



## — 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 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 on 12 January 2010 and 20 December 2012 respectively. 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.

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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirty-Fourth Annual General Meeting of Advanced Packaging Technology (M) Bhd ("the Company") will be convened and held at Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 19 May 2016 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 2015 together with the Directors' and Auditors' Reports thereon.  | <b>Resolution 1</b>  |
| 2. To approve the payment of a final single tier tax exempt dividend of 6% net per share for the year ended 31 December 2015.   | <b>Resolution 2</b>  |
| 3. To approve the payment of Directors' Fees of RM237,600.00 for the year ended 31 December 2015.   | <b>Resolution 3</b>  |
| 4. To re-elect Mr Yeo Tek Ling who retires in accordance with Article 80 of the Company's Articles of Association.  | <b>Resolution 4</b>  |
| 5. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965 :-  |                      |
| (a) "THAT Mr Chee Sam Fatt, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."                | <b>Resolution 5</b>  |
| (b) "THAT Mr Tjin Kiat @ Tan Cheng Keat, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."   | <b>Resolution 6</b>  |
| (c) "THAT Dato' Haji Ghazali B. Mat Ariff, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." | <b>Resolution 7</b>  |
| (d) "THAT Dato' Law Sah Lim, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."               | <b>Resolution 8</b>  |
| (e) "THAT Datuk Ismail bin Haji Ahmad, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."     | <b>Resolution 9</b>  |
| (f) "THAT Mr Eu Hock Seng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."                 | <b>Resolution 10</b> |
| 6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Resolution 11</b> |

### As Special Business

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

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

### 7. Proposed Retention of Independent Directors in accordance with the Malaysian Code on Corporate Governance 2012

- |   |                      |
|---|----------------------|
| (a) "THAT subject to the passing of Ordinary Resolution 7, 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 nine (9) years to continue to act as an Independent Non-Executive Director of the Company." | <b>Resolution 12</b> |
| (b) "THAT subject to the passing of Ordinary Resolution 10, authority be and is hereby given to Mr Eu Hock Seng 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."               | <b>Resolution 13</b> |
| (c) "THAT 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 nine (9) years to continue to act as an Independent Non-Executive Director of the Company."  | <b>Resolution 14</b> |
| (d) "THAT 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 nine (9) years to continue to act as an Independent Non-Executive Director of the Company."  | <b>Resolution 15</b> |

### 8. Proposed renewal of Shareholders' Mandate for the Company to buy-back its own shares ("Proposed Shareholders' Mandate") **Resolution 16**

"THAT subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, 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 Annual General Meeting of the Company held on 17 June 2015, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up 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 stood at RM11,287,531 for the financial year ended 31 December 2015.

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:-

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

- (a) the conclusion of the next Annual General Meeting ("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,

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.

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders, a final single tier tax exempt dividend of 6% net per share in respect of the financial year ended 31 December 2015 will be paid on 22 June 2016 to shareholders whose names appear in the Company's Record of Depositors on 31 May 2016.

A Depositor shall qualify for the entitlement only in respect of :-

- a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 31 May 2016 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855)  
ZURIATI BINTI YAACOB (LS0009971)  
Joint Company Secretaries

Petaling Jaya  
26 April 2016

#### 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, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight 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 13 May 2016 shall be entitled to attend, speak and vote at the Annual General Meeting.

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

### EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. The Resolutions 12 to 15, if passed, will allow the named directors to continue to act as Independent Non-Executive Directors of the Company.

*The Nomination Committee had assessed the independence of Dato' Haji Ghazali B. Mat Ariff, Mr Eu Hock Seng, Mr Ng Choo Tim and Mr Mah Siew Seng, who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Dato' Haji Ghazali B. Mat Ariff, Mr Eu Hock Seng, Mr Ng Choo Tim and Mr Mah Siew Seng 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.*
2. The Resolution 16, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the issued and paid-up 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 Circular to Shareholders dated 26 April 2016.



## Statement Accompanying The Notice of Annual General Meeting

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

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

Re-election under Article 80 of the Company's Articles of Association

a) Yeo Tek Ling

Re-appointment under Section 129(6) of the Companies Act, 1965

- a) Chee Sam Fatt
- b) Tjin Kiat @ Tan Cheng Keat
- c) Dato' Haji Ghazali B. Mat Ariff
- d) Dato' Law Sah Lim
- e) Datuk Ismail bin Haji Ahmad
- f) Eu Hock Seng

### 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 2015 are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Chee Sam Fatt	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	4	4
Dato' Law Sah Lim	4	4
Eu Hock Seng	4	4
Ng Choo Tim	4	4
Dato' Haji Ghazali B. Mat Ariff	4	4
Datuk Ismail bin Haji Ahmad	4	4
Mah Siew Seng	4	4

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

The Thirty-Fourth Annual General Meeting of the Company will be held at Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 19 May 2016 at 12.30 p.m.

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

The details of the directors standing for re-election and re-appointment at the forthcoming Thirty-Fourth Annual General Meeting are set out on pages 8 to 11 of the Annual Report.



# Corporate Information

## BOARD OF DIRECTORS

Chee Sam Fatt (Chairman)  
Tjin Kiat @ Tan Cheng Keat (Managing Director)  
Yeo Tek Ling (Finance Director)  
Dato' Haji Ghazali B. Mat Ariff  
Dato' Law Sah Lim  
Datuk Ismail bin Haji Ahmad  
Mah Siew Seng  
Eu Hock Seng  
Ng Choo Tim

## SECRETARIES

Leong Shiak Wan  
(MAICSA 7012855)  
Zuriati Binti Yaacob - appointed on 25-2-2016  
(LS0009971)  
See Siew Cheng - resigned on 27-8-2015  
(MAICSA 7011225)

## 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

Chee Sam Fatt (Chairman)  
- Non-Independent Non-Executive Director  
Dato' Haji Ghazali B. Mat Ariff  
- 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  
Eu Hock Seng  
- Independent Non-Executive Director  
Ng Choo Tim  
- Independent Non-Executive Director

## REGISTERED OFFICE

Level 8, Symphony House  
Block D 13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7841 8000  
Fax: 03-7841 8199

## REGISTRAR & SHARE TRANSFER OFFICE

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D 13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7841 8000  
Fax: 03-7841 8008

## 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

### **CHEE SAM FATT\***

Singaporean

Chairman (Non-Independent Non-Executive Director)

Aged 80 years, Mr Chee Sam Fatt is one of the founder director of the Company. He was appointed a Board member on 31 March 1982 and is currently the Chairman of the Board and the Remuneration Committee.

Mr. Chee had previously held directorships in several private limited companies which were involved in construction and building materials, property development, importation and installation of marble, machine joinery works and assembly and retailing of electrical goods.

He does not have any family relationship with any director. He is the father of Mr Chee Chin Tsai and Mr. Chee Chin Hung who are the substantial shareholders of the Company. He does not have any conflict of interest with the Company.

He does not hold any other directorships in public companies. He has not been convicted of any offence within the past ten years. He holds 10,125 ordinary shares in the Company.

### **TJIN KIAT @ TAN CHENG KEAT\***

Malaysian

Managing Director (Non-Independent Executive Director)

One of the founder directors of the Company, Mr Tan Cheng Keat, aged 77 years, was appointed to the Board on 31 March 1982. On 1 May 1986, he was appointed as a full time Executive Director and subsequently served as Managing Director of the Company since 29 June 1989. Mr. Tan is the principal officer of the Company and is responsible for the overall management of the Company's business as well as spearheading its future direction.

He had many years of marketing experience prior to joining the Company. He held various marketing and sales positions which included serving as Sales Manager of Advanced Electronics (M) Sdn Bhd ("AE") for thirteen years. He was appointed as a director of AE in 1980.

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

He is not a director of any other public company. He has not been convicted of any offence in the past ten years. Mr Tan holds 1,565,900 ordinary shares in the Company.

### **YEO TEK LING#**

Malaysian

Finance Director (Non-Independent Executive Director)

Mr. Yeo Tek Ling, aged 57 years, a Chartered Global Management Accountant by profession 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.

