement (cont'd)

### 2.1 Board Charter

The Board Charter which outlines the roles, responsibilities and functions of the Board was published on the Company's website at [www.advancedpack.com.my](http://www.advancedpack.com.my). The Board Charter is a source reference to ensure that all Board members are aware of their duties and responsibilities as Director. The Board charter is reviewed as and when necessary to do so.

### 3.1 Code of Conduct and Ethics

The Board is committed to maintain a corporate culture with good ethical conduct. The Directors have always been mindful of conducting themselves in an ethical manner when discharging their duties and responsibilities and complied with the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and published at its website at [www.ssm.com.my/code-ethics-company-directors](http://www.ssm.com.my/code-ethics-company-directors).

### 3.2 Whistle-blowing

A whistle-blowing policy has been implemented and is available for stakeholder's viewing / further action on the Company's website at [advancedpack.com.my](http://advancedpack.com.my). The Board views the current control procedures in addition to the whistle-blowing policy are adequate for its operation for the time being.

## II BOARD COMPOSITION

### 4.1 Independent Directors

The Board has six members with one Executive Director and five Non-Executive Directors currently, of whom four are Independent and its composition is in compliance with paragraph 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least one third of the Board to comprise of independent directors.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Dato' Haji Ghazali B. Mat Ariff was appointed on 28 May 2002 as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

### 4.2 Tenure of Independent Directors

The Board recognises the importance of independence and objectivity in the decision making process by the independent directors. They expressed their views and opinions freely on subject matter without constraint. The Board through the Nomination Committee has assessed the independent directors annually and is of the opinion that all the four Independent Directors continue to demonstrate conduct and behavior that are essential indicators of independence.

Three out of the four Independent Directors who have served more than twelve years are Dato' Haji Ghazali B. Mat Ariff, Mr. Mah Siew Seng, and Mr Ng Choo Tim. As such, the Board would seek shareholders' approval in the coming Annual General Meeting through a 2-tier voting process to retain the three Independent Directors that have served more than twelve years.

### 4.3 Policy on Tenure of Independent Directors

There is no policy currently to limit the tenure of Independent Directors by the Board in view of the fact that the current Independent Directors have demonstrated their independency in discharging their duties and responsibilities.

## Corporate Governance Overview Statement (cont'd)

### 4.4 Appointment of Board Members and Senior Management

The Board is mindful of the need to be objective in the proper selection of new Director that qualification, experience and skill, age and gender are the key factors to consider.

Board members possess a diverse mix of skills and experience in either business or professional practices and this is crucial to the proper running of the Company. The executive directors' knowledge of the business operation is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations.

### 4.5 Policy on Gender Diversity

There is no official policy currently in regards to gender diversity for appointment of Director. The Nomination Committee and the Board had deliberated before and concluded that the selection of candidate for directorship of the Company should preferably be based on capability and experience of a person instead of just on gender.

However, the Board is receptive to the appointment of suitably qualified women Director when there is a vacancy.

### 4.6 Candidates for Appointment of Director

The Board has taken a serious view of the diverse channels that could be used to identify suitably qualified candidates for appointment as future Director when the need arises.

### 4.7 Chairman of Nomination Committee

The Nomination Committee is currently chaired by the Senior Independent Director, Dato' Haji Ghazali B. Mat Ariff. He leads the discussion on the appointment of new Directors and evaluation of Board Committees and Directors.

#### 4.7.1 Nomination Committee

The Nomination Committee was established on 27 February 2002 by the Board and it currently comprises of two independent non-executive directors as below:-

- (i) Dato' Haji Ghazali B. Mat Ariff (Chairman) (Senior independent non-executive director); and
- (ii) Mr Ng Choo Tim (independent non-executive director).

The terms of reference of the Nomination Committee are:-

#### 1. Constitution

The Nomination Committee shall be appointed by the Board of Directors from amongst its members and composed exclusively of non-executive directors, a majority of whom are independent. The Chairman of the Nomination Committee should be the Senior Independent Director identified by the Board.

## Corporate Governance Overview Statement (cont'd)

### 2. Frequency of meeting

The Nomination Committee shall meet at least once a year to carry out the duties and responsibilities in item (3) as stated below. The Nomination Committee shall meet at least once a year to assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director. The quorum for a meeting shall be two members.

In the absence of the Chairman of the Nomination Committee, members present shall elect a Chairman for the meeting.

### 3. Duties and Responsibilities

The Nomination Committee shall be responsible for the following:-

- (a) Propose new nominees for the board;
- (b) Make appropriate recommendations to the Board on matters of renewal or extension of directors' appointment and reappointment of retiring directors;
- (c) Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within bounds of practicability, by any other senior executive or any director or shareholder;
- (d) Recommend to the Board, directors to fill the seats on Board committees;
- (e) Assess directors on an ongoing basis;
- (f) Review annually and assess performance of non-executive directors on annual basis; based on skills, experience and core competencies which non-executive directors should bring to the board and submit its recommendations to the board;
- (g) Carry out a process implemented by the board on an annual basis for assessing the effectiveness of the board as a whole, the committees of the board and for assessing the contribution of each individual director.
- (h) Review annually the term of office and performance of audit committee members to determine whether such audit committee has carried out their duties in accordance with their terms of reference.

The terms of reference of the Nomination Committee are also available at the Company's website at [www.advancedpack.com.my](http://www.advancedpack.com.my).

## 5.1 Annual Assessment

The Nomination Committee reviews annually the effectiveness of the Board and Board Committee as well as the performance of individual Directors.

The process of evaluation involve individual Directors and Board Committee members completing a set of separate questionnaires regarding the processes of the Board and its Committees and their effectiveness base on the criteria guided by the Corporate Governance Guide – Towards Boardroom Excellence. A peer and self-review assessment will also be carried out where Directors will assess their own performance and that of their fellow Directors.

The results will then be summarised and presented to the Nomination Committee for discussion, review and decision taken will be recorded and the Chairman will report the same to the Board at the next Board Meeting.

## Corporate Governance Overview Statement (cont'd)

### III REMUNERATION

#### 6.1 Policy on Remuneration

There is no written policy on remuneration currently. However, factors or guidelines that have been taken into account by the Remuneration Committee in its meeting to determine remuneration of Directors and senior management are qualification, skill and experience, performance of the individual and the Company as well as the responsibility of each individual.

Remuneration package of the executive directors was reviewed by the Remuneration Committee annually in their meeting taking into account the responsibilities and performance of each Executive Director and recommends to the Board of Directors for approval. It is then decided by the Board without the executive directors' participation in determining their own remuneration. The Board links the remuneration of executive directors to corporate and individual performance and that of the non-executive directors be reflective of their expertise and level of responsibilities. Directors' Fees were only paid upon approval by shareholders at the Company's annual general meeting based on the recommendation of the Board. Any changes in Directors' Fees are highlighted in the notice calling for the annual general meeting.

#### 6.2 Remuneration Committee

The Remuneration Committee was set up on 27 February 2002 and it currently has two independent non-executive directors.

It is responsible for recommending to the Board the remuneration of the non-executive directors and executive directors in all its forms, and where necessary, draws advice from outside.

Members of the Remuneration Committee are :-

- (i) Dato' Haji Ghazali B. Mat Ariff (Chairman, Senior independent non-executive director); and
- (ii) Mr Mah Siew Seng (independent non-executive director).

The Remuneration Committee met once with full attendance during the year to discuss and review the remuneration policy and remuneration of the Directors and recommended to the Board for further action and decision.

The terms of reference of the Remuneration Committee are available at the Company's website at [www.advancedpack.com.my](http://www.advancedpack.com.my).

#### 7.1 Directors' Remuneration

In view of the confidentiality and sensitivity of the disclosures, details of individual director's remuneration are not disclosed herewith. However, set out below are the details of the Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2019, distinguishing between Executive and Non-Executive Directors of the Company. Please note that the remuneration of the former Managing Director is included here.



## Corporate Governance Overview Statement (cont'd)

Category of Remuneration	Executive Director	Non-Executive Director
	(RM)	(RM)
Salary	471,240.00	-
Fees	60,000.00	175,000.00
Bonus	-	-
Benefits-in-kind	18,625.00	-
EPF & Socso	104,964.00	-
Others	18,000.00	-
Meeting allowances	11,000.00	51,700.00
Total	683,829.00	226,700.00
Band of Remuneration (RM)	Executive Director	Non-Executive Director
Below 50,000	-	6
50,001 to 100,000	-	-
100,001 to 150,000	-	-
150,001 to 200,000	-	-
200,001 to 250,000	-	-
250,001 to 300,000	1	-
300,001 to 350,000	-	-
350,001 to 400,000	-	-
400,001 to 450,000	1	-
450,001 to 500,000	-	-
500,001 to 550,000	-	-

### 7.2 Remuneration of Senior Management

There is no disclosure for the remuneration of the top 5 senior management personnel mainly due to the confidentiality and sensitivity of the issue which may cause disunity among the management team and affect working morale.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I Audit Committee

The Audit Committee was set up on 23 March 1994 and its terms of reference established and subsequently revised to be in line with the revamped Bursa Malaysia Securities Berhad listing requirements and the Malaysian Code on Corporate Governance. It comprises of three independent non-executive directors.

Details of its key functions, roles & responsibilities, composition and other relevant information and activities are set out in the Audit Committee Report.

## Corporate Governance Overview Statement (cont'd)

The terms of reference of the Audit Committee are available at the Company's website at [www.advancedpack.com.my](http://www.advancedpack.com.my).

### 8.1 Chairman of Audit Committee

The Chairman of the Audit Committee and the Board are held by different individuals in compliance to good governance practice.

### 8.2 Former Audit Partner

The Audit Committee has a written policy that requires a former audit partner to observe a cooling-off period of at least 2 years before being appointed as Audit Committee member. The Company has never appointed any former audit partner to the Board.

### 8.3 Assessment of Auditors

The Audit Committee has a formal written policy and has deliberated and assessed on the issues of suitability, objectivity, competency and independence of external auditors during its meeting.

### 8.4 Independence of Audit Committee

All the three members of the Audit Committee are Independent Non-Executive Directors.

### 8.5 Diversity of Skill and Experience

The Audit Committee Members have different qualification, expertise and experience. One is a qualified lawyer, another one is a qualified professional accountant/auditor and the third one is an ex-senior government officer and turned corporate director. They also have working knowledge on the business operations of the Company.

As such, they possess the wide range of necessary skills and experience to discharge their duties and responsibilities as Audit Committee Members. As a qualified professional accountant, Mr Mah Siew Seng possesses accounting and financial knowledge to provide satisfactory input on financial matters during meetings.

## II Risk Management and Internal Control Framework

Risk management is considered by the Board as an integral part of the business operations of the Company and it was embedded in the various systems of control. The Board is committed to uphold/support and enhance on continuous basis a strong control structure and environment for the proper conduct of the business to ensure risk is within tolerance level. The management which is led by the Managing Director has been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Company for the Board's consideration, formulate action plans, implement appropriate internal control system and ensure compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

The Company has appointed an independent consulting firm to conduct a review to update the risk profile of the Company and to assess whether there are any significant changes to the key risks identified previously and proposed an appropriate internal audit scope of review to assess the effectiveness of controls in managing risks. The consulting firm was again engaged in 2019 to carry out another round of review. The Board had considered and accepted the review and the updated risk profile of the Company. The management has since followed up with the updates and reviews.

## Corporate Governance Overview Statement (cont'd)

### 9.1 Effective Risk Management and Internal Control Framework

The Directors recognise the importance of maintaining a sound system of internal control including financial, operational and compliance controls and risk management to safeguard shareholders' investment and the Company's assets.

The internal control system is to identify and manage any risks that the Company may encounter in the pursuit of its business objectives. The Company is aware of the importance of ongoing monitoring processes and control activities to identify and rectify operational deficiencies and to detect and prevent actual or suspected fraud, and other irregularities and improprieties.

### 9.2 Features of Risk Management Framework

The features of the risk Management and internal control framework are disclosed in the Statement on Risk Management and Internal Control as set out in this Annual Report.

### 9.3 Risk Management Committee

The Board has yet to establish a Risk Management Committee. In the meantime the Board assumes direct responsibility over risk management matters.