## Directors' Profile (cont'd)

Mr. Yeo is primarily responsible for overseeing the accounting, financial reporting, taxation, financial management, corporate finance, supply chain, ISO 9001, corporate and administrative matters of the Company. He also assists the Managing Director from time to time in management and other operational matters. He had 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 and ISO 9001:2008 in 2009.

He is a member of the Malaysian Institute of Accountants (MIA) and the Chartered Institute of Management Accountants (CIMA), U.K. He is currently a council member of MIA and the Chairman of the Malaysia Country Branch Committee of CIMA. He was also the Chairman of the Malaysia Country Branch Committee of CIMA during the term 2013/2014. He had also served previously as a council member of MIA and CIMA Malaysia Division. He was also a member of the Professional Accountants in Business Committee of the International Federation of Accountants, New York.

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.

### **DATO' LAW SAH LIM\***

Malaysian

Director (Non-Independent Non-Executive Director)

Dato' Law Sah Lim, aged 86 years, is one of the founder directors of the Company and was appointed to the Board on 31 March 1982. He served as Chairman of the Company since his appointment to the Board and resigned on 1 January 2003.

With over four decades of experience in various businesses such as the motor vehicle trade, food manufacturing, sales and assembly of electrical products, leasing, credit and financing, he sits on the Board of several private limited companies.

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

He is not a director of any other public companies. He has not been convicted of any offence within the past ten years. He does not hold any shares directly in the Company.

### **EU HOCK SENG\***

Singaporean

Director (Independent Non-Executive Director)

Mr. Eu Hock Seng, aged 76 years is a founder director of the Company and was appointed to the Board on 31 March 1982. He currently serves as a member of the Nomination Committee.

Mr Eu holds a Bachelor of Science (Electronic Engineering) degree from Waseda University of Japan. He was the Head of Manufacturing Department of Setron (S) Ltd, factory manager of East Coast Electronics Sdn Bhd in Malaysia. He had previously taught Japanese language at the Singapore National Trade Union Co-operative.

He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company.

Mr Eu is not a director of any other public companies. He has no record of conviction for any offence within the past ten years. He holds 11,210 ordinary shares in the Company.

## Directors' Profile (cont'd)

### **NG CHOO TIM**

Malaysian

Director (Independent Non-Executive Director)

Aged 64 years, 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\***

Malaysian

Director (Independent Non-Executive Director)

Dato' Haji Ghazali B. Mat Ariff, aged 75 years, 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 and Nomination Committee and a member of the 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 Bolkiah 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.

Dato' Ghazali is the President of The Malay College Old Boys' Association (MCOBA) since July 2014. 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.

## Directors' Profile (cont'd)

### **DATUK ISMAIL BIN HAJI AHMAD\***

Malaysian

Director (Independent Non-Executive Director)

Datuk Ismail bin Haji Ahmad, aged 79 years, was 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.

### **MAH SIEW SENG**

Malaysian

Director (Independent Non-Executive Director)

Aged 63 years, 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.

He 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.

Mr Mah 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.

\* Directors standing for re-appointment

# Director standing for re-election

# Corporate Social Responsibility Statement

Advanced Packaging Technology (M) Bhd acknowledges the importance of playing its role in Corporate Social Responsibility (CSR). Its Directors have emphasized that it is an ongoing commitment for the Company in fostering CSR activities for a sustainable business operation. The Company has broadly divided its CSR into four areas as below namely the Workplace, the Community, the Environment and the Marketplace.

## 1) The Workplace

The Company has taken steps to ensure a conducive, safe and healthy working environment is provided for its employees at the workplace. It has in placed 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.

Pro-active action has been taken by the Company in the development of its human capital as it recognises the importance of its employees as one of the most valuable and important asset of the Company. It acknowledges that continuous training and human capital development will better equip its employees in the workplace and produce better performance results for the Company. Thus, 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.

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.

## 2) The Community

The Company recognizes that it needs to play its roles in the community in which it operates. It has provided employment and job opportunities for the local community, fresh graduates/school leavers and unskilled workers. It has also provided opportunities for employment to the handicapped and less privileged people. These efforts will in a small way help the government in the development of its human capital and reducing unemployment. Hence, it will help in a long run to improve the standard of living of the people and reduce social ills of the youth.

The Company also provides internship trainings from time to time to some students from local institutions of higher learning so that these students will have the opportunity to gain practical experience before graduating.

Certain flexibility was given to some of its employees in volunteering their time and efforts in serving certain relevant trade and professional organizations.

## 3) The Environment

Business activities of the Company are conducted in compliance with the applicable environmental laws and regulations. Certain Initiatives and actions have been taken by the Company on the 3 R's (Reduce, Reuse and Recycle) in preserving the environment in which it operates.

Some of the conservation measures and actions taken by the Company to safeguard and preserve the environment are summarized as below:-

- a) Replacing normal fluorescent lighting with those of energy saving type.
- b) Replacing diesel usage with natural gas as fuel for boilers to reduce air pollution.
- c) Replacing progressively old air-conditioners with those with energy saving features.
- d) Recycling of certain discarded raw and processed materials.
- e) Reusing and recycling of pallets, cardboards, paper and office stationery and hence reducing the purchase of these items.
- f) Recycling of certain packing materials back to suppliers.
- g) Scheduled and solid waste disposal were carried out only by licenced contractor.
- h) Setting appropriate temperature for air-conditioners in the office.
- i) Switching off lighting and air-conditioners when they are not in use.

## 4) The Marketplace

The Company has always been mindful that it operates with sound business practices and good corporate governance to ensure that it's a responsible and reliable company to all stakeholders.

It has placed important emphasis on the quality of the products produced by the Company. It manufactures and supplies quality products to its customers both local and overseas in accordance to its ISO 9001 Quality Management System that certified to ISO 9001:2008 standard. This practice will provide better quality assurance to its customers and gives the Company a competitive edge over those companies without the ISO 9001 certification.

As the Company operates in a highly competitive market environment, it 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. Raw materials used in manufacturing will only be sourced from approved suppliers to ensure consistency of quality of supplies and prompt delivery.

This statement was approved by the Board on 25 February 2016.

# Statement on Corporate Governance

## Statement on Corporate Governance

The Board of Directors ("the Board") of Advanced Packaging Technology (M) Bhd acknowledges and subscribes to the principles of and best practices in corporate governance.

The Directors are committed to having a good corporate governance framework in conducting the business and affairs of the Company in order to protect and enhance shareholders' value and the financial performance of the Company whilst taking into account the interest of other stakeholders. 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 2012 ("the Code") and the relevant provisions in the Bursa Malaysia Securities Berhad Listing Requirements.

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 2015.

### 1.0 CLEAR ROLES AND RESPONSIBILITIES

#### 1.1 Role and Responsibilities of the Board

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.

As such, it's the duty of the Directors to act in the best interest of the Company. The Board is ultimately responsible for the performance of the Company. The Board comprises of members with diversified background. It has the overall responsibility for corporate governance, establishing goals, setting strategic direction and overseeing investments and conduct of the Company's business 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 and stakeholder interests and communications.

A formal schedule of matters and position descriptions are established to clearly define and segregate the duties and responsibilities of the Board and management. The Board had delegated the day-to-day running of the Company to the Managing Director and his management team.

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.

There are no restrictions on directors in obtaining access, where necessary, to independent professional advice at the Company's expense and access to the advice and service of the Company Secretary.

#### 1.2 Composition of the Board and Board Balance

Currently the Board has nine members with two Executive Directors and seven Non-Executive Directors, of whom five are Independent. 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 number of directors which fairly reflects the investment in the Company as the Board does not have any significant shareholder. The 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.



## Statement on Corporate Governance (cont'd)

There is a balance of executive and non-executive directors in the Board with no individual director dominating decision making at Board meetings. 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.

The roles and responsibilities of 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. The executive directors' knowledge of the business operation is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations taking into account the best interest of the Company's investors as a whole at all times.