### 10.1 Internal Audit Function

The Company's internal audit function was outsourced to Wensen Consulting Asia (M) Sdn Bhd during the year at a cost of RM 15,000.00 to review certain functional areas to ensure best practices are adopted in internal control by the Company.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This approach assists the Board /Audit Committee in obtaining assurance of a regular review and appraisal of the adequacy, integrity and effectiveness of the system of internal control. In view of the limitations inherent in any internal control system, it can only provide reasonable but not absolute assurance against material misstatement, fraud, loss or breaches of laws.

### 10.2 Details on Internal Audit Personnel

The Company outsourced its internal audit function to an independent firm, Wensen Consulting Asia (M) Sdn Bhd which is in the related professional practice whose staff are professionally qualified. The internal auditors are free from any relationships or conflict of interest which could impair their professional judgement.

The internal auditors adopt a risk-based approach and framework and prepare the audit strategy and plan based on the risk profiles of the business operations.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication with Stakeholders

Communication and engagement with stakeholders are increasingly more important in building trust and understanding between the Company and its stakeholders.

### 11.1 Effective Communication

The timely release of announcement, quarterly and annual financial results, annual reports, circulars and notices of meetings provides shareholders with regular and updated information of the Company. This is an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information.

## Corporate Governance Overview Statement (cont'd)

Shareholders and members of the public can obtain online information in respect of the full Annual Report, financial statements and announcements from both the websites of Bursa Malaysia Securities Berhad and the Company.

The Company's website at [www.advancedpack.com.my](http://www.advancedpack.com.my) also provides more information to the public for better understanding of the Company and its business. The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

At the Annual General Meeting (AGM), the Directors present the progress and performance of the Company and shareholders are encouraged and given the opportunity to participate in asking relevant questions pertaining to the Company and its business.

AGM is also the platform that will enable shareholders to gain better insights of the Company's business and operations as well as its future prospect.

### 11.2 Integrated Reporting

The Company has no intention to adopt integrated reporting currently. It may consider in doing so in the future.

## II. Conduct of General Meeting

General Meeting serves as a platform for important engagement with shareholders by the Board and senior management to provide insights of the business operations besides fulfilling governance requirements.

### 12.1 Notice for Annual General Meeting

A 28-day notice to shareholders for Annual General Meeting is given prior to meeting so as to give sufficient time for shareholders to consider the resolutions.

### 12.2 Attendance at Annual General Meeting

All Directors are expected to attend the current year Annual General Meeting as they have usually attended all the past Annual General Meetings.

In line with the recommendation from the Code, the Chair of Audit Committee, Nomination Committee and other committees will provide direct response to questions addressed to them.

### 12.3 Leverage on Technology in Annual General Meeting

The Company may not require to leverage on technology to facilitate the Annual General Meeting as it has a relatively small number of shareholders.

## Corporate Governance Report

The Corporate Governance Report can be viewed or downloaded at [www.advancedpack.com.my](http://www.advancedpack.com.my)

This Statement was approved by the Board on 10 June 2020.

## Other Information

### Status of Utilisation of Proceeds

The Company did not implement any corporate proposal for the raising of funds during the financial year.

### Audit and Non-Audit Fees

The amount of Audit and non-audit fees paid or payable by the Company to its Auditors, PKF and its affiliated company for the financial year ended 31 December 2019 are as follows:-

Audit fees to PKF	:	Statutory audit : RM35,000.00
Non- audit fees to PKF	:	RM7,000.00 for reviewing Statement on Risk Management and Internal Control

Non-audit fees to the affiliated company of PKF: RM7,950.00 for taxation services.

### Material Contracts

There were no material contracts entered into by the Company and its directors and major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year.

### Recurrent Related Party Transaction of a Revenue or Trading Nature

There were no recurrent related party transactions of a revenue or trading nature which require shareholders' mandate during the financial year.

### Employee's Share Option Scheme (ESOS)

The Company has not implemented any share option scheme for its employees.

### Accounts

Statutory declaration in relation to the Accounts has been signed by a person who fulfils the requirements of paragraph 9.27 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

# Statement on Risk Management and Internal Control

## Introduction

The following Statement on Risk Management and Internal Control outlines the nature and scope of risk management and internal control of the Company pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements which requires the directors of public listed companies to include a statement in the annual report on the state of risk management and internal control.

The Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd. ("APT") is committed and acknowledges its overall responsibility to maintain the Company's system of risk management and internal control as well as for reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments and the Company's assets.

## Responsibility

The Board is responsible to maintain an effective system of risk management and internal control to safeguard shareholders' investment and the Company's assets. As such, it has the responsibility for the Company's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity through ongoing monitoring.

The control systems established in the Company are designed to manage the Company's key risks at an acceptable level rather than eliminate all risks facing its business. Therefore, such controls can only provide reasonable and not absolute assurance against material misstatement, fraud, loss or breaches of laws or regulations in view of the limitations inherent in any system of internal control. The Board is assisted by the management in implementing and constantly reviewing the appropriate controls to mitigate and manage risks.

A summary of the key features of the risk management framework and internal controls of the Company are as follows:-

## Risk Management

Risk management is considered as an integral part in managing the Company's business operations and it is embedded in various systems of control. The Board is committed to uphold/support and enhance on a continuous basis a strong control structure and environment for the proper business conduct.

Management is led by the Managing Director who is tasked and is responsible for creating a risk awareness culture within the organisation with a view to mitigate risks that may impede the achievement of the Company's goals. The management has also been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Company for the Board's consideration, formulate action plans, implement appropriate internal controls and ensure compliance with applicable laws, regulations, standards and guidelines and in implementing policies adopted by the Board.

The Managing Director and all heads of department are involved in the identification and management of significant risks. The deliberations on risks and related mitigating measures are carried out at regular meetings or with the relevant personnel and reported to the Managing Director for further action and who then reports directly to the Board on matters of significance.

The Company had previously appointed an independent consulting firm to carry out a risk assessment exercise. The objectives of the risk management exercise were:

- To establish a structured risk assessment activity for the Company;
- To facilitate the deployment of a systematic and consistent method for the identification of significant business risks and responsibilities for managing these risks; and
- To facilitate an objective assessment of key controls to manage identified risks.

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

Another independent consulting firm was subsequently appointed to conduct a review to update the risk profile of the Company and to assess whether there were any significant changes to the key risks identified previously and proposed an appropriate internal audit scope to review and assess the effectiveness of controls in managing risks.

The independent consulting firm had first conducted the exercise with management to address the risk identification, risk assessment and risk reporting of the Company. Key risks that were identified and assessed include investment, customer management, credit, foreign exchange, product costing, raw materials, critical equipment, production, quality, inventory management, manpower, financial reporting, non-certification, environmental and document security risks. The same independent consulting firm was engaged again in 2017, 2018 and 2019 to review on risk management process and framework as well as risk profile and key risks of the Company. The Board has considered and accepted the results of the review and the updated risk profile, parameters and ratings of the Company.

Risk monitoring is carried out by management on an ongoing basis to ensure that appropriate controls are in place and mitigation plans are implemented.

### **Internal Control Structure**

The Company maintains an established internal control structure and there is a clearly defined operating structure with appropriate lines of authority to assist the Board to maintain a proper control environment. The Board is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Company's business operations and to safeguard the Company's assets and shareholders' investment.

### **Organisational Structure**

There is a proper organisation structure in the Company with appropriate authority, responsibility and job specification for employees to ensure proper reporting and smooth running of the Company's business.

The Board comprises a mix of independent and non-independent directors. The Board is assisted by various committees such as the Audit Committee, Nomination Committee, and Remuneration Committee in performing its oversight function. With proper delegation of responsibilities and authorities by the Board, these board committees have their own formal terms of reference to effectively discharge their respective duties.

### **Policies and Procedures**

The Company has put in place policies and procedures to enable the management to ensure effective and efficient operational and financial processes and compliance with the system of internal control, and applicable laws and regulations with best efforts.

### **Audit Committee**

There is an Audit Committee which comprises members who are all independent non-executive directors. This committee provides direction and oversight over the internal audit function, which is an independent function of the Company.

The Audit Committee reviews the audit plan and findings as well as management's responses. It also reviews the quarterly reports and annual financial statements and auditors' report before submission to the Board for approval for public release.



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

### Internal Audit Function

A consulting firm has been engaged by the Company to undertake the internal audit function of the Company on an annual basis and it reports directly to the Audit Committee. The consulting firm assists the Audit Committee and the Board in formulating an internal audit plan and to provide an independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system, in anticipating potential risk exposures over key business processes.

The internal audit function adopts a risk-based approach in the design of audit strategy and plan based on the risk profile of the business. As such, it provides the Board with the independent assurance and assistance it requires in reviewing the adequacy and integrity of internal controls and the implementation of appropriate systems in order to manage these risks that may have an impact on the key operations of the Company.

Periodic review of the internal controls was carried out by the external consulting firm on various key functional areas of the Company's operations, as approved by the Audit Committee. Reports on findings and recommendations are then submitted directly to the Audit Committee, and by extension, the Board of Directors. The management will take the necessary corrective actions on reported weaknesses as recommended by the internal audit function within an agreed time frame. The Audit Committee will in turn review with management the internal audit report and management's responses. Progress of corrective actions is monitored through follow-up audits.

The Company paid a sum of RM15,000.00 for internal audit services in 2019.

### External Audit In the course of conducting the annual statutory audit

The external auditors in the course of conducting the annual statutory audit will highlight significant audit areas arising from their audit, including deficiencies in internal control that require the Audit Committee's attention. At least once a year, the Audit Committee meets the external auditors without the presence of Executive Directors and management.

### Quality Assurance System

The Company has established a Quality Management System which is in compliance with ISO 9001 requirements as an integral part of the overall system of internal controls in monitoring the quality of the Company's core business of manufacturing of flexible packaging materials and blown film.

The management is committed to continuously carry out the necessary steps to improve and monitor the Company's Quality Management System with a view to enhance it in accordance with the requirements of the latest ISO 9001 standard. The Company has been certified to the latest standard, ISO 9001:2015 in August 2018.

### Operational Meeting

Operational meetings were held regularly to identify, discuss and resolve issues pertaining to sales, production and product quality, machineries maintenance and human resources at the factory. These meetings are a platform to communicate expectations and inform staff on the latest developments within the various areas of operations.

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

### **Budget and Financial Reporting**

Annual budget was prepared, processed by management and approved by the Board. The management is responsible to monitor its achievement. Management information, which includes costing reports and management accounts with detailed analysis, are prepared and reported to the top management on a monthly basis.

In addition, the quarterly results and annual financial statements, subsequently audited by the external auditors, are reviewed by the Audit Committee and approved by the Board on a quarterly and annual basis respectively before public release via Bursa Malaysia.

### **Human Capital / Training**

Human capital is considered as a very important asset of the company, therefore, enhancement and improvement of employee competencies and proficiencies are carried out through continuous training and development.

A combination of on-the-job training and internal and external training courses are arranged for employees who are required to be trained in their respective areas to perform better and to enable them to competently discharge their duties.

### **Conclusion by the Board**

Verbal assurance was given by the Managing Director to the Board that the Company's risk management and internal control systems are operating at an acceptable level in the current operating environment.

The Board has reviewed the Company's risk management and internal control systems with the assistance of Audit Committee, Internal Auditors and management, and is of the opinion that the system of risk management and internal control is adequate for the Company's current operations. There was no material loss incurred during the financial year under review as a result of significant breakdown, weaknesses or deficiencies in the system of risk management and internal control.

Both the Board and management will however remain vigilant and continue to take appropriate measures and steps to improve and strengthen the control environment of the Company.

### **Review of the Statement by External Auditors**

The external auditors, PKF, have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Company's annual report for the financial year ended 31 December, 2019.

The external auditors reported the results thereof to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

This Statement was approved by the Board on 10 June 2020.

## Directors' Responsibility Statement

The Directors of the Company are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the financial and cash flow positions and state of affairs of the Company and, where applicable, the Group as at the financial year-end. And pursuant to paragraph 15.26 (a) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The directors have, through the Statement by Directors on page 50 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved financial reporting / accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2019.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies are adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness. The directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Company and to enable true and fair financial statements to be prepared.

This statement was approved by the Board on 10 June 2020.