### 1.3 Board and Committee Meetings

The Board and Audit Committee meet at least four times a year at a quarterly interval with additional meetings convened and held as and when deemed necessary. The Nomination and Remuneration Committee usually meet once a year. A schedule of board and committee meetings for the following financial year was prepared in advance by Management in the fourth quarter of the financial year. The Chairman is responsible for ensuring that the Board is running effectively with the assistance of the Management and Company Secretary.

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 are promptly supplied to enable them to effectively discharge their responsibilities. Certain Senior management staff had been requested to attend the Board or Board Committee meetings when clarification was sought. The respective Chairman of Board Committees will report the decisions and recommendations of their committees to the Board at the Board's next meeting for further action.

Attendance at meetings is detailed in the Statement Accompanying the Notice of Annual General Meeting and the Audit Committee Report.

### 1.4 Appointment and Re-election of Directors

The Nomination Committee is responsible for making recommendation for new nominees to the Board and Board committees. It is also responsible for reviewing annually the required mix of skills, experience and competencies of the non-executive directors and assessing individual director's contribution and the effectiveness of the Board as a whole. It had deliberated before and commented that the selection of candidate for directorship of the Company should be based on the character, capability and experience of the person instead of just gender. The Board takes cognizance of the need to monitor and review its size to ensure that the Board's effectiveness is not undermined.

All Directors shall retire by rotation and submit themselves for re-election at least once in every three years in accordance with Article 80 of the Company's Articles of Association. Directors over seventy (70) years old of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965. Details of Directors seeking re-election and re-appointment at the forthcoming Annual General Meeting is set out in the Statement Accompanying the Notice of Annual General Meeting.

### 1.5 Directors' Code of 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.

## Statement on Corporate Governance (cont'd)

### 1.6 Sustainability

Business sustainability has always been viewed seriously by the Board. It reviews from time to time the environment in which the Company is operating at and to ensure that it operates in a sustainable manner. It aims to strike a balance between profitability, environment, social and governance. More details are disclosed in the Corporate Social Responsibility Statement.

### 1.7 Supply of Information

The Directors are given all information and documents such as notice, agenda, Board Papers and reports in a timely manner prior to the convening of each meeting to ensure that the Directors and Committee members have sufficient time to understand and appreciate issues to be deliberated at the Board or Board Committee meetings.

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs. They have ready and direct access to the advice and services of the Company Secretary. No restrictions have been placed upon the directors, individually or as a board, to take independent professional advice at the Company's expense in the furtherance of their duties.

### 1.8 Company Secretary

The Board is supported by the Company Secretaries who are well qualified with the relevant qualification. They have the required experience and are competent to discharge their duties and responsibilities. They are responsible for all the secretarial function of the Company and provide the Board with the relevant advice from time to time.

### 1.9 Board Charter

There is a Board Charter which outlines the roles, responsibilities and functions of the Board. The Board Charter is a source reference to ensure that all Board members are aware of their duties and responsibilities as Director.

## 2.0 STRENGTHEN COMPOSITION

The Board is made up of a well-mixed of experienced Directors with the necessary skills and expertise. The Board is assisted by the following Committees to discharge its duties.

### 2.1 Board Committees

Three committees namely, the Audit, Nomination and Remuneration Committees had been established by the Board. Duties and responsibilities of these committees are contained in their respective terms of reference. These committees assist the Board in the discharge of its duties by examining issues within their terms of reference and reporting back to the Board with recommendations, recognising at all times that the Board is the ultimate platform for decision making.

### 2.2 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. Currently, 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.

## Statement on Corporate Governance (cont'd)

### 2.3 Nomination Committee

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

- (i) Dato' Haji Ghazali B. Mat Ariff (Chairman) (Senior independent non-executive director);
- (ii) Mr Eu Hock Seng (independent non-executive director); and
- (iii) 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.

#### 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.

#### Nomination Committee's Activities

During the year under review, the Nomination Committee met once and attended by all members. The Nomination Committee carried out an annual review of the required mix of skills, experience and other qualities, including core competencies, which non-executive directors should bring to the Board. It assessed the annual effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.

## Statement on Corporate Governance (cont'd)

The Nomination Committee also discussed and recommended to the Board on the retirement of Directors and reappointment of Independent Non-Executive Directors who have served for a cumulative term of more than nine (9) years to obtain the approval from the shareholders at the Annual General Meeting.

### 2.4 Remuneration Committee

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

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) Mr Chee Sam Fatt (Chairman) (non-independent non-executive director);
- (ii) Dato' Haji Ghazali B. Mat Ariff (senior independent non-executive director); and
- (iii) 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 Directors.

#### 2.4.1 Directors' Remuneration

It is generally agreed that the remuneration of executive directors should be structured to link rewards 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.

Remuneration package of the executive directors was reviewed by the Remuneration Committee 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.

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 2015, distinguishing between Executive and Non-Executive Directors:-

## Statement on Corporate Governance (cont'd)

### 2.4.1 Directors' Remuneration (cont'd)

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	428,400.00	-
Fees	52,800.00	184,800.00
Meeting Allowance	10,000.00	50,000.00
Bonus	117,919.00	-
Benefits-in-kind	32,750.00	-
EPF & Socso	120,191.00	-
Others	18,000.00	-
Total	780,060.00	234,800.00

Band of Remuneration (RM)	Executive	Non-Executive
Below 50,000	-	7
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	-	-
450,001 to 500,000	-	-
500,001 to 550,000	1	-

In view of the confidentiality and sensitivity of the disclosures, details of individual director's remuneration are not disclosed herewith.

### 3.0 REINFORCE INDEPENDENCE

Independent directors are not employees and they do not participate in the day-to-day operation and management of the Company. They expressed their views and opinions freely on subject matter without constraint. The Board is of the opinion that all the five independent directors continue to demonstrate conduct and behavior that are essential indicators of independence.

There are four Independent Directors namely Dato' Haji Ghazali B. Mat Ariff, Mr. Mah Siew Seng, Mr. Eu Hock Seng and Mr Ng Choo Tim who have served for more than nine years. Upon the proposal of the Nomination Committee and deliberated by the Board, the Board agreed to retain them as independent directors on the ground that they have the aptitudes necessary in discharging their roles and functions as independent directors. Kindly refer to the explanatory notes on special business in the Notice of Annual General Meeting for more details. With the alternate recommendation under the Code, the Board will seek approval from the shareholders at the forthcoming Annual General Meeting to retain the above mentioned independent directors.

The Chairman and Managing Director of the Company are held by separate individuals and the Chairman is a non-executive director. The Chairman provides leadership to the Board whereas the Managing Director manages the business of the Company. This promotes separation of duties and accountability between the two of them.

## Statement on Corporate Governance (cont'd)

In line with the recommendation of the Code, the Board currently comprises a majority of independent directors where the Chairman is not an independent director.

### 4.0 FOSTER COMMITMENT

#### 4.1 Time Commitment

Directors are expected to give sufficient time to discharge their duties and responsibilities. All the Directors of the Company have demonstrated their commitment of time to carry out their duties and responsibilities as can be seen in their attendance at meetings whether as member of the Board or Board Committee.

#### 4.2 Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme 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 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. The Company Secretary has from time to time updated the Directors on the Code and the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to disclosure and other obligations.

During the year, our auditors, Messrs PKF, highlighted to the Directors the requirements and implications of the new Auditor Reporting Standard and expected changes to the format of the Auditor's Report to be made in respect of the Company's financial statements for the financial year ending 31 December 2016, during the Audit Committee and Board meeting held on 26 August 2015.

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

Mr. Yeo Tek Ling

- i) CG Breakfast Series with Directors: "Board Reward & Recognition" by Bursa Malaysia and MINDA;
- ii) MIA International Accountants Conference 2015 by Malaysian Institute of Accountants (MIA);
- iii) MIA-IFAC Regional SMP Forum by MIA/IFAC;
- iv) Changing Scope of Capital Market Regulations by MIA.