# Audit Committee Report

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors (“the Board”) is pleased to present the report of the Audit Committee for the financial year ended 31 December 2019.

## Composition

1. The Audit Committee shall be appointed from amongst the Directors of the Company and shall consist of at least three members, a majority of whom shall be independent directors.
2. All the members of the Audit Committee shall be non-executive directors.
3. All the members of the Audit Committee shall be financially literate and at least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants (MIA); or if he is not a member of MIA, he must have at least three years’ working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
4. An alternate director shall not be appointed as a member of the Audit Committee.
5. A former key audit partner shall not be appointed as a member of the Audit Committee before observing a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. For the purpose of this clause, a former key audit partner means the engagement partner, the individual who is responsible for the engagement of quality control review and other audit partners, if any, on the engagement team who make key decisions and/or judgments on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.
6. Any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.09(1) of the Listing Requirements shall be filled within three months.

## Membership, Meetings and Attendance

The Audit Committee comprises of three independent non-executive directors. The composition, name, designation and attendance of each member at Committee meetings are detailed below:-

Name	Designation	Number of Applicable Meetings	Attendance
a) Dato’ Haji Ghazali B. Mat Ariff	Chairman - Independent Non-Executive	4	4
b) Mah Siew Seng	Member - Independent Non-Executive	4	4
c) Datuk Ismail bin Haji Ahmad	Member - Independent Non-Executive	4	4

## Key Functions, Roles and Responsibilities of the Audit Committee

1. To review the following and report the same to the Board of Directors:-
  - (a) with the external auditor, the nature and scope of the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by the employees of the company to the external auditor;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

## Audit Committee Report (cont'd)

- (f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year- end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:
    - i. changes in or implementation of major accounting policies changes;
    - ii. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
    - iii. compliance with accounting standards and other legal requirements.
  - (h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.
  3. To establish policies and procedures to assess the performance, suitability, objectivity and independence of external auditors that considers, among others:
    - (a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;
    - (b) the nature and extent of the non-audit services rendered and appropriateness of the level of fee; and
    - (c) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The assessment on the suitability, objectivity and independence of the external auditors should be conducted annually.
  4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
  5. To review the external auditor's management letter and management's response.
  6. To do the following matters in relation to internal audit function:-
    - (a) review any appraisal or assessment of the performance of members of the internal audit function;
    - (b) approve any appointment or termination of senior staff members of the internal audit function;
    - (c) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
  7. To consider the major findings of internal investigations and management's response.
  8. To report to Bursa Malaysia Securities Berhad when the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements.
  9. To consider any other topics as defined by the Board.

The terms of reference of the Audit Committee are available at the Company's website at [www.advancedpack.com.my](http://www.advancedpack.com.my).

### Summary of work of Audit Committee

The Audit Committee carried out the following works during the financial year ended 31 December 2019:-

- (a) reviewed the competency, suitability and professional independence of the Auditors as well as audit fees and non audit fees paid to the Auditors besides receiving assurance from Auditors on its independence and recommend to the Board of Directors for reappointment and their audit fees.

## Audit Committee Report (cont'd)

- (b) reviewed the nature and scope of audit plan and audit fees with external auditors prior to the audit of the year-end financial statements and accounts.
- (c) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad. The Audit Committee has reviewed with Auditors changes in major accounting policy, compliance with accounting standards and significant financial reporting issues in order to discharge its oversight role in financial reporting.
- (d) reviewed with external auditors the assistance given to them by the staff of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year-end financial statement and accounts.
- (e) met and discussed with external auditors in the absence of management on matters arising from the interim and final audits.
- (f) discussed and considered the proposals from Wensen Consulting Asia (M) Sdn. Bhd to provide internal audit services for 2019 and recommended the internal audit scope and plan for approval of the Board.
- (g) reviewed the internal audit plan and reports prepared by Wensen Consulting Asia (M) Sdn. Bhd and management's response to its findings and recommendations.
- (h) enquired on the existence of any significant related party transactions and the management confirmed there is none during the year.
- (i) reviewed the Statement on Risk Management and Internal Control and Sustainability Statement.

### **Summary of work of Internal Audit Function**

As the Company does not have its own internal audit department, Wensen Consulting Asia (M) Sdn. Bhd (WCA) was appointed during the year to carry out the internal audit function. It reports directly to the Audit Committee. WCA has drawn up an internal audit plan by adopting a risk-based approach and this provides independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system.

Internal audit on certain key risk areas and business processes in sales and credit control management was carried out by WCA in 2019 to ensure best practices are adopted in the system of internal control by the Company. WCA also followed up with previous audit's recommendations and actions taken by management. Internal audit report incorporating findings, audit issues, root cause, risk and implications, recommendations and management's response was issued to the Company after the internal audit.

Management is responsible to act on issues raised by taking necessary corrective actions within certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed and managed. Internal audit report was tabled for discussion in Audit Committee meeting by WCA. Having been reviewed and discussed by the Audit Committee, the internal audit report and management's response were then tabled to the next Board of Directors' meeting for further action.

### **Conclusion**

The Audit Committee has carried out the above mentioned works during the year under review and as such it has fulfilled its responsibilities entrusted to the Committee as per the terms of reference.

This statement was made in accordance with a Board resolution passed on 10 June 2020.

# Chairman's Statement

Dear Shareholders,

It is my great pleasure to present to you on behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2019.

## OVERVIEW

International Monetary Fund (IMF) has reported that "global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases (advanced economies and China), these developments magnified cyclical and structural slowdowns already under way".

Higher crude oil and major raw materials prices as well as currency fluctuations had resulted in more pressure to the operation of the Company. The Company continued to be affected by the competitive business environment in 2019 due mainly to more players and increased production capacity in the domestic flexible plastic packaging industry.

## FINANCIAL PERFORMANCE

The Company achieved a revenue of RM 22.672 million for the year ended 31 December 2019 against RM 25.418 million recorded in 2018 which was RM 2.746 million or 10.80% lower. A net loss after tax of RM 0.144 million was recorded for the year under review against RM 1.045 million net profit after tax in the previous financial year ended 31 December 2018 which showed a decrease of RM 1.189 million or 113.78 %.

## DIVIDEND

In view of the poor results recorded for the year under review, the Board of Directors has not recommended any dividend for the financial year ended 31 December 2019.

## CORPORATE DEVELOPMENT

The shareholders of the Company approved the buy-back of up to 10% of its total issued and paid up capital at the Extraordinary General Meeting held on 26 June 2008. The Company had also obtained its shareholders' approval for the renewal of the existing shareholders mandate for the share buy-back exercise since 2009 until 2019.

## PROSPECTS

With the current outbreak of the COVID-19 pandemic both in Malaysia and worldwide and its severe impact on economic activity that has never been seen before, the outlook of both the global and Malaysian economy has become very challenging and gloomy.

World Bank has announced in early June 2020 its latest GDP forecast with a 5.2 and 3.1 percent contraction for the global and Malaysia respectively.

The worsening global conditions and uncertainty in economic development as well as a more challenging market environment will post a great challenge to the industry in which the Company is operating. Huge fluctuation in crude oil price and currency will have an impact on the price of major raw materials like resin and imported goods and services which will affect the profitability of the flexible plastic packaging material industry.

## Chairman's Statement (cont'd)

The outbreak of the COVID-19 pandemic and Movement Control Order (MCO) have resulted in great challenge for the Company to operate fully during this period. As part of the supply chain to the essential goods and services like food and pharmaceutical products, the Company has been granted approval by the Malaysia International Trade and Industry Ministry to continue a limited operation during MCO period. The Company has been allowed to operate with full workforce since 29 April, 2020.

However, in view of the demand for better packaging materials, the Board is confident that the prospect of the flexible plastics packaging materials converting industry is still promising in the long run even though the market conditions are getting more challenging and competitive.

In view of a very challenging operating environment brought about by the outbreak of COVID-19, the Board will do its best to mitigate the negative impact on its operating results for the financial year ending 31 December, 2020.

### **ACKNOWLEDGEMENT**

I would like to take this opportunity to say a big thank you to our former Managing Director, Mr. Tan Cheng Keat who had retired on 31 December 2019 for his contribution to the Company during his tenure of office as Managing Director of the company.

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and staff for their hard work, dedication and commitment. I would also like to record our grateful thanks to all our customers, bankers, government authorities, suppliers, business associates and shareholders for their continuous support.

Yours sincerely,

Datuk Ismail bin Haji Ahmad  
10 June 2020



# Management Discussion and Analysis

## OVERVIEW OF BUSINESS AND OPERATIONS

The Company with thirty over years of operating history is principally involved in the manufacturing and sale of flexible packaging materials. It has a manufacturing plant in Bandar Baru Bangi, Selangor. It manufactures and sells high quality flexible packaging materials to reliable and reputable companies in the industries mentioned below.

Its products are catered to a wide cross-section of industries in both local and overseas markets such as foods, beverages, household, medical/surgical and pharmaceutical, among others.

Flexible packaging materials are generally made of a composite of various substrates of base film, paper or aluminium foil which are printed and laminated so that the resultant laminates have more enhanced performance properties than its original substrates. In this modern era, efficient packaging is a must for any product. Correct packaging of product with flexible packaging materials will enhance quality and shelf life of product and ensure safe delivery of product to end user in good condition at an economic cost besides boosting the brand image of a product.

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

### REVENUE

The Company achieved revenue of RM 22.672 million for the year ended 31 December, 2019 against RM 25.418 million recorded in 2018 which showed a decrease of RM 2.746 million or 10.80%. The drop in sales revenue was due mainly to competitive market condition.

### NET LOSS

A net loss before tax of RM 0.227 million was recorded for the financial year ended 31 December 2019 which was RM 1.428 million or 118.90% worsened when compared to net profit before tax of RM 1.201 million in 2018. The loss incurred during the year was mainly due to lower sales revenue and gross profit margin brought about by the changes in sales mix as well as higher operating cost. Average selling price per square meter has dropped by 5.19 %.

Net loss after tax was at RM 0.144 million for the year 2019 against RM 1.045 million net profits after tax achieved in year 2018. A lower net loss after tax when compared to net loss before tax was due to overprovision of tax in previous year.

### KEY FINANCIAL INDICATOR

Key financial indicators for year 2019, 2018 and 2017 are as follows:-

	2019	2018	2017
Basic earning per share (Sen)	(0.75)	5.47	6.15
Return on equity (%)	(0.49)	3.52	3.89
Return on total assets (%)	(0.62)	3.21	3.66
Net asset per share (RM)	1.53	1.56	1.58
Gearing Ratio (net debt/shareholders' equity)	(0.27)	(0.24)	(0.20)

Kindly refer to the "Five Years Financial Highlights and Financial Indicators" contained in this annual report for financial information and indicators for the past five years from 2015 to 2019.

### ASSETS

Non-current assets decreased by RM 1.23 million or 7.76 % were due to depreciation provision of the property, plant and equipment during the year.

Inventories stood at RM 3.545 million for the year ended 31 December, 2019, a drop of RM 0.335 million or 8.63% in line with a drop in sales revenue and production quantity.

Trade receivables increased by RM 0.850 million or 16.68% as a reflection of a more difficult market condition, thus collection of amounts owing by customers was slower. Non-trade receivables, deposits and prepayment decreased by RM 0.06 million or 35.43%.

Deposits with licence banks and cash and bank balances remained about the same level as in previous year and stood at RM 11.803 million.

### LIABILITIES

A small decrease of RM 0.04 million or 1.89% was recorded in trade payables because of a decrease in purchases of raw materials from local suppliers where credit terms were given by them.

### CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Company has a very healthy capital structure with good liquidity and no bank borrowings. It has been financing its operations during the year through internally generated funds. As at 31 December 2019, fixed deposit and cash & bank balances were amounted to RM11.803 million as compared to RM11.748 million recorded last year, an increase of RM 0.055 million.

## Management Discussion and Analysis (cont'd)

The Company is comfortable with its current capital structure and cash resources to operate its business at current level and there is still room for a bigger operation.

### CAPITAL EXPENDITURE

As there was one new major machine installed in the late quarter of 2017, the Company has decided not to incur any other major capital expenditure in 2019.

### REVIEW OF OPERATING ACTIVITIES

A lower sales revenue was recorded at RM 22.672 million indicated a decrease of RM 2.746 million or 10.80% when compared to RM 25.418 million achieved in 2018. Local and export sales stood at 95.78 % and 4.22% respectively for the year 2019.