Mr Mah Siew Seng

- i) Tax Conference 2015 by IROU;
- ii) MPERS seminar by Aljeffri Dean Consulting Sdn. Bhd;

### 5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 Financial Reporting

The Company presents its financial performance on a quarterly and annual basis through public announcement and also provides annual report on an annual basis for a true, fair, balanced and understandable assessment of the Company's position. The Board is assisted by the Audit Committee which in turn assisted by Auditors in reviewing the quality of its financial reporting and to ensure that financial statements comply with applicable financial reporting standards.

It's the Board's responsibility in ensuring that the Company's accounting records are properly kept in compliance with the Companies Act, 1965 and approved accounting standards and that the financial statements for the financial year are prepared to reflect a true and fair view of the state of affairs of the Company.

## Statement on Corporate Governance (cont'd)

A Statement of Directors' Responsibility for the annual audited financial statements is included in this Annual Report.

### 5.2 Relationship with External Auditors

The Company has established an appropriate, professional and transparent relationship with its external auditors through the Audit Committee. Notice of each Audit Committee meeting is extended to the external auditors and the latter has to date attended all of the Audit Committee meetings. They have actively participated in all the meetings and highlighted major issues that need more deliberation. External auditors were also invited from time to time to attend Board meeting to brief the Directors on major issues that need their attention. Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee Report.

The external auditors have confirmed in their documentation that they have complied with the ethical requirements regarding independence with respect to the audit of the Company. They have discharged their duties with due care and in a professional manner throughout the audit engagement. The Audit Committee is of the opinion that the external auditors are suitable and independent in performing the audit of the Company.

## 6.0 RECOGNISE AND MANAGE RISKS

### 6.1 Risk Management

The Board considers risk management 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 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 by another consulting firm and proposed an appropriate internal audit scope of review to assess the effectiveness of controls in managing risks. 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.

### 6.2 Internal Control

The Directors recognise and acknowledge the important 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. It 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.

The Company outsourced the Internal Audit function during the year at a cost of RM 15,000.00 to Wensen Consulting Asia (M) Sdn Bhd 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



## Statement on Corporate Governance (cont'd)

of the adequacy, integrity and effectiveness of the system of internal control. However, 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.

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview on the state of internal control of the Company.

### **7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

The Directors have ensured that all material and price sensitive information are announced to Bursa Malaysia in an accurate and timely manner as required by the stock exchange and relevant authorities. Designated persons are tasked with such responsibility to ensure timely and quality disclosure. All announcements made to Bursa Malaysia were also disseminated subsequently in the Company's website for easy access by the shareholders and members of the public.

Apart from the close period for dealing in the Company's shares, the directors and senior management privy to price sensitive information are prohibited from dealing in the shares of the Company until such information had been announced to the public via Bursa Malaysia.

### **8.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

#### **8.1 Relationship With Shareholders**

There is an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. 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.

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 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.

This statement was made in accordance with a Board resolution passed on 25 February 2016.

## Other Information

### Status of Utilisation of Proceeds

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

### Share Buy-Back

The Company at the Extraordinary General Meeting held on 26 June 2008 obtained the approval of the shareholders in relation to the share buy-back authority, whereby the Company is authorized to purchase up to ten (10%) of its issued and paid-up capital. The authority was subsequently renewed on 25 June 2009, 24 June 2010, 15 June 2011, 21 June 2012, 20 June 2013, 20 June 2014 and 17 June 2015.

During the financial year ended 31 December 2015, the Company purchased a total of 4,000 ordinary shares for RM8,431.51. All shares purchased are retained as treasury shares. As at 31 December 2015, total cumulative shares purchased and retained as treasury shares were 1,390,016 shares with a total consideration (inclusive of transaction cost) of RM1,091,826.50. The share buy-back was financed by internally generated funds. None of the shares purchased so far has been sold or cancelled during the financial year.

The details of the shares purchased during the year are set out below:-

Month	No. of Ordinary Shares	Purchase Price Per Share (RM)			Total Consideration*
		Lowest	Highest	Average	(RM)
March 2015	2,000	2.17	2.17	2.17	4,386.31
September 2015	2,000	2.00	2.00	2.00	4,045.20
Total	4,000				8,431.51

\* Includes transaction cost

### Options, Warrants and Convertible Securities

No options, warrants and convertible securities were exercised during the financial year.

### American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

### Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its directors or management by any relevant regulatory bodies during the financial year.

### Non-Audit Fees

The amount of non-audit fees paid or payable to the affiliated company of the Auditors, Messrs. PKF for the financial year for taxation services was RM7,200.00.

## Other Information (cont'd)

### **Variance in Results**

There was no material variance between the Company's audited results for the financial year ended 31 December 2015 and the unaudited results previously released for the financial quarter ended 31 December 2015.

### **Profit Guarantee**

The Company did not provide any profit guarantee and as such there is no issue of shortfall in the profit guaranteed.

### **Material Contracts**

There were no material contracts entered into by the Company involving 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.

# Statement on Risk Management and Internal Control

## Introduction

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 internal control, the Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd. ("APT") is pleased to provide the following Statement on Risk Management and Internal Control, which outlines the nature and scope of risk management and internal control of the Company.

## Responsibility

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

As the control systems established in the Company are designed to manage rather than eliminate the risks facing the business in pursuit of its business objectives, they 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 control.

The Board is assisted by the management in implementing the appropriate controls and constant review to mitigate and manage risks at certain reasonable level. Summary of the key features of the internal controls of the Company are as follows:-

## Risk Management

Risk management is considered as an integral part of the business operations of the Company and it was embedded in various systems of control. Hence, 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.

Management is tasked and responsible for creating a risk-aware culture within the organisation so as to mitigate risks that may impede the achievement of the business 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 control system and ensure compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

An independent consulting firm had previously been appointed 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 promote awareness of risk affecting the Company;
- To facilitate a systematic and consistent method for the identification of significant business risks and responsibilities for managing these risks;
- To facilitate an objective assessment of key controls to manage the identified risk.

The Company has subsequently appointed another 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 continuously review and assess the effectiveness of controls in managing risks. The Board has considered and accepted the review and the updated risk profile of the Company.

The documentation of risk and risk management is an ongoing process.

## Internal Control Structure

The Company has an established internal control structure. There is a clearly defined operating structure with line of responsibilities and authorities to assist the Board to maintain a proper control environment.

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

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

A proper organisation structure is in place within the Company with appropriate authority, responsibility and job specification for employees to ensure proper reporting and smooth running of the business operations.

The Board comprises of a well 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 with their own formal terms of reference are able to effectively carry out their respective duties and responsibilities.

### Policies and Procedures

Policies and procedures are established in the Company to ensure efficient and effective operational and financial processes and compliance with the system of internal control, applicable laws and regulations.

### Audit Committee

The Board has established an Audit Committee which comprises of members who are all independent non-executive directors. It 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 responses. It also reviews the quarterly reports and annual audited reports and financial statements before submission to the Board for approval for releasing to Bursa Malaysia.

### Internal Audit Function

An external consulting firm was engaged to perform 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.

A risk-based approach is adopted by the internal audit function in the design of audit strategy and plan based on the risk profiles of the business.

Hence, it provides the Board with the independent assurance and assistance it requires in identifying principal risks, reviewing the adequacy and integrity of the 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 operations, which has been approved by the Audit Committee. Report on findings and recommendations were then submitted directly to the Audit Committee, and by extension to the Board of Directors.

The management will take the necessary corrective actions on reported weaknesses as recommended by the internal audit function within the agreed time frame. The Audit Committee will in turn review with management the internal audit report and management response. Progress of corrective actions is monitored through follow-up audits.

A total of RM 15,000.00 was spent on internal audit activities in 2015.

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

### External Audit

In the course of conducting the annual statutory audit, the external auditors will highlight any significant review, audit, accounting and internal control related matter that requires attention of the Audit Committee. At least once a year, the Audit Committee meets the external auditors without the Executive Directors and management being present.

### Quality Assurance System

A Quality Management System in compliance to ISO 9001 requirements has been established 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 carry out the necessary upgrading and monitoring of the Company's Quality Management System on a continuous basis for further improvement of the control system in order to meet with the latest ISO 9001 standard.

### Operational Meeting

The Company has held regular operational meetings to identify, discuss and resolve issues pertaining to sales, production and quality matters in order to smoothen the operations. It also acts as a platform in informing staff on the latest development in the operational areas.

### Budget and Financial Reporting

There is an annual budget prepared process and was approved by the Board. The management is responsible in monitoring its achievement.

Management information which includes costing reports and management accounts with detailed analysis were 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, were reviewed by the Audit Committee and approved by the Board on a quarterly and annual basis respectively before release to Bursa Malaysia for public announcement.

### Training

The Company acknowledges that human capital is very important to the organization. Enhancement and improvement of employees' competencies and proficiencies are carried out by continuous training and development.

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

### Conclusion

The Directors are of the opinion that the risk management and system of internal control implemented is adequate for the current operations and there was no material loss incurred during the financial year under review as a result of significant weaknesses or deficiencies in the system of risk management and internal control.

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

Reasonable assurance was given to the Board by both the Managing Director and Finance Director that the Company's risk management and internal control systems are operating at satisfactory level based on the current operating environment.

This statement was approved by the Board on 25 February 2016.

## Directors' Responsibility Statement

The Directors of the Company are required by the Companies Act, 1965 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 38 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 2015.

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 25 February 2016.



# Audit Committee Report

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2015.

## 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. 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 Meeting	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, focusing particularly on:
    - any changes in accounting policies and practices;
    - significant adjustments and unusual events arising from the audit;
    - the going concern assumption;
    - 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 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).
  4. To review the external auditor's management letter and management's response.
  5. 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.
  6. To consider the major findings of internal investigations and management's response.
  7. 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.
  8. To consider any other topics as defined by the Board.

### Summary of Audit Committee's Activities

The Audit Committee carried out the following activities during the financial year ended 31 December 2015:-

- (a) 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.
- (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 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.
- (d) met and discussed with external auditors in the absence of management on matters arising from the interim and final audits.

## Audit Committee Report (cont'd)

- (e) discussed and considered the proposals from Wensen Consulting Asia (M) Sdn Bhd to provide internal audit services for 2015 and recommended the internal audit scope and plan for approval of the Board.
- (f) reviewed the internal audit plan and reports prepared by Wensen Consulting Asia (M) Sdn Bhd and management's response to its findings and recommendations.

### **Summary of Internal Audit Function's Activities**

Wensen Consulting Asia (M) Sdn Bhd (WCA) was appointed during the year to carry out the internal audit function and 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.

WCA had carried out internal audit on certain key risk areas and business processes to ensure best practices are adopted in the system of internal control by the Company. Internal audit report incorporating both findings and recommendations 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 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.

This statement was made in accordance with a Board resolution passed on 25 February 2016.

# Chairman's Statement

On behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2015.

## OVERVIEW

The global economy was full of challenges and still weak in 2015, particularly the euro zone and developing nations. The collapse of the commodities price particularly cruel oil has had economic impact on the oil producing countries. As such, business environment was generally cautious in the year on the consequent impact of sluggish economy of the euro zone and the continued slowdown in certain large developing countries like China. This had resulted in certain negative impact on some local companies exporting their products to those affected countries.

## FINANCIAL PERFORMANCE

The Company achieved a turnover of RM26.02 million for the year ended 31 December 2015 which was RM1.41 million or 5.73% higher when compared to RM24.61 million recorded in the preceding financial year. A higher net profit after tax of RM 2.79 million was achieved for the year under review against RM2.02 million recorded in the previous financial year ended 31 December, 2014 which showed an increase of RM 0.77 million or 38.12 %. Higher sales turnover and lower average raw material costs were the main factors that contributed to the increase in net profit for the year.

## PROSPECTS

Both the global and Malaysian economy are expected to remain on a path of slow and gradual growth or recovery. The sluggish economy will in a way result in the Company's operating environment to be more challenging as market sentiment is still cautious which may affect customers' buying interest. Depreciation of Malaysian currency has an adverse impact on the imported goods and services that the Company acquired to manufacture its products. However, lower cruel oil price has resulted in lower raw materials cost which is good for the Company.

Higher operating costs resulted from rising costs in wages and natural gas tariff as well as the depreciated currency, volatile cruel oil and raw material prices and market competition are the key concerns of the Company in the current year which may affect sales turnover and profitability.

However, in view of the growing demand for better packaging materials, we are confident that the prospect of the flexible packaging materials is still promising. Barring unforeseen circumstances, the Board expects to achieve a satisfactory result for the financial year ending 31 December 2016.

## DIVIDEND

An interim single tier tax exempt dividend of 6.00 sen per share (2014: 4.00 sen per share single tier) was paid on 21 January 2016 for the financial year ended 31 December 2015.

The Board of Directors has recommended a final single tier tax exempt dividend of 6.00 sen per share (2014: 6 sen per share single tier) for the financial year ended 31 December 2015. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 19 May, 2016.

## 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 on 25 June 2009, 24 June 2010, 15 June 2011, 21 June 2012, 20 June 2013, 20 June 2014 and 17 June 2015 obtained its shareholder's approval for the renewal of the existing shareholders mandate for the share buy-back exercise.

## Chairman's Statement (cont'd)

### **ACKNOWLEDGEMENT**

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 thanks to all our valuable customers, bankers, government authorities, suppliers, business associates and shareholders for their continued support.

Chee Sam Fatt  
Chairman  
25 February, 2016

## Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	2015	2014	2013	2012	2011
<b>Statements of Profit or Loss and Other Comprehensive Income</b>					
Revenue (RM)	26,024,191	24,610,676	24,883,165	23,420,070	23,041,369
Earnings before interest expense, tax, depreciation and amortisation	4,856,510	4,204,625	5,342,025	5,094,263	4,766,646
Profit before tax	3,628,763	2,873,934	3,792,284	3,563,856	3,227,041
Profit after tax	2,790,215	2,018,132	2,826,747	2,642,911	2,394,788
Net profit attributable to equity holders	2,790,215	2,018,132	2,826,747	2,642,911	2,394,788
<b>Statement of financial position</b>					
Total assets	37,028,396	37,044,398	36,860,758	35,845,201	35,917,263
Total borrowing	-	-	-	-	-
Shareholders equity	30,699,955	30,211,999	30,518,213	29,964,556	29,443,854
<b>Financial indicators</b>					
Return on equity (%)	9.09	6.68	9.26	8.82	8.13
Return on total assets (%)	9.80	7.76	10.29	9.94	8.98
Gearing ratio (Net debts/Shareholders' equity)	(0.32)	(0.29)	(0.30)	(0.33)	(0.23)
Basic earnings per share (sen)	14.60	10.55	14.76	13.72	12.37
Net assets per share (RM)	1.61	1.58	1.59	1.56	1.53
Gross dividend per share (sen)	12*	10*	12*	14	14
Price earning (PE) ratio	15.62	20.28	13.14	9.99	10.51
Gross dividend yield (%)	5.26	4.67	6.19	10.22	10.77
Share price as at 31 December (RM)	2.28	2.14	1.94	1.37	1.30

### Notes

\* Single tier tax exempt dividend.

# Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2015.

## Principal activities

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

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

## Results

Profit the financial year

**RM**  
**2,790,215**

## Reserves and provisions

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

## Dividends

In respect of the financial year ended 31 December 2014, the Company paid an interim 4% single tier dividend totalling RM 764,729 and was paid on 21 January 2015.

In respect of the financial year ended 31 December 2014, the Company paid a final 6% single tier dividend totalling RM1,146,974, that was paid on 22 July 2015.

In respect of the financial year ended 31 December 2015, the Directors declared an interim 6% single tier dividend totalling RM1,146,854 and was paid on 21 January 2016.