In term of total volume sold during 2019, it was at 31.27 million square metres against 32.73 million square metres in 2018, a drop of 1.46 million square metres or 4.46 %. The average selling price was RM 0.73 and RM 0.77 per square metre for 2019 and 2018 respectively.

On manufacturing operations, the plant was running at about 65% utilisation rate in 2019 which is lower than 2018. The aging of certain machineries and equipment had at times resulted in break down and for them to be not running at the most optimum level. However, the company has taken steps over the years by adding new machines or replacing the obsolete one. A new major machine was installed and commissioned in the last quarter of 2017 to partly overcome this situation. Productivity and quality improvement are an ongoing exercise.

The management is closely monitoring the major aspects of the operations of sales and marketing, cost control, production efficiency and product quality to ensure that they are the key drivers of contribution to the sales revenue and bottom line of the Company.

### KEY RISKS

The Company considers those key factors as main risks that may have a material impact on sales revenue and profitability margin for this year are huge fluctuation in exchange rate and raw material cost, higher crude oil price, disruption of raw material supply, shortage of experienced technical personnel, disruption in operation, rising operating cost as well as single large customer base. And of course, the current outbreak of COVID-19 pandemic both locally and globally and its subsequent effects are being the latest key risk.

Thus, close monitoring of the development of COVID-19 and its impact, currency fluctuation and production operations, diversification in sourcing of raw materials and better cost control as well as rebalancing customer base are some of the on-going measures that have been implemented to mitigate any severe impact that it may have on the company's revenue and its profitability.

### FORWARD LOOKING STATEMENT

The outbreak of COVID-19 has delivered an enormous shock to the whole world and leading to steep recessions in many countries that includes Malaysia. The World Bank has in early June 2020 released its latest GDP forecast for 2020 with a sharp contraction of 5.2 and 3.1 percent for the global and Malaysia respectively.

The impact of COVID-19, huge fluctuations in crude oil price and currency, uncertainties in the global economy, rising operating costs and market competition are the key concerns of the Company for the current year which may have a material impact on sales revenue and profitability.

In view of the current very challenging operating environment, the Company will continue to exercise prudent management and close monitoring of the key risks in order to mitigate the impact on the company performance. The flexible packaging materials industry is expected to be slowed down this year in view of a sharp contraction in the economy in Malaysia and the global brought about primarily by the outbreak of the COVID-19.

As part of the supply chain to the essential goods and services like food and pharmaceutical products, the Company has been granted approval by the Malaysia International Trade and Industry Ministry to continue its limited operations during Movement Control Order (MCO) period. The Company has been allowed to operate with full workforce since 29 April 2020. This has mitigated the slow down in sales revenue during the MCO period.

As such, barring unforeseen circumstances, the management expects the Company to be able to minimise the negative impact of COVID-19 for the current financial year ending 31 December 2020 despite a very difficult operating environment.

The Company will continue to reward shareholders with reasonable dividend distribution in the long run as long as the Company could make enough profit to pay dividend. The Company does not have a formal dividend policy so far but the pay-out rate for the last few financial years has been very high. The Company is also mindful of the need to conserve enough cash resources and retained profit for future operations.

This Statement was approved by the Board on 10 June 2020.

## Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	2019	2018	2017	2016	2015
<b>Statements of Profit or Loss and Other Comprehensive Income</b>					
Revenue (RM)	22,671,913	25,417,998	24,906,911	27,154,095	26,024,191
Earnings before interest expense, tax, depreciation and amortisation	1,234,792	2,753,014	2,673,109	4,866,274	4,856,510
Profit before tax	(227,318)	1,201,042	1,378,463	3,621,023	3,628,763
Profit after tax	(143,667)	1,045,334	1,175,652	2,880,543	2,790,215
Net profit attributable to equity holders	(143,667)	1,045,334	1,175,652	2,880,543	2,790,215
<b>Statement of financial position</b>					
Total assets	36,442,884	37,461,818	37,663,630	39,316,170	37,028,396
Total borrowing	-	-	-	-	-
Shareholders equity	29,211,020	29,737,034	30,220,679	31,282,383	30,699,955
<b>Financial indicators</b>					
Return on equity (%)	(0.49)	3.52	3.89	9.21	9.09
Return on total assets (%)	(0.62)	3.21	3.66	9.21	9.80
Gearing ratio (Net debts/ Shareholders' equity)	(0.27)	(0.24)	(0.20)	(0.28)	(0.32)
Basic earnings per share (sen)	(0.75)	5.47	6.15	15.07	14.60
Net assets per share (RM)	1.53	1.56	1.58	1.64	1.61
Gross dividend per share (sen)	-	6	10	12	12
Price earning (PE) ratio	N/A	35.47	33.33	14.86	15.62
Gross dividend yield (%)	-	3.09	4.88	5.36	5.26
Share price as at 31 December (RM)	2.28	1.94	2.05	2.24	2.28
Market Capitalisation as at 31 December (RM)	46,749,690	39,778,245	42,033,713	45,929,520	46,749,690

# Directors' Report

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2019.

## Principal activities

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

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

## Results

Loss for the financial year

**RM**  
143,667

## Reserves and provisions

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

## Dividends

In respect of the financial year ended 31 December 2018, the Company paid a final 2% single tier tax exempt dividend totalling RM382,244 on 25 July 2019.

The Directors do not recommend any dividend for the financial year ended 31 December 2019.

## Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:-

Datuk Ismail bin Haji Ahmad

Yeo Tek Ling

Dato' Haji Ghazali B. Mat Ariff

Mah Siew Seng

Ng Choo Tim

Law Mong Yong

Tjin Kiat @ Tan Cheng Keat

Chee Chin Hung

- Resigned on 31 December 2019

- Resigned on 25 October 2019

## Directors' Report (cont'd)

### Directors' interest in shares

The shareholdings and deemed shareholdings in the Ordinary Shares of the Company at the end of the financial year, as recorded in Register of Director's Shareholding kept under Section 59 of the Companies Act, 2016, in Malaysia are as follows:

	At	Number of Ordinary Shares		At
	1.1.2019	Bought	Sold	31.12.2019
In the Company:				
<b>Direct interest:</b>				
Tjin Kiat @ Tan Cheng Keat	1,565,900	-	-	1,565,900
Yeo Tek Ling	12,169	-	-	12,169
Ng Choo Tim	648,297	-	-	648,297
Law Mong Yong	459	-	-	459
Chee Chin Hung	966,493	-	(966,493)	-

The other Directors holding office at 31 December 2019 had no any interest in the Ordinary Shares and options over shares of the Company and of its related companies during the financial year according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

### Directors' benefits

Since the end of the previous financial year, no director has received nor become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by directors or the fixed salaries of full time employees of the Company as disclosed in Note 4 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the Director is a member, or with a company in which the director has a substantial financial interest.

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

### Director's remuneration and fee

Director's remuneration excluding benefits-in-kind of the Company are amounted to RM675,529 as disclosed in Note 4 to the financial statements.

Director's fee of the Company is amounted to RM235,000 as disclosed in Note 4 to the financial statements.

### Indemnity and insurance for directors, officers and auditors

There was no indemnity given to or insurance effected to any director, officer or auditor of the Company.

### Issue of shares and debentures

There were no changes in the share of the Company during the financial year.

There were no debentures issued during the financial year.

### Options granted over unissued shares

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

## Directors' Report (cont'd)

### Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the value attributed to current assets in the financial statements of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Company misleading.

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

- (i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except as otherwise stated in the financial statements, the results of the operations of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

### Events subsequent to year end

Details of events subsequent to year end is disclosed in Note 33 to the financial statement.

## Directors' Report (cont'd)

### **Auditors**

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The auditors' remuneration for the financial year ended 31 December 2019 amounted to RM35,000.

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

**YEO TEK LING**

**NG CHOO TIM**

Selangor

20 MAY 2020

## Statement By Directors

Pursuant To Section 251 (2) Of The Companies Act, 2016 In Malaysia

In the opinion of the Directors, the accompanying financial statements as set out on pages 13 to 65 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the financial year ended on that date.

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

**YEO TEK LING**

**NG CHOO TIM**

Selangor

20 May 2020

## Statutory Declaration

Pursuant To Section 251 (1)(b) Of The Companies Act, 2016 In Malaysia

I, YEO TEK LING, being the Director primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 13 to 65 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960, in Malaysia.

Subscribed and solemnly declared by the  
above-named YEO TEK LING at Bandar Baru  
Bangi in Selangor on 20 MAY 2020

**YEO TEK LING**  
(MIA No. : 5756)

Before me,

**COMMISSIONER FOR OATHS**  
Hazlin binti Mohamed  
(B448)



# Independent Auditors' Report To The Members Of

Advanced Packaging Technology (M) Bhd Co. Registration No.: 198201003236 (82982-K) (Incorporated In Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 65.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Valuation of Defined Benefit Gratuity*

The Company has recognised a provision for gratuity of RM2,728,290 as at 31 December 2019. As disclosed in Note 22 to the financial statements, the assumptions that underpin the valuation of the defined benefit retirement liability are subjective and based on judgements that affect the Company's distributable reserves. Uncertainty arises as a result of estimates made based on the Company's expectations and assumptions about employment trends and market conditions. As a result, the actual amounts charged to the statement of profit or loss by the Company may be significantly different to that recognised on the statement of financial position since small changes to the assumptions used in the calculation materially affect the provision calculated at amortised cost.

# Independent Auditors' Report To The Members Of

Advanced Packaging Technology (M) Bhd Co. Registration No.: 198201003236 (82982-K) (Incorporated In Malaysia)

## ***Key Audit Matters (continued)***

Our audit procedures included, among others: enquiry with management on the nature or bases of the assumptions made, review of employment contracts, assessment of the capabilities of personnel involved in the assessment, perform reasonableness test on the provision by testing management's assumptions, data and model used and review of historical data in relation to the management assumptions made in the current financial year.

## ***Information Other than the Financial Statements and Auditors' Report Thereon***

The Directors of the Company are responsible for the other information. The other information comprises the Statement of Risk Management and Internal Control, Statement of Corporate Governance, Audit Committee Report, Management Discussion and Analysis Report, Sustainability Statement and Directors' Report included in the annual report, but does not include the Chairman's Statement, the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ***Responsibilities of the Directors for the Financial Statements***

The Directors are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

# Independent Auditors' Report To The Members Of

Advanced Packaging Technology (M) Bhd Co. Registration No.: 198201003236 (82982-K) (Incorporated In Malaysia)

## ***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Independent Auditors' Report To The Members Of

Advanced Packaging Technology (M) Bhd (continued) Co. Registration No.: 198201003236 (82982-K) (Incorporated In Malaysia)

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

PKF  
AF 0911  
CHARTERED ACCOUNTANTS

Kuala Lumpur

20 May 2020

SHARINAH BINTI MOHAMED IQBAL  
03285/10/2020 J  
CHARTERED ACCOUNTANT

## Statement Of Profit or Loss and Other Comprehensive Income

### For The Financial Year Ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	3	22,671,913	25,417,998
Other income		313,949	473,570
Changes in inventories of finished goods and work-in-progress		(6,438)	13,086
Raw materials used		(14,849,255)	(16,224,224)
Employee benefits expense	4	(3,865,386)	(3,823,833)
Depreciation of property, plant and equipment		(1,322,609)	(1,551,972)
Depreciation of right-of-use asset		(139,501)	-
Net loss on impairment of financial assets	5	(63,301)	(2,142)
Other expenses		(3,306,574)	(3,357,278)
<b>(Loss)/Profit from operations</b>		<b>(567,202)</b>	<b>945,205</b>
Interest income		340,617	255,837
Finance costs	6	(733)	-
<b>(Loss)/Profit before tax</b>	7	<b>(227,318)</b>	<b>1,201,042</b>
Tax income/(expense)	8	83,651	(155,708)
<b>(Loss)/Profit and other comprehensive (loss)/income for the financial year</b>		<b>(143,667)</b>	<b>1,045,334</b>
<b>Total comprehensive (loss)/income attributable to owners of the Company</b>		<b>(143,667)</b>	<b>1,045,334</b>
<b>(Loss)/Earning per ordinary share (sen)</b>	9		
- Basic		(0.75)	5.47
- Diluted		(0.75)	5.47