The Directors recommend a final 6% single tier dividend totalling RM1,146,854 subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

## Directors

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

Chee Sam Fatt  
Tjin Kiat @ Tan Cheng Keat  
Yeo Tek Ling  
Dato' Haji Ghazali B. Mat Ariff  
Dato' Law Sah Lim  
Datuk Ismail bin Haji Ahmad  
Mah Siew Seng  
Eu Hock Seng  
Ng Choo Tim



## 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 134 of the Companies Act, 1965, in Malaysia are as follows:

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
In the Company:				
<b>Direct interest:</b>				
Chee Sam Fatt	10,125	-	-	10,125
Tjin Kiat @ Tan Cheng Keat	1,565,900	-	-	1,565,900
Yeo Tek Ling	12,169	-	-	12,169
Eu Hock Seng	11,210	-	-	11,210
Ng Choo Tim	648,297	-	-	648,297
<b>Deemed interest</b>				
Chee Sam Fatt	3,209,755	-	-	3,209,755
Dato' Law Sah Lim	2,562,834	-	-	2,562,834
Eu Hock Seng	435,224	-	-	435,224

None of the other Directors in office at 31 December 2015 had any interest in the Ordinary Shares of the Company during the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965 in Malaysia.

### Directors' benefits

Since the end of the previous financial year, no Director has received or 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 Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital 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)

### Share buy-back

During the financial year, the Company repurchased 4,000 of its issued Ordinary Shares from the open market at an average price of RM2.11 per share. The total consideration paid for the repurchase including transaction costs was RM8,431.

As at 31 December 2015, the Company held 1,390,016 of its own shares ('APT Shares') as treasury shares out of its total issued and paid-up share capital of 20,504,250 ordinary shares. The treasury shares are held at a carrying amount of RM1,091,826 and further details are disclosed in Note 15 to the financial statements.

The APT Shares bought back are held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965 in Malaysia. None of the treasury shares held were resold or cancelled during the financial year.

### 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 no known bad debts and that adequate provision had been made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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 in the financial statements of the Company 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.

## Directors' Report (cont'd)

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. except as disclosed in the Note 24 to the financial statements.

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 2015 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.

### **Auditors**

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

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

**TJIN KIAT @ TAN CHENG KEAT**

**NG CHOO TIM**

Selangor

30 March 2016

## Statement By Directors

### Pursuant To Section 169 (15) Of The Companies Act, 1965 In Malaysia

In the opinion of the Directors, the accompanying financial statements as set out on pages 41 to 79 are drawn up in accordance with the Companies Act, 1965 in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance and its cash flows for the financial year ended on that date.

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

**TJIN KIAT @ TAN CHENG KEAT**

**NG CHOO TIM**

Selangor

30 March 2016

## Statutory Declaration

### Pursuant To Section 169 (16) Of The Companies Act, 1965 In Malaysia

We, TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING, being the Directors primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD, do solemnly and sincerely declare that to the best of our knowledge and belief, the accompanying financial statements as set out on pages 41 to 79 are in our opinion correct, and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING at Bandar Baru Bangi in Selangor on 30 March 2016

**TJIN KIAT @ TAN CHENG KEAT**

**YEO TEK LING**

Before me,

**COMMISSIONER FOR OATHS**

Hazlin Bt. Mohamed  
(B448)

# Report Of The Independent Auditors To The Members Of Advanced Packaging Technology (M) Bhd (Co. No. 82982-K) (Incorporated In Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the Statement of Financial Position as at 31 December 2015 of the Company, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 79.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance and its cash flows for the financial year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

# Report Of The Independent Auditors To The Members Of Advanced Packaging Technology (M) Bhd (continued) (Co. No. 82982-K) (Incorporated In Malaysia)

## OTHER REPORTING RESPONSIBILITIES

The supplementary information as set out in Note 28 to the financial statements is disclosed as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance"). In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and presented based on the format prescribed by the Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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

PKF  
AF 0911  
CHARTERED ACCOUNTANTS

BRIAN WONG WYE PONG  
2610/04/17 (J)  
CHARTERED ACCOUNTANT

Kuala Lumpur

30 March 2016

## Statement Of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 December 2015

	Note	2015 RM	2014 RM
Revenue	3	26,024,191	24,610,676
Other income		485,547	938,876
Changes in inventories of finished good and work-in-progress		(66,193)	397,143
Raw materials used		(14,900,198)	(15,527,897)
Employee benefits expense	4	(3,707,322)	(3,670,752)
Depreciation		(1,227,747)	(1,330,691)
Other expenses		(3,349,818)	(2,892,560)
<b>Profit from operations</b>	5	3,258,460	2,524,795
Interest income		370,303	349,139
<b>Profit before tax</b>		3,628,763	2,873,934
Tax expense	6	(838,548)	(855,802)
<b>Profit and other comprehensive income for the financial year</b>		2,790,215	2,018,132
<b>Total comprehensive income attributable to owners of the Company</b>		2,790,215	2,018,132
<b>Basic earnings per ordinary share (sen)</b>	7	14.60	10.55

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

# Statement Of Financial Position

As At 31 December 2015

	Note	2015 RM	2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	9,078,501	9,500,720
Other investment	9	5,000,000	5,000,000
		<hr/>	<hr/>
		14,078,501	14,500,720
<b>Current assets</b>			
Inventories	10	4,158,691	4,576,426
Trade receivables	11	5,543,153	4,928,586
Non-trade receivables, deposits and prepayments	12	175,798	595,086
Cash and cash equivalents	13	13,072,253	12,443,580
		<hr/>	<hr/>
		22,949,895	22,543,678
<b>TOTAL ASSETS</b>			
		<hr/>	<hr/>
		37,028,396	37,044,398
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	20,504,250	20,504,250
Treasury shares	15	(1,091,826)	(1,083,395)
Reserves	16	11,287,531	10,791,144
		<hr/>	<hr/>
<b>Total equity</b>		30,699,955	30,211,999
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	891,473	1,166,614
Provision for staff gratuity	18	2,161,080	1,858,963
		<hr/>	<hr/>
		3,052,553	3,025,577
<b>Current liabilities</b>			
Trade payables	19	684,933	1,391,966
Non-trade payables and accruals	20	1,058,512	1,337,155
Amount due to Directors	21	237,600	216,000
Dividend payable	22	1,146,854	764,729
Tax payable		147,989	96,972
		<hr/>	<hr/>
		3,275,888	3,806,822
<b>Total liabilities</b>			
		<hr/>	<hr/>
		6,328,441	6,832,399
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<hr/>	<hr/>
		37,028,396	37,044,398

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



## Statement Of Changes In Equity

### For The Financial Year Ended 31 December 2015

	Note	Non-distributable Share Capital RM	Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 January 2014		20,504,250	(1,053,477)	11,067,440	30,518,213
Profit and other comprehensive income for the financial year		-	-	2,018,132	2,018,132
Purchase of treasury shares		-	(29,918)	-	(29,918)
Dividends	22	-	-	(2,294,428)	(2,294,428)
At 31 December 2014		20,504,250	(1,083,395)	10,791,144	30,211,999
Profit and other comprehensive income		-	-	2,790,215	2,790,215
Purchase of treasury shares		-	(8,431)	-	(8,431)
Dividends	22	-	-	(2,293,828)	(2,293,828)
At 31 December 2015		20,504,250	(1,091,826)	11,287,531	30,699,955

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

# Statement Of Cash Flows

## For The Financial Year Ended 31 December 2015

	2015 RM	2014 RM
<b>Cash flows from operating activities</b>		
Profit before tax	3,628,763	2,873,934
Adjustments for:		
Depreciation	1,227,747	1,330,691
Impairment loss on trade receivables	112,833	46,735
Interest income (Note 5)	(370,303)	(349,139)
Inventories written off	76,661	33,176
Inventories written down	20,462	33,104
Reversal of inventories written down	(19,969)	(29,630)
Investment income	(155,391)	(142,927)
Gain on disposal of property, plant and equipment	(5,470)	(29,447)
Loss on unrealised foreign exchange	827	2,379
Property, plant and equipment written off	6	1,395
Provision for staff gratuity	102,851	269,483
Amortised cost of provision for gratuity	211,243	-
<b>Operating profit before working capital changes</b>	4,830,260	4,039,754
Increase /(Decrease) in inventories	340,591	(376,767)
Decrease in receivables	(308,939)	(1,077,946)
Increase in amount due to Directors	21,600	-
Increase in payables	(997,663)	242,283
<b>Cash generated from operations</b>	3,885,849	2,827,324
Income tax refunded	-	7,927
Income tax paid	(1,062,672)	(885,000)
<b>Net cash from operating activities</b>	2,823,177	1,950,251

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

# Statement Of Cash Flows

For The Financial Year Ended 31 December 2015 (continued)

	2015 RM	2014 RM
<b>Cash flows from investing activities</b>		
Investment income received	155,391	142,927
Interest income received	370,303	349,139
Proceeds from disposal of property, plant and equipment	5,472	29,450
Acquisition of property, plant and equipment	(805,536)	(351,936)
<b>Net cash (used in)/from investing activities</b>	(274,370)	169,580
<b>Cash flows from financing activities</b>		
Dividend paid	(1,911,703)	(2,295,068)
Purchase of treasury shares	(8,431)	(29,918)
<b>Net cash used in financing activities</b>	(1,920,134)	(2,324,986)
<b>Net increase/(decrease) in cash and cash equivalents</b>	628,673	(205,155)
<b>Cash and cash equivalents at 1 January</b>	12,443,580	12,648,735
<b>Cash and cash equivalents at 31 December</b>	13,072,253	12,443,580

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

## Statement Of Cash Flows

For The Financial Year Ended 31 December 2015 (continued)

### ***Cash and cash equivalents***

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

	<b>2015 RM</b>	<b>2014 RM</b>
Cash and bank balances	3,072,253	2,443,580
Deposits with licensed banks	10,000,000	10,000,000
	<hr/>	<hr/>
	13,072,253	12,443,580
	<hr/>	<hr/>

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

# Notes to the Financial Statements as at 31 December 2015

## 1. Basis of preparation

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

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

### (a) Standards issued and effective

On 1 January 2015, the following new and amended MFRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none"><li>• Annual improvements to MFRSs 2010 – 2012 cycle<ul style="list-style-type: none"><li>- MFRS 2, Share-Based Payment</li><li>- MFRS 3, Business Combinations</li><li>- MFRS 8, Operating Segments</li><li>- MFRS 116, Property, Plant and Equipment</li><li>- MFRS 124, Related Party Disclosures</li><li>- MFRS 138, Intangible Assets</li></ul></li><li>• Annual improvements to MFRSs 2011 – 2013 cycle<ul style="list-style-type: none"><li>- MFRS 3, Business Combinations</li><li>- MFRS 13, Fair Value Measurement</li><li>- MFRS 140, Investment Property</li></ul></li><li>• Amendments to MFRS 119 Employee Benefits: Defined Benefit Plans- Employee Contributions</li></ul>	<ul style="list-style-type: none"><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li><li>1 July 2014</li></ul>

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application

# Notes to the Financial Statements as at 31 December 2015 (continued)

## 1. Basis of preparation (continued)

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

The Company have not adopted the following amendments and IC Interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> <li>Annual improvements to MFRSs 2012 – 2014 cycle</li> </ul>	
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>MFRS 5, Non-Current Assets Held for Sales and Discontinued Operations</li> </ul> </li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>MFRS 7, Financial Instruments: Disclosures</li> </ul> </li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>MFRS 119, Employee Benefits</li> </ul> </li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>MFRS 134, Interim Financial Reporting</li> </ul> </li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>MFRS 9, Financial Instruments</li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>MFRS 14, Regulator Deferral Accounts</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>MFRS 15, Revenue from Contract with Customers</li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>Amendment to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements</li> </ul>	1 January 2016

# Notes to the Financial Statements as at 31 December 2015 (continued)

## 1. Basis of preparation (continued)

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

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> <li>Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associates: Sale or Contribution of Assets between an investor and its Associate or Joint Venture</li> </ul>	Deferred
<ul style="list-style-type: none"> <li>Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates and Joint Venture: Investment Entities – Applying the Consolidation Exception</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>Amendment to MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation</li> </ul>	1 January 2016

The initial application of the above mentioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Company except as mentioned below:

#### **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might differ as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 15.

#### **MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 9.

### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

# Notes to the Financial Statements as at 31 December 2015 (continued)

## 1. Basis of preparation (continued)

### (d) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the 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) *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.

#### (ii) *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.

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.

#### (iii) *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.

#### (iv) *Allowance for 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.



## Notes to the Financial Statements as at 31 December 2015 (continued)

### 1. Basis of preparation (continued)

#### (d) Critical accounting estimates and judgements (continued)

##### (v) *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.

##### (vi) *Impairment of Trade and Non-trade Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### (vii) *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.

##### (viii) *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.

# Notes to the Financial Statements as at 31 December 2015 (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.

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.

#### (ii) Foreign currency transactions

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.

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:

	2015 RM	2014 RM
1 United States Dollar	4.292	3.495
1 Brunei Dollar	3.036	2.645

### (b) Revenue

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

#### (i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and rebates.

## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (b) Revenue (continued)

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing measurement involvement with the goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the considerations.

##### *(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.

##### *(iii) Defined benefit 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.

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.

#### (d) Borrowing costs

Borrowings 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.

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.

## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (e) Tax expense

##### (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.

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 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 cost.

## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (f) Impairment

##### (i) *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### *Trade and non-trade receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

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

# Notes to the Financial Statements as at 31 December 2015 (continued)

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

### (f) Impairment (continued)

#### (ii) *Impairment of non-financial assets*

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. That 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 a subsequent period.

### (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.

## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (g) Property, plant and equipment (continued)

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 values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values 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

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (h) Financial assets (continued)

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

##### (ii) Loans and receivables

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

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

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

##### (iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.



## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (h) Financial assets (continued)

##### (iv) Available-for-sale financial assets (continued)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

#### (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.

#### (j) 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 value. These also include bank overdrafts that form an integral part of the Company's cash management.

#### (k) 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.

# Notes to the Financial Statements as at 31 December 2015 (continued)

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

### (l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities measured at amortised cost.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities as at fair value through profit or loss.

#### (ii) Other financial liabilities measured at amortised cost

The Company's other financial liabilities include trade payables and non-trade payables.

Trade and non-trade payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (m) 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.

## Notes to the Financial Statements as at 31 December 2015 (continued)

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

#### (n) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

#### (o) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Company.

#### (p) Operating segment

For management purposes, the Company is organised into operating segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (q) 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 equity instruments.

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 in equity in the period in which they are declared.

### 3. Revenue

Revenue represents the invoiced value of goods sold less discounts and returns.

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 4. Employee benefits expense

#### (a) Staff costs

	2015 RM	2014 RM
Salaries, wages, allowances, bonus and overtime	2,232,812	2,135,017
Contributions to defined contribution plan	232,096	230,588
Social security contributions	24,365	25,323
Other benefits	235,939	394,541
	<u>2,725,212</u>	<u>2,785,469</u>

#### (b) Directors' remuneration

Executive:		
Salaries and other emoluments	556,319	533,330
Contribution to defined contribution plan	119,571	117,333
Social security contributions	620	620
Fees	52,800	48,000
Other benefits - leave passage	18,000	18,000
Estimated money value of benefits-in-kind	32,750	44,300
	<u>780,060</u>	<u>761,583</u>

Non-executive:		
Allowances	50,000	-
Fees	184,800	168,000
	<u>234,800</u>	<u>168,000</u>

Total Directors' remuneration	<u>1,014,860</u>	<u>929,583</u>
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Total Directors' remuneration excluding benefits-in-kind	<u>982,110</u>	<u>885,283</u>
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Total staff costs	<u>3,707,322</u>	<u>3,670,752</u>
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The number of Directors of the Company whose total remuneration during the year fall within the following bands are as follows:

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 4. Employee benefits expense (continued)

	Number of Directors	
	2015	2014
	RM	RM
Executive Directors:		
Below RM50,000	-	-
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
Above RM150,000 to RM600,000	2	2
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>
Non-executive Directors:		
Below RM50,000	7	7
RM50,001 to RM100,000	-	-
	<hr/>	<hr/>
	7	7
	<hr/>	<hr/>

The total number of employees, inclusive of executive Directors, of the Company as at the end of the financial year is 81 (2014: 89).