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

# Statement Of Financial Position

As At 31 December 2019

	Note	2019 RM	2018 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	6,921,684	10,849,187
Other investment	11	5,000,000	5,000,000
Right-of-use asset	12	2,697,708	-
		<hr/>	<hr/>
		14,619,392	15,849,187
<b>Current assets</b>			
Inventories	13	3,544,952	3,879,931
Contract assets	14	572,895	582,560
Trade receivables	15	5,571,567	4,712,515
Non-trade receivables, deposits and prepayments	16	113,196	174,665
Tax recoverable		217,845	514,608
Fixed deposits with licensed banks	17	8,500,000	7,500,000
Cash and bank balances		3,303,037	4,248,352
		<hr/>	<hr/>
		21,823,492	21,612,631
<b>Total assets</b>			
		<hr/>	<hr/>
		36,442,884	37,461,818
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	20,504,250	20,504,250
Treasury shares	19	(1,096,473)	(1,096,473)
Retained profits	20	9,803,243	10,329,257
		<hr/>	<hr/>
<b>Total equity</b>		29,211,020	29,737,034
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	21	601,014	718,927
Provision for staff gratuity	22	2,728,290	2,524,788
Lease liability	23	5,293	-
		<hr/>	<hr/>
		3,334,597	3,243,715
<b>Current liabilities</b>			
Trade payables	24	2,075,815	2,116,465
Non-trade payables and accruals	25	1,577,893	1,384,514
Amount due to directors	26	236,782	215,600
Dividend payable	27	-	764,490
Lease liability	23	6,777	-
		<hr/>	<hr/>
		3,897,267	4,481,069
<b>Total Liabilities</b>			
		<hr/>	<hr/>
		7,231,864	7,724,784
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<hr/>	<hr/>
		36,442,884	37,461,818

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

## Statement Of Changes In Equity

### For The Financial Year Ended 31 December 2019

	Note	Share Capital RM	Non- distributable Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 January 2018		20,504,250	(1,096,473)	10,812,902	30,220,679
Profit and other comprehensive income for the financial year		-	-	1,045,334	1,045,334
Dividends paid	27	-	-	(1,528,979)	(1,528,979)
At 31 December 2018 (before restated)		20,504,250	(1,096,473)	10,329,257	29,737,034
Initial application of MFRS 16		-	-	(103)	(103)
At 1 January 2019 (after restated)		20,504,250	(1,096,473)	10,329,257	29,736,931
(Loss) and other comprehensive (loss) for the financial year		-	-	(143,667)	(143,667)
Dividends paid	27	-	-	(382,244)	(382,244)
At 31 December 2019		20,504,250	(1,096,473)	9,803,243	29,211,020

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

# Statement Of Cash Flows

## For The Financial Year Ended 31 December 2019

	2019 RM	2018 RM
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(227,318)	1,201,042
Adjustments for:		
Depreciation of property, plant and equipment	1,322,609	1,551,972
Depreciation of right-of-use	139,501	-
Impairment on trade receivables	71,725	59,905
Interest income	(340,617)	(255,836)
Interest expense	733	-
Inventories written off	120,502	155,108
Inventories written down	1,856	9,505
Reversal of inventories written down	(13,266)	(13,339)
Investment income	(167,974)	(172,445)
Gain on disposal of property, plant and equipment	-	(499)
Gain on unrealised foreign exchange	(3,343)	(10,206)
Property, plant and equipment written off	2,351	11
Reversal of impairment on trade receivables no longer required	(8,424)	(57,763)
Provision for staff gratuity	112,602	110,915
Addition/(Reversal) of amortised cost of provision for gratuity	90,900	(9,273)
<b>Operating profit before working capital changes</b>	<b>1,101,837</b>	<b>2,569,097</b>
Decrease in inventories	225,887	68,904
(Increase)/Decrease in receivables	(862,868)	709,189
Decrease/(Increase) in contract assets	9,665	(378,584)
Increase/(Decrease) in amount due to directors	21,182	(9,900)
Increase in payables	158,056	585,471
<b>Cash generated from operations</b>	<b>653,759</b>	<b>3,544,177</b>
Income tax refunded	262,501	-
Income tax paid	-	(314,578)
<b>Net cash from operating activities</b>	<b>916,260</b>	<b>3,229,599</b>

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



# Statement Of Cash Flows

For The Financial Year Ended 31 December 2019 (continued)

	NOTE	2019 RM	2018 RM
<b>Cash flows from investing activities</b>			
Investment income received		167,974	172,445
Interest income received		340,617	255,836
Proceeds from disposal of property, plant and equipment		3	500
Acquisition of property, plant and equipment		(216,235)	(451,155)
<b>Net cash from/(used) in investing activities</b>		<b>292,359</b>	<b>(22,374)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(1,146,734)	(1,911,223)
Interest paid		(733)	-
Repayment of operating lease	(ii)	(6,467)	-
(Increase)/Decrease in fixed deposits with licensed banks		(2,000,000)	1,000,000
<b>Net cash used in financing activities</b>		<b>(3,153,934)</b>	<b>(911,223)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,945,315)</b>	<b>2,296,002</b>
<b>Cash and cash equivalents at 1 January</b>		<b>5,248,352</b>	<b>2,952,350</b>
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>3,303,037</b>	<b>5,248,352</b>

Notes:

(i) *Cash and cash equivalents*

Cash and cash equivalents, included in the statement of cash flows comprise the following amounts:

	2019 RM	2018 RM
Cash and bank balances	3,303,037	4,248,352
Fixed deposits with licensed banks with original maturities less than 3 months (Note 17)	-	1,000,000
	<b>3,303,037</b>	<b>5,248,352</b>

## Statement Of Cash Flows

For The Financial Year Ended 31 December 2019 (continued)

### Cash flows from investing activities (continued)

(ii) Reconciliation of liabilities arising from financing activities

	1 January (before restated) RM	Initial application of MFRS 16 RM	1 January (after restated) RM	Cash Flows RM	Non-cash acquisition RM	31 December RM
Lease liabilities	-	18,537	18,537	(6,467)	-	12,070

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

# Notes to the Financial Statements as at 31 December 2019

## 1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

### (a) Standards issued and effective

On 1 January 2019, the Company has also adopted the following new and amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2015 - 2017 cycle	
- Amendments to MFRS 3, Business Combinations	1 January 2019
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
• IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019

The Directors expect that the adoption of the new and amended MFRS and interpretation above will have no impact on the financial statements of the Company. The changes of accounting policies for the Company for the newly effective standards has been stated in Note 1(c).

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 1) Basic of preparation (continued)

#### (b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
• Amendments to MFRS 2, Share-based Payment	1 January 2020
• Amendments to MFRS 3, Business Combinations	1 January 2020
• Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
• Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
• Amendments to MFRS 138, Intangible Assets	1 January 2020
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 101, Presentation of Financial Statement	1 January 2022
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
• Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
• Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
• Amendments to IC interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
• Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
• Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Company.

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 1. Basis of preparation (continued)

### (c) Explanation on change in accounting policy

#### **MFRS 16 Leases**

In the current financial year, the Company has adopted MFRS 16 Leases (“MFRS 16”) effective for the annual financial period beginning on or after 1 January 2019. The date of initial application is as of the beginning of the reporting period, in which the Company first applies MFRS 16, i.e. 1 January 2019.

The standard introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating leases.

Right-of-use assets and lease liabilities are disclosed as a single line in the statement of financial position.

The Company elects to apply MFRS 16 retrospectively with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained earnings and reserves as at 1 January 2019.

The impact on the changes to the accounting policies applied to lease contracts entered into by the Company as compared to those applied in previous financial statements are disclosed as below:

	<b>As reported at 31 December 2018 RM</b>	<b>Estimated adjustments due to adoption of MFRS 16 RM</b>	<b>Estimated adjusted opening balance at 1 January 2019 RM</b>
Right-of-use asset	-	6,086,653	6,086,653
Accumulated depreciation of right-of-use assets		(3,249,444)	(3,249,444)
Lease liability	-	(18,537)	(18,537)
Property, plant and equipment	41,156,061	(6,066,543)	35,089,518
Accumulated depreciation of property, plant and equipment	(30,306,874)	3,247,768	(27,059,106)
Retained earnings	10,329,257	(103)	10,329,154

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 1. Basis of preparation (continued)

### (d) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

### (e) Significant accounting estimates and judgements

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

#### (i) Revenue recognition over time

The Company manufactures goods with customised specifications stated in the contracts with customers, thus based on management assessment at contract inception, these goods do not have alternative use to the Company. The Company has an enforceable right to payment for performance completed to date, as if the contract is terminated by the customer at any time, the Company always has the right to bill customers for the performance completed to date.

As a result, the Company recognises revenue over time using output method, based on appraisals of results achieved. Upon completion of manufacturing the goods, if all of these goods pass the quality control testing and have not yet been delivered to customers, the Company will recognise 99% of transaction price as revenue at the end of each reporting date. The remaining 1% of transaction price is recognised as revenue upon delivery of these goods to customers.

The revenue recognised during the year would differ if the Company use different method to recognise revenue from contracts with customers over time.

#### (ii) Income Taxes

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

#### (iii) Depreciation of Property, Plant and Equipment

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

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 1. Basic of preparation (continued)

### (e) Significant accounting estimates and judgements (continued)

#### (iii) Depreciation of Property, Plant and Equipment (continued)

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

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

#### (iv) Impairment of Non-financial Assets

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

#### (v) Written-down of Inventories

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

#### (vi) Fair Value Estimates for Certain Financial Assets and Liabilities

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

#### (vii) Provision for Expected Credit Losses ("ECLs") of Trade Receivable

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 1. Basic of preparation (continued))

### (e) Significant accounting estimates and judgements (continued)

#### (viii) Classification of Leasehold Land

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

Accordingly, management judged that the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

#### (ix) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

#### (x) Provision for staff gratuity

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the date of the statement of financial position on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Past service costs are recognised immediately in profit or loss.

#### (xi) Lease

##### (a) Lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### (b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Company uses interest rate at 4.70% as a starting point and makes adjustments specific to the lease, from one (1) to (2) years.



# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies

### (a) Foreign currencies

#### (i) Functional and presentation currency

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

#### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the profit and loss of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follows:

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
1 United States Dollar	4.044	4.088
1 Brunei Dollar	3.000	2.991
100 Japanese Yen	3.820	3.700
1 Singapore Dollars	-	2.991

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies (continued)

### (b) Revenue and other income

#### (i) Sale of goods

The Company manufactures and distributes flexible packaging materials to local and overseas customers. The sale of goods are identified in the contracts with customers: manufacturing and delivery of goods, which are non-distinct. As such, there is only one single performance obligation identified in the contract.

Transaction price is a fixed consideration which is stated in the contracts with customers. The Company recognises revenue over time as stated in Note 1(e)(i) to the financial statements.

No element of financing is deemed present as the sales are normally made with a credit term of 30 to 90 days, which is consistent with the market practice.

The Company does not offer return/refund options, explicit warranty on its products nor provide after-sales service.

#### (ii) Interest income

Interest income is recognised on an accrual basis, based on effective yield on the investment.

### (c) Employee benefits expense

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

The Company's contribution to defined contribution plans is charged to the profit or loss in the period to which they related. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

The Company's staff gratuity schemes are for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements with consideration to the length of service and basic salary earnings of eligible employees and charged to the statement of profit or loss.

### (d) Income tax

#### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies (continued)

### (d) Income tax (continued)

#### (i) Current tax (continued)

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (ii) Deferred tax

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

### (e) Borrowing costs

Borrowing costs are stated at cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 2. Summary of significant accounting policies (continued)

#### (e) Borrowing costs (continued)

Borrowing costs incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other borrowing costs are charged to the profit or loss.

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

#### (f) Impairment

##### (i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 2. Summary of significant accounting policies (continued)

#### (f) Impairment (continued)

##### (i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

##### (ii) Non-financial assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent periods.

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies (continued)

### (g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1%
Building	2% - 10%
Plant, machinery and tools	7½% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### (h) Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

#### (i) Amortised costs

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies (continued)

### (h) Financial assets (continued)

#### (i) Amortised costs (continued)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

#### (ii) Fair value through other comprehensive income

##### *Equity investments*

This category comprises investment in equity that is not held for trading, and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

### (i) Inventories

Inventories, comprising of raw materials, work-in-progress, finished goods and consumables, are stated at the lower of cost and net realisable value.

Cost is determined using first-in-first-out basis. Cost of raw materials and consumables, includes all cost incurred in bringing them to their present location and condition.

Cost of work-in-progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of the fixed and variable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sales.

### (j) Contract asset

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to Note 2(f)(i) to the financial statements.

### (k) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in management of their short-term commitments. These also include bank overdrafts that form an integral part of the Company's cash management.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 2. Summary of significant accounting policies (continued)

#### (l) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### (m) Financial liabilities

##### *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (n) Leases

The Company had applied MFRS 117 Leases until financial year ended 31 December 2018. From 1 January 2019, MFRS 16 Leases has been applied.

##### **Current financial year**

##### *As a lessee*

##### (i) *Initial recognition and measurement*

The Company recognised right-of-use asset and lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing. Thus, the Company uses their incremental borrowing rate as the discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs



# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies (continued)

### (n) Leases (continued)

#### Current financial year (continued)

##### *As a lessee (continued)*

##### *(ii) Subsequent measurement*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Previous financial year

##### *(i) Classification*

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property, is accounted for as if held under a finance lease as described in Note 2(g) to the financial statements; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

# Notes to the Financial Statements as at 31 December 2019 (continued)

## 2. Summary of significant accounting policies (continued)

### Previous financial year (continued)

#### (ii) Finance Leases - the Company as Lessee

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

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

The depreciation policy for leased assets is in accordance with that for the depreciable property, plant and equipment as described in Note 2(g) to the financial statements.

#### (iii) Operating Leases - the Company as Lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings element in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### (o) Financial guarantee contracts

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

#### (p) Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all diluted potential ordinary shares, which comprises convertible notes and share granted to employees.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 2. Summary of significant accounting policies (continued)

#### (q) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### (r) Contingencies

##### (i) *Contingent liabilities*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability outflow of economic benefits is remote.

##### (ii) *Contingent assets*

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

#### (s) Operating segment

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

#### (t) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised out of equity in the period in which they are declared.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 3. Revenue

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Sales of packaging materials	22,671,913	25,417,998
Disaggregation of revenue:		
By primary geographical market:		
Malaysia	21,715,501	23,978,991
Mauritius	726,159	1,151,667
Hong Kong	-	59,905
Brunei	230,253	227,435
	<u>22,671,913</u>	<u>25,417,998</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 4. Employee benefits expense

	2019 RM	2018 RM
(a) Staff costs		
Salaries, wages, allowances, bonus and overtime	2,372,740	2,295,994
Contributions to defined contribution plan	221,182	235,413
Social security contributions	30,719	32,389
Other benefits	348,841	288,813
	<u>2,973,482</u>	<u>2,852,609</u>
(b) Directors' remuneration and fees		
Executive::		
Salaries and other emoluments	482,240	563,026
Contribution to defined contribution plan	103,680	121,477
Social security contributions	1,284	1,421
Other benefits - leave passage	18,000	18,000
Estimated money value of benefits-in-kind	18,625	26,552
	<u>623,829</u>	<u>730,476</u>
Non-executive:		
Allowances	51,700	51,700
	<u>675,529</u>	<u>782,176</u>
Total directors' remuneration		
	<u>675,529</u>	<u>782,176</u>
Director's fees		
Executive	60,000	52,800
Non-executive	175,000	162,800
	<u>235,000</u>	<u>215,600</u>
Total Director's fees		
	<u>235,000</u>	<u>215,600</u>
Total directors' remuneration and fees		
	<u>910,529</u>	<u>997,776</u>
Total directors' remuneration and fees excluding benefits-in-kind		
	<u>891,904</u>	<u>971,224</u>
Total staff costs		
	<u>3,865,386</u>	<u>3,823,833</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 5. Net loss on impairment of financial assets

	<b>2019 RM</b>	<b>2018 RM</b>
Reversal of impairment loss of trade receivables no longer required	8,424	57,763
Impairment loss on trade receivables	(71,725)	(59,905)
	<u>(63,301)</u>	<u>(2,142)</u>

### 6. Finance costs

	<b>2019 RM</b>	<b>2018 RM</b>
Interest expense		
- lease liability	733	-
	<u>733</u>	<u>-</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 7. (Loss)/Profit before tax

	2019 RM	2018 RM
(Loss)/Profit before tax is arrived at after changing/(crediting)		
Auditors' remuneration		
- Statutory audit	35,000	33,000
- Non-statutory audit	7,000	7,000
Addition/(Reversal) of amortised cost of provision for gratuity	90,900	(9,273)
Depreciation of property, plant and equipment	1,322,609	1,551,972
Depreciation of right-of-use asset	139,501	-
(Gain)/Loss on foreign exchange		
- realised	(21,483)	(56,078)
- unrealised	(3,343)	(10,206)
Gain on disposal of property, plant and equipment	-	(499)
Impairment on trade receivables	71,725	59,905
Interest income		
- Interest income received from deposits placed with licensed banks	(258,772)	(151,686)
- Fixed return received from deposits placed with Islamic bank	(81,845)	(104,150)
Inventories written off	120,502	155,108
Inventories written down	1,856	9,505
Reversal of inventories written down	(13,266)	(13,339)
Investment income	(167,974)	(172,445)
Reversal of impairment on trade receivables no longer required	(8,424)	(57,763)
Property, plant and equipment written off	2,351	11
Provision for staff gratuity	112,602	110,915

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 8. Tax (income)/expense

	<b>2019 RM</b>	<b>2018 RM</b>
Current tax expense		
- current year	82,154	156,738
- (over)/underprovision in prior years	(47,892)	12,106
	<u>34,262</u>	<u>168,844</u>
Deferred tax expense (Note 21)		
- current year	(117,584)	(107,462)
- (over)/underprovision in prior years	(329)	94,326
	<u>(117,913)</u>	<u>(13,136)</u>
	<u>(83,651)</u>	<u>155,708</u>

#### *Reconciliation of tax expense*

(Loss)/Profit before tax	(227,318)	1,201,042
Taxation computed at statutory tax rate of 24%	(54,556)	288,250
Non-deductible expenses	59,440	(168,848)
Non-taxable income	(40,314)	(70,126)
	<u>(35,430)</u>	<u>49,276</u>
(Over)/Underprovision of current tax in prior years	(47,892)	12,106
(Over)/Underprovision of deferred tax in prior years	(329)	94,326
	<u>(83,651)</u>	<u>155,708</u>

### 9. Earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the comprehensive income for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, after taking into consideration of the treasury shares held by the Company calculated as follows:

	<b>2019 RM</b>	<b>2018 RM</b>
Total comprehensive (loss)/income attributable to owners of the Company (RM)	(143,667)	1,045,334
Weighted average number of ordinary shares in issue, net of treasury shares	19,112,234	19,112,234
(Loss)/Basic earnings per share (sen)	(0.75)	5.47
(Loss)/Diluted earnings per share (sen)	(0.75)	5.47

Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.



## Notes to the Financial Statements as at 31 December 2019 (continued)

### 10. Property, plant and equipment

	Leasehold Land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
<b>2019 Cost</b>						
At 1 January (before restated)	739,000	5,327,543	33,306,154	721,992	1,061,372	41,156,061
Initial application of MFRS 16	(739,000)	(5,327,543)	-	-	-	(6,066,543)
At 1 January (after restated)	-	-	33,306,154	721,992	1,061,372	35,089,518
Additions	-	-	207,265	8,970	-	216,235
Written off	-	-	(43,329)	(24,512)	-	(67,841)
Disposals	-	-	-	(2,420)	(353,060)	(355,480)
At 31 December	-	-	33,470,090	704,030	708,312	34,882,432
<b>Accumulated depreciation</b>						
At 1 January (before restated)	249,475	2,998,293	25,519,961	537,002	1,002,143	30,306,874
Initial application of MFRS 16	(249,475)	(2,998,293)	-	-	-	(3,247,768)
At 1 January (after restated)	-	-	25,519,961	537,002	1,002,143	27,059,106
Charge for the financial year	-	-	1,240,174	44,929	37,506	1,322,609
Written off	-	-	(41,302)	(24,188)	-	(65,490)
Disposals	-	-	-	(2,418)	(353,059)	(355,477)
At 31 December	-	-	26,718,833	555,325	686,590	27,960,748
<b>Carrying amount</b>						
At 31 December	-	-	6,751,257	148,705	21,722	6,921,684

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 10. Property, plant and equipment (continued)

2018	Leasehold		Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
	Land RM	Building RM				
<b>Cost</b>						
At 1 January	739,000	5,327,543	32,884,179	733,421	1,061,372	40,745,515
Additions	-	-	421,975	29,180	-	451,155
Written off	-	-	-	(18,084)	-	(18,084)
Disposals	-	-	-	(22,525)	-	(22,525)
At 31 December	739,000	5,327,543	33,306,154	721,992	1,061,372	41,156,061
<b>Accumulated depreciation</b>						
At 1 January	242,085	2,872,207	24,287,153	533,089	860,965	28,795,499
Charge for the financial year	7,390	126,086	1,232,808	44,510	141,178	1,551,972
Written off	-	-	-	(18,073)	-	(18,073)
Disposals	-	-	-	(22,524)	-	(22,524)
At 31 December	249,475	2,998,293	25,519,961	537,002	1,002,143	30,306,874
<b>Carrying amount</b>						
At 31 December	489,525	2,329,250	7,786,193	184,990	59,229	10,849,187

Included in property, plant and equipment of the Company are the following fully depreciated property, plant and equipment which are still in use:

	2019 RM	2018 RM
At cost:		
Building	-	112,943
Plant, machinery and tools	18,608,125	18,083,065
Furniture, fittings and equipment	388,077	402,066
Motor vehicles	590,368	850,628
	19,586,570	19,448,702

### 11. Other investment

	2019 RM	2018 RM
Investment in securities	5,000,000	5,000,000

*Fair value through other comprehensive income.*

Other investment represents investments in Fixed Income Fund Account with Amfunds Management Berhad and is classified as Fair value through other comprehensive income.

This investment as at 31 December 2019 had interest rates ranging from 3.11% to 3.63% (2018: 3.02% to 3.64%) per annum.

As at the reporting date, the fair value of this investment is equivalent to its carrying value.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 12. Right-of-use asset

	Lease rental RM	Leasehold land RM	Buildings RM	Total RM
<b>2019</b>				
<b>Cost</b>				
At 1 January (before restated)	-	-	-	-
Initial application of MFRS 16	20,110	739,000	5,327,543	6,086,653
At 1 January (after restated)	20,110	739,000	5,327,543	6,086,653
Addition	-	-	-	-
At 31 December	20,110	739,000	5,327,543	6,086,653
<b>Accumulated depreciation</b>				
At 1 January (before restated)	-	-	-	-
Initial application of MFRS 16	1,676	249,475	2,998,293	3,249,444
At 1 January (after restated)	1,676	249,475	2,998,293	3,249,444
Depreciation for the financial year	6,703	7,390	125,408	139,501
At 31 December	8,379	256,865	3,123,701	3,388,945
<b>Carrying amount</b>				
At 31 December	11,731	482,135	2,203,842	2,697,708

Included under right-of-use assets are:

- (i) The Company leases a building and the contract term ranges from 2019 to 2021 for three (3) years.
- (ii) Leasehold land and buildings of the Company with carrying amount of RM2,685,977 (2018: RM Nil).

### 13. Inventories

	2019 RM	2018 RM
<b>At cost:</b>		
Raw materials	2,957,388	3,277,685
Work-in-progress	409,747	366,140
Finished goods	-	50,044
Consumables	175,360	186,062
Goods in-transit	2,457	-
	<u>3,544,952</u>	<u>3,879,931</u>
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of production	15,439,645	16,815,448
Write-down to net realisable value	1,856	9,505
Inventories written off	120,502	155,108
Reversal of inventories written down	(13,266)	(13,339)

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 14. Contract assets

	<b>2019 RM</b>	<b>2018 RM</b>
Contract assets	<u>572,895</u>	<u>582,560</u>

The contract assets primarily related to the Company's rights to consideration for work completed but not yet billed at the reporting date.

### 15. Trade receivables

	<b>2019 RM</b>	<b>2018 RM</b>
Trade receivables	5,694,773	4,772,420
Less: Impairment	(123,206)	(59,905)
	<u>5,571,567</u>	<u>4,712,515</u>

The movement in impairment of trade receivables was as follows:

	<b>2019 RM</b>	<b>2018 RM</b>
Impairment:		
At 1 January	59,905	57,763
Additions	71,725	59,905
Reversal	(8,424)	(57,763)
At 31 December	<u>123,206</u>	<u>59,905</u>

The Company's normal trade credit term ranges from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The trade receivables are non-interest bearing and recognised at their original invoice amounts which represent their fair values on initial recognition.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 16. Non-trade receivables, deposits and prepayments

	<b>2019</b> <b>RM</b>	<b>2018</b> <b>RM</b>
Non-trade receivables	16,141	37,460
Deposits	19,980	19,980
Prepayments	17,603	57,364
Others	59,472	59,861
	<hr/>	<hr/>
	113,196	174,665
Less: Impairment		
At 1 January	-	(137,318)
Written off	-	137,318
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>
	113,196	174,665
	<hr/>	<hr/>

Included in non-trade receivables of the Company are staff loans of RM16,141 (2018: RM37,460) which bear interest at 4.00% (2018: 4.00%) per annum.

### 17. Fixed deposits with licensed banks

	<b>2019</b> <b>RM</b>	<b>2018</b> <b>RM</b>
Deposits placed with licensed banks	4,500,000	4,500,000
Deposits placed with Islamic bank	4,000,000	3,000,000
	<hr/>	<hr/>
	8,500,000	7,500,000
	<hr/>	<hr/>
Maturities less than 3 months	-	1,000,000
Maturities more than 3 months	8,500,000	6,500,000
	<hr/>	<hr/>
	8,500,000	7,500,000
	<hr/>	<hr/>

The deposits as at 31 December 2019 bear interest at rates ranging from 3.25% to 3.55% (2018: 3.25% to 4.20%) per annum.

Deposits placed with licensed banks have maturity periods ranging from 30 days to 365 days (2018: 30 days to 365 days).

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 18. Share capital

	2019 Number of Ordinary Share	2018 Number of Ordinary Share	2019 RM	2018 RM
Issued and fully paid: At 1 January/31 December	20,504,250	20,504,250	20,504,250	20,504,250

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares are carrying one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

### 19. Treasury shares

	2019 Number of Ordinary Share	2018 Number of Ordinary Share	2019 RM	2018 RM
At 1 January/31 December	1,392,016	1,392,016	1,096,473	1,096,473

- (i) As at 31 December 2019, the number of outstanding Ordinary Shares in issue after deducting the treasury shares was 19,112,234 (2018: 19,112,234).
- (ii) The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 113 subsection 5 (b) of Companies Act, 2016 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased had been sold or cancelled as at 31 December 2019.

### 20. Retained profits

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax exempt dividends.

### 21. Deferred tax liabilities

	2019 RM	2018 RM
At 1 January	718,927	732,063
Transferred to profit or loss (Note 8)	(117,913)	(13,136)
At 31 December	601,014	718,927

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 21. Deferred tax liabilities (continued)

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

	<b>Property, plant and equipment RM</b>
<b>Deferred tax liabilities of the Company:</b>	
At 1 January 2019	1,308,262
Recognised in statements of profit or loss	(80,949)
At 31 December 2019	<u>1,227,313</u>
At 1 January 2018	1,295,461
Recognised in statements of profit or loss	12,801
At 31 December 2018	<u>1,308,262</u>
	<b>Provision RM</b>
<b>Deferred tax assets of the Company:</b>	
At 1 January 2019	589,335
Recognised in statements of profit or loss	36,964
At 31 December 2019	<u>626,299</u>
At 1 January 2018	563,398
Recognised in statements of profit or loss	25,937
At 31 December 2018	<u>589,335</u>

### 22. Provision for staff gratuity

	<b>2019 RM</b>	<b>2018 RM</b>
At 1 January	2,354,140	2,243,225
Provision during the financial year	112,602	110,915
	<u>2,466,742</u>	<u>2,354,140</u>
Add: Amortised cost		
At 1 January	170,648	179,921
Additional	90,900	-
Reversal	-	(9,273)
	<u>261,548</u>	<u>170,648</u>
At 31 December	<u>2,728,290</u>	<u>2,524,788</u>

The discounted rates applied in the computation of the present value of retirement gratuities ranged from 2.80% to 3.76% (2018: 3.43% to 4.78%) per annum.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 23. Lease liability

The following table summarises the carrying amount of the Company's right-of-use assets and the movements during the year:

	2019 RM	2018 RM
Representing		
Current liability	6,777	-
Non-current liability	5,293	-
	<u>12,070</u>	<u>-</u>
<b>Recognised in profit or loss:</b>		
Interest expense on lease liability	<u>733</u>	<u>-</u>

(i) The total cash outflow for leases for the financial year ended 31 December 2019 is RM 7,200; and

(ii) the lease liability is payable as follows:

	2019 RM	2018 RM
Present value of lease liability:		
Repayable within one year	6,777	-
Repayable between one to two years	5,293	-
	<u>12,070</u>	<u>-</u>

### 24. Trade payables

The normal trade credit terms granted to the Company ranging from 30 to 90 days (2018: 30 to 90 days).

### 25. Non-trade payables and accruals

	2019 RM	2018 RM
Non-trade payables	769,312	530,720
Accruals	808,581	853,794
	<u>1,577,893</u>	<u>1,384,514</u>

### 26. Amount due to directors

Amount due to directors represent director fees and are unsecured, interest-free and normally settled within one (1) year.



## Notes to the Financial Statements as at 31 December 2019 (continued)

### 27. Dividend payable

Dividends recognised by the Company are:

	In respect of financial year	Gross dividend per share Sen	Amount of dividend RM	Date of payment
<b>2018</b>				
Final single tier tax exempt dividend	2017	4.00	764,489	25 July 2018
Interim single tier tax exempt dividend	2018	4.00	764,490	23 January 2019
			1,528,979	
<b>2019</b>				
Final single tier tax exempt dividend	2018	2.00	382,244	25 July 2019

### 28. Segmental information

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials in Malaysia. There is no other business component that is an operating segment with a distinct allocation of resources. As such, there are no separate reportable segments and segmental reporting.

#### Major customers

Revenue from three major customers arising from sale of flexible packaging materials are RM10,603,914 (2018: RM9,012,485), RM3,178,546 (2018: RM2,989,901) and RM1,119,651 (2018: RM2,188,703) respectively.

### 29. Contingent liabilities

	2019 RM	2018 RM
Bank guarantee given by financial institution to third party	219,389	230,016

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 30. Commitments

#### Rent and commitments

The Company has entered into non-cancelled operating lease commitments in respect of rental of buildings.

The future minimum lease payables under non-cancellable operating leases as at the reporting date are as follows:

	2019 RM	2018 RM
Within one year	-	22,600
Between one to two years	-	16,250
	<u>-</u>	<u>38,850</u>

### 31. Financial instruments

#### Categories of financial instruments

#### Current financial year

- (a) Financial assets at fair value through other comprehensive income ("FVOCI");
- (b) Financial assets measured at amortised cost ("AC"); and
- (c) Financial liabilities measured at amortised cost ("AC").

	Carrying amount RM	FVOCI RM	AC RM
<b>2019</b>			
<b>Financial assets</b>			
Other investment	5,000,000	5,000,000	-
Trade receivables	5,571,567	-	5,571,567
Non-trade receivables and deposits (excluding prepayment)	95,593	-	95,593
Fixed deposits with licensed banks	8,500,000	-	8,500,000
Cash and cash equivalents	3,303,037	-	3,303,037
	<u>22,470,197</u>	<u>5,000,000</u>	<u>17,470,197</u>
<b>Financial liabilities</b>			
Trade payables	2,075,815	-	2,075,815
Non-trade payables and accruals	1,577,893	-	1,577,893
Amount due to directors	236,782	-	236,782
Provision for gratuity	2,728,290	-	2,728,290
Lease liability	12,070	-	12,070
	<u>6,630,850</u>	<u>-</u>	<u>6,630,850</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Categories of financial instruments (continued)

	Carrying amount RM	FVOCI RM	AC RM
<b>2018</b>			
<b>Financial assets</b>			
Other investment	5,000,000	5,000,000	-
Trade receivables	4,712,515	-	4,712,515
Non-trade receivables and deposits (excluding prepayment)	117,301	-	117,301
Fixed deposits with licensed banks	7,500,000	-	7,500,000
Cash and cash equivalents	4,248,352	-	4,248,352
	<u>21,578,168</u>	<u>5,000,000</u>	<u>16,578,168</u>
<b>Financial liabilities</b>			
Trade payables	2,116,465	-	2,116,465
Non-trade payables and accruals	1,384,514	-	1,384,514
Amount due to directors	215,600	-	215,600
Provision for gratuity	2,524,788	-	2,524,788
	<u>6,241,367</u>	<u>-</u>	<u>6,241,367</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Net gains and (losses) arising from financial instruments

	2019 RM	2018 RM
<b>Fair value through other comprehensive income</b>		
Investment income	167,974	172,445
<b>Financial assets measured at amortised cost</b>		
Impairment loss on trade receivables	(71,725)	(59,905)
Interest income	340,617	255,836
Realised gain/(loss) on foreign exchange	2,972	(1,112)
Reversal of impairment loss on trade receivables	8,424	57,763
Unrealised (loss)/gain on foreign exchange	(1,984)	10,206
	<u>278,304</u>	<u>262,788</u>
<b>Financial liabilities measured at amortised cost</b>		
(Addition)/Reversal of amortised cost of provision for gratuity	(90,900)	9,273
Realised gain on foreign exchange	18,511	57,190
Unrealised gain on foreign exchange	5,327	-
Interest expense	(733)	-
Provision for staff gratuity	(112,602)	(110,915)
	<u>(180,397)</u>	<u>(44,452)</u>
	<u>265,881</u>	<u>390,781</u>

#### Financial risk management objectives and policies

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk.

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the individual characteristics of each customer.

#### Trade receivables and contract assets

At each reporting date, the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

#### Credit risk concentration profile

The Company's major concentration of credit risk relates to the amounts owing by 8 major customers which constituted approximately 85% (2018: 81%) of its trade receivables as at the end of the reporting period.

#### Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Malaysia	5,278,190	4,427,843
Mauritius	242,783	243,504
Brunei	50,594	41,168
	<u>5,571,567</u>	<u>4,712,515</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Credit risk (continued)

##### Ageing analysis

The ageing analysis of the Company's trade receivables as at reporting period is as follows:

	<b>Gross carrying amount RM</b>	<b>Loss allowances RM</b>	<b>Net carrying amount RM</b>
<b>2019</b>			
Not past due:	5,445,144	-	5,445,144
Past due:			
- less than 3 months	135,551	(9,128)	126,423
	<u>5,580,695</u>	<u>(9,128)</u>	<u>5,571,567</u>
<b>Credit impaired</b>			
Individually impaired	114,078	(114,078)	-
	<u>5,694,773</u>	<u>(123,206)</u>	<u>5,571,567</u>
<b>2018</b>			
Not past due:	4,564,843	-	4,564,843
Past due:			
- less than 3 months	147,672	-	147,672
	<u>4,712,515</u>	<u>-</u>	<u>4,712,515</u>
<b>Credit impaired</b>			
Individually impaired	59,905	(59,905)	-
	<u>4,772,420</u>	<u>(59,905)</u>	<u>4,712,515</u>

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Deposits

Credit risks on deposits are mainly arising from deposits paid for hostel buildings rented. These deposits will be refunded at the end of each lease terms. The Company manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's financial position or cash flows.

#### Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is US Dollar ("USD"), Brunei Dollar ("BND") and Japanese Yen ("JPY"). The exposure of foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

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

	USD RM	BND RM	JPY RM	Total RM
<b>2019</b>				
<b>Financial asset</b>				
Trade receivables	242,783	50,594	-	293,377
<b>Financial liabilities</b>				
Non-trade payables	(12,890)	-	(163,476)	(176,366)
Net currency exposure	<u>229,893</u>	<u>50,594</u>	<u>(163,476)</u>	<u>117,011</u>
<b>2018</b>				
<b>Financial asset</b>				
Trade receivables	243,504	41,168	-	284,672
<b>Financial liabilities</b>				
Non-trade payables	(192,000)	-	(15,713)	(207,713)
Net currency exposure	<u>51,504</u>	<u>41,168</u>	<u>(15,713)</u>	<u>76,959</u>

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Foreign currency risk (continued)

##### *Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	2019 %	2018 %	2019 RM Increase/ (Decrease)	2018 RM Increase/ (Decrease)
<b>Effect on profit after tax</b>				
USD / RM				
Strengthened by	5.00	5.00	8,736	1,957
Weakened by	5.00	5.00	(8,736)	(1,957)
BND / RM				
Strengthened by	5.00	5.00	1,923	1,564
Weakened by	5.00	5.00	(1,923)	(1,564)
JPY / RM				
Strengthened by	5.00	5.00	(6,212)	(597)
Weakened by	5.00	5.00	6,212	597

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-earning financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

The Company primary interest rate risk relates to interest earning from fixed deposits with licensed banks and other investment.

##### *Effective interest rates and repricing analysis*

	Effective interest rate per annum %	Less than one year RM	Between one and five year RM	Total RM
<b>2019</b>				
<b>Financial assets</b>				
Fixed deposit with licensed bank	3.25-3.55	8,500,000	-	8,500,000
Other investment	3.11-3.63	-	5,000,000	5,000,000
		<u>8,500,000</u>	<u>5,000,000</u>	<u>13,500,000</u>



## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Interest rate risk (continued)

##### *Effective interest rates and repricing analysis (continued)*

	Effective interest rate per annum %	Less than one year RM	Between one and five year RM	Total RM
<b>2019</b>				
<b>Financial liability</b>				
Lease liability	4.70	(6,777)	(5,293)	(12,070)
		<u>8,493,223</u>	<u>4,994,707</u>	<u>13,487,930</u>
<b>2018</b>				
<b>Financial assets</b>				
Fixed deposit with licensed bank	3.25-4.20	7,500,000	-	7,500,000
Other investment	3.02-3.64	-	5,000,000	5,000,000
		<u>7,500,000</u>	<u>5,000,000</u>	<u>12,500,000</u>

##### *Interest rate risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	2019 Increase / (Decrease) RM	2018 Increase / (Decrease) RM
<b>Effects on profit after taxation</b>		
Increase of 10 basis point	10,215	9,500
Decrease of 10 basis point	<u>(10,251)</u>	<u>(9,500)</u>

#### Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

##### *Maturity analysis*

The table below summarises the maturity profile of the Company financial liabilities as at the reporting period based on undiscounted contractual payments.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Liquidity risk (continued)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
<b>2019</b>				
Trade payables	2,075,815	2,075,815	2,075,815	-
Non-trade payables and accruals	1,577,893	1,577,893	1,577,893	-
Amount due to directors	236,782	236,782	236,782	-
Provision for gratuity	2,728,290	2,728,290	-	2,728,290
Lease liability	12,070	12,600	7,200	5,400
	<u>6,630,850</u>	<u>6,631,380</u>	<u>3,897,690</u>	<u>2,733,690</u>
<b>2018</b>				
Trade payables	2,116,465	2,116,465	2,116,465	-
Non-trade payables and accruals	1,384,514	1,384,514	1,384,514	-
Amount due to directors	215,600	215,600	215,600	-
Provision for gratuity	2,524,788	2,524,788	-	2,524,788
	<u>6,241,367</u>	<u>6,241,367</u>	<u>3,716,579</u>	<u>2,524,788</u>

It is not expected the cash flows included in the maturity analysis could occur significantly earlier, or at significant different amount.

#### Fair values

The following summarises the methods used to determine the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short term maturity of the financial instruments.
- (ii) The fair value of other investments is equivalent to the carrying value as at the end of the reporting period.
- (iii) The fair value of lease liability is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 31. Financial instruments (continued)

#### Fair values (continued)

The aggregate fair values and the carrying amounts of the financial asset carried on the statement of financial position as at 31 December are as below:

	← 2019 →	← 2018 →	← 2019 →	← 2018 →
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial asset:</b>				
Other investment	5,000,000	5,000,000	5,000,000	5,000,000
<b>Financial liability:</b>				
Lease liability	12,070	12,070	-	-

#### Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company does not has any financial liabilities carried at fair value or any financial instruments classified as Level 1 and Level 2 as at reporting date.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2019</b>				
<b>Financial asset</b>				
Other investment	-	-	5,000,000	5,000,000
<b>Financial liability</b>				
Lease liability	-	-	12,070	12,070
<b>2018</b>				
<b>Financial asset</b>				
Other investment	-	-	5,000,000	5,000,000

## Notes to the Financial Statements as at 31 December 2019 (continued)

### 32. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2019.

Under the requirements of Bursa Malaysia Practice Note 19, the Company is required to maintain a shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Company has complied with this requirement.

There are no other external capital requirements imposed on the Company.

### 33. Events subsequent to year end

The directors of the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Company's financial performance and financial position.

### 34. General information

The Company is incorporated and domiciled in Malaysia, is listed on Bursa Malaysia Securities Berhad.

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

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

The registered office of the Company is located at Level 12, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 20 May 2020.

## List of the Properties as at 31 December 2019

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	Tenure	Age of Building	Net Book Value RM	Date of Acquisition
<b>Location:</b> Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold Expiring on 29 September 2086	36 years old	2,685,977	3-5-1984
<b>Address:</b> Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan						

## Analysis of Shareholdings as at 29 May 2020

### SHAREHOLDERS

The Company had 969 shareholders as at 29 May 2020. There is only one class of share , namely ordinary share. Each share entitles the holder to one vote.

### ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 29 May 2020

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	158	4,345	0.02
100 - 1,000	133	76,468	0.40
1,001 - 10,000	560	1,631,548	8.54
10,001 - 100,000	88	2,667,403	13.96
100,001 to less than 5% of issued shares	28	11,052,315	57.83
5% and above of issued shares	2	3,680,155	19.25
<b>Total</b>	<b>969</b>	<b>19,112,234</b>	<b>100.00</b>

## Analysis of Shareholdings as at 29 May 2020 (cont'd)

### SUBSTANTIAL SHAREHOLDERS

As at 29 May 2020

No.	Name of Substantial Shareholders	Direct Interest	
		No. of Shares	%
1	UOB Khay Hian Nominees (Asing) Sdn Bhd-Exempt An For UOB Kay Hian (Hong Kong) Limited (A/C Clients)	2,582,755	13.51
2	Ling Ee Kong		
	- CGS-CIMB Nominees (Tempatan) Sdn Bhd	32,900	
	- Affin Hwang Nominees (Tempatan) Sdn Bhd	1,097,400	
		1,130,300	5.91

### DIRECTORS' SHAREHOLDINGS

As at 29 May 2020

No.	Name of Directors	Direct Interest	
		No. of Shares	%
1	Datuk Ismail bin Haji Ahmad	-	-
2	Yeo Tek Ling	12,169	0.06
3	Dato' Haji Ghazali b. Matt Ariff	-	-
4	Law Mong Yong	459	0.00
5	Mah Siew Seng	-	-
6	Ng Choo Tim	648,297	3.39

## Analysis of Shareholdings as at 29 May 2020 (cont'd)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

As at 29 May 2020

No.	Name	No. of Shares	%
1	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian (Hong Kong clients)	2,582,755	13.51
2`	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged securities account for Peter Ling Ee Kong	1,097,400	5.74
3`	Teo Kwee Hock	939,000	4.91
4	Sin Soon Lee Realty Company (M) Sdn Bhd	795,825	4.16
5	Ng Choo Tim	648,297	3.39
6	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	639,200	3.34
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Pang Chong Yong (PB)	627,000	3.28
8	Tjin Kiat @ Tan Cheng Keat	615,900	3.22
9	Low Khek Heng @ Low Choon Huat	602,900	3.15
10	Lee Kim Mua@ Lim Kim Moi	516,626	2.70
11	Law Mong Hock	502,633	2.63
12	Jenny Siew	450,000	2.35
13	Eu Hock Seng	446,434	2.34
14	Tan Gian Hock	432,500	2.26
15	Tan Kok Chiew	391,995	2.05
16	Law Geok King	344,094	1.80
17	Law Geok Beng	338,468	1.77



## Analysis of Shareholdings as at 29 May 2020 (cont'd)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

As at 29 May 2020 (cont'd)

No.	Name	No. of Shares	%
18	Law Ling Ling	330,974	1.73
19	Law Geok Eng	313,994	1.64
20	Ong Kim Looi	300,200	1.57
21	Juliet Yap Swee Hwang	287,400	1.50
22	Tan You Hum	280,200	1.47
23	Kenaga Nominees (Tempatan) Sdn Bhd Pledged securities Account for Ng Beng Hoo	234,000	1.22
24	Tasek Maju Realty Sdn Bhd	225,000	1.18
25	Ng Gaik Yam	150,000	0.78
26	Yap Ah Cheng	150,000	0.78
27	Jane Yap Sin Yee	145,900	0.76
28	HSBC Nominees (Asing) Sdn Bhd Exemp An For Bank Julius Baer & Co. Ltd. (Singapore BCH)	127,900	0.67
29	Kho Sow Gan	111,875	0.59
30	Chuah Cheng Soon	104,000	0.54

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# PROXY FORM



**ADVANCED PACKAGING TECHNOLOGY (M) BHD**  
 (Company Registration No. 198201003236 (82982-K)  
 (Incorporated in Malaysia)

<i>No. of Shares held</i>	
---------------------------	--

I/We, \_\_\_\_\_ (NRIC/Company No.) \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address)

being a Member/Members of Advanced Packaging Technology (M) Bhd hereby appoint \_\_\_\_\_

\_\_\_\_\_ (NRIC) \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address)

or failing him/her \_\_\_\_\_ (NRIC) \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address)

or failing whom, the Chairman of the meeting as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the Thirty-Eighth Annual General Meeting ("AGM") of the Company to be held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Wednesday, 26 August 2020 at 12.30 p.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
<i>Ordinary Resolution 1</i>	To approve the payment of Directors' Fees of RM235,000 for the year ended 31 December 2019.		
<i>Ordinary Resolution 2</i>	To approve the payment of Directors' Benefit (excluding Directors' Fees) up to an amount of RM100,000 from 1 June 2020 until the next AGM of the Company.		
<i>Ordinary Resolution 3</i>	To re-elect Mr Mah Siew Seng as Director.		
<i>Ordinary Resolution 4</i>	To re-elect Mr Ng Choo Tim as Director.		
<i>Ordinary Resolution 5</i>	To re-elect Mr Pang Chong Yong as Director.		
<i>Ordinary Resolution 6</i>	To re-elect Mr Andrew Ling Yew Chung as Director.		
<i>Ordinary Resolution 7</i>	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<i>Ordinary Resolution 8</i>	To retain Dato' Haji Ghazali bin Mat Ariff as Independent Non-Executive Director.		
<i>Ordinary Resolution 9</i>	To retain Mr Mah Siew Seng as Independent Non-Executive Director.		
<i>Ordinary Resolution 10</i>	To retain Mr Ng Choo Tim as Independent Non-Executive Director.		
<i>Ordinary Resolution 11</i>	To retain Datuk Ismail bin Haji Ahmad as Independent Non-Executive Director.		
<i>Ordinary Resolution 12</i>	To approve the Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares.		

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

The proposition of my holdings to be represented by my\* proxy/proxies are as follows:-

First Name Proxy \_\_\_\_\_ %      Second Name Proxy \_\_\_\_\_ %      =      100%

\*Strike out whichever is not desired.

Dated this ..... day of ..... 2020

.....  
 Signature

**NOTES:**

1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Ground Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eighth (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. Only members whose names appear in the Record of Depositors on 18 August 2020 shall be entitled to attend, speak and vote at the Annual General Meeting.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Thirty-Eighth AGM will be put to vote by poll.

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Affix  
Stamp

**The Company Secretary**  
**ADVANCED PACKAGING TECHNOLOGY (M) BHD**

Registration No. 198201003236 (82982-K)

Ground Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

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