### 5. Profit from operations

	2015	2014
	RM	RM
Profit from operation is arrived at after charging/(crediting):		
Auditors' remuneration		
- Statutory audit	30,000	30,000
- Non-statutory audit	7,000	7,000
Amortised cost of provision for gratuity	211,243	-
Bad debts recovered	-	(1,163)
Depreciation	1,227,747	1,330,691
(Gain)/Loss on foreign exchange		
- realised	(33,426)	(15,057)
- unrealised	827	2,379
gain on disposal of Property, plant and equipment	(5,470)	(29,447)
Impairment loss on trade receivables	112,833	46,735
Interest income		
- Interest income received from deposits placed with licensed banks	(258,730)	(238,434)
- Fixed Return received from deposits placed with Islamic Bank	(111,573)	(110,705)
Inventories written off	76,661	33,176
Inventories written down	20,462	33,104
Investment income	(155,391)	(142,927)
Reversal of inventories written down	(19,969)	(29,630)
Reversal of impairment loss on trade receivables no longer required	(66,095)	(465,698)
Property, plant and equipment written off	6	1,395
Provision for staff gratuity	102,851	269,483
Utilisation of provision for staff gratuity	(11,977)	(49,235)

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 6. Tax expense

	2015 RM	2014 RM
Current tax expense		
- current year	1,122,988	864,472
- (over)/under provision in prior years	(9,299)	24,075
	<u>1,113,689</u>	<u>888,547</u>
Deferred tax expense (Note 17)		
- current year	(148,518)	(111,772)
- (over)/under provision in prior years	(126,623)	79,027
	<u>(275,141)</u>	<u>(32,745)</u>
	<u>838,548</u>	<u>855,802</u>

### Reconciliation of effective tax expense

	2015 RM	2014 RM
Profit before tax	<u>3,628,763</u>	<u>2,873,934</u>
Taxation computed at statutory tax rate of 25%	907,191	718,484
Non-deductible expenses	123,495	74,005
Non-taxable income	(55,371)	(39,564)
Double deduction	(845)	(225)
	<u>974,470</u>	<u>752,700</u>
(Over)/Under provision of current tax in prior year	(9,299)	24,075
(Over)/Under provision of deferred tax in prior year	(126,623)	79,027
	<u>838,548</u>	<u>855,802</u>

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 7. 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:

	2015	2014
Total comprehensive income attributable to owners of the Company (RM)	<u>2,790,215</u>	<u>2,018,132</u>
Weighted average number of ordinary shares in issue, net of treasury shares	<u>19,115,901</u>	<u>19,123,234</u>
Earnings per share (sen)	<u>14.60</u>	<u>10.55</u>

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 2015 (continued)

### 8. 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>2015</b>						
<b>Cost</b>						
At 1 January	739,000	5,308,993	28,095,758	529,942	1,088,467	35,762,160
Additions	-	-	597,099	96,010	112,427	805,536
Disposals	-	-	-	-	(48,485)	(48,485)
Written off	-	-	(146,051)	(3,686)	-	(149,737)
At 31 December	739,000	5,308,993	28,546,806	622,266	1,152,409	36,369,474
<b>Accumulated depreciation</b>						
At 1 January	219,915	2,496,232	22,708,729	394,210	442,354	26,261,440
Charge for the financial year	7,390	124,552	872,674	49,726	173,405	1,227,747
Disposals	-	-	-	-	(48,483)	(48,483)
Written off	-	-	(146,049)	(3,682)	-	(149,731)
At 31 December	227,305	2,620,784	23,435,354	440,254	567,276	27,290,973
<b>Carrying value</b>						
At 31 December	511,695	2,688,209	5,111,452	182,012	585,133	9,078,501
	Leasehold Land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
<b>2014</b>						
<b>Cost</b>						
At 1 January	739,000	5,308,993	27,883,449	505,216	1,258,376	35,695,034
Additions	-	-	225,984	33,153	92,799	351,936
Disposals	-	-	-	-	(262,708)	(262,708)
Written off	-	-	(13,675)	(8,427)	-	(22,102)
At 31 December	739,000	5,308,993	28,095,758	529,942	1,088,467	35,762,160
<b>Accumulated depreciation</b>						
At 1 January	212,525	2,371,151	21,724,888	358,150	547,447	25,214,161
Charge for the financial year	7,390	125,081	996,432	44,176	157,612	1,330,691
Disposals	-	-	-	-	(262,705)	(262,705)
Written off	-	-	(12,591)	(8,116)	-	(20,707)
At 31 December	219,915	2,496,232	22,708,729	394,210	442,354	26,261,440
<b>Carrying value</b>						
At 31 December	519,085	2,812,761	5,387,029	135,732	646,113	9,500,720



## Notes to the Financial Statements as at 31 December 2015 (continued)

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

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

	2015 RM	2014 RM
At cost:		
Plant, machinery and tools	18,062,695	17,359,147
Furniture, fittings and equipment	629,653	261,720
Motor vehicles	182,326	230,811
Building	115,433	109,743
	<u>18,990,107</u>	<u>17,961,421</u>

### 9. Other investment

*Available for sale financial assets*

Other investment represents investments in Fixed Income Fund Account with Aminvestment Services Berhad and is classified as available-for-sale financial assets.

This investment as at 31 December 2015 had interest rates ranging from 2.89% to 3.37% (2014: 2.62% to 3.12%) per annum.

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

### 10. Inventories

	2015 RM	2014 RM
<b>At cost:</b>		
Raw materials	2,986,607	3,356,642
Work-in-progress	318,246	450,295
Finished goods	663,047	597,192
Consumables	189,702	172,017
Goods in-transit	1,089	280
	<u>4,158,691</u>	<u>4,576,426</u>
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of production	14,863,664	15,464,220
Write-down to net realisable value	20,462	33,104
Reversal of inventories written down	(19,969)	(29,630)
Inventories written off	76,661	33,176

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 11. Trade receivables

	2015 RM	2014 RM
Trade receivables	5,636,626	4,975,321
Less: Impairment	(93,473)	(46,735)
	<u>5,543,153</u>	<u>4,928,586</u>

The movement in impairment of trade receivables was as follows:

	2015 RM	2014 RM
Impairment:		
As at 1 January	46,735	465,698
Additions	112,833	46,735
Reversal of impairment loss	(66,095)	(465,698)
	<u>93,473</u>	<u>46,735</u>
As at 31 December		

The Company's normal trade credit term ranges from 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.

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

	2015 RM	2014 RM
Non-trade receivables	167,458	172,394
Deposits	18,040	18,090
Prepayments	30,506	479,353
Others	97,112	62,567
	<u>313,116</u>	<u>732,404</u>
Less: Impairment	(137,318)	(137,318)
	<u>175,798</u>	<u>595,086</u>

Included in non-trade receivables of the Company are:

- (i) staff loans of RM30,140 (2014: RM 35,076) which bear interest at 4% (2014: 4%) per annum.
- (ii) outstanding amount transferred from amount due from jointly controlled entity of RM137,318 upon disposal of Advanced Packaging Investments (H.K.) Limited ("the subsidiary") by the Company. The amount has been fully impaired in the previous financial years.

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 13. Cash and cash equivalents

	2015 RM	2014 RM
Deposits placed with licensed banks	6,500,000	6,500,000
Deposits placed with Islamic bank	3,500,000	3,500,000
Cash and bank balances	3,072,253	2,443,580
	<u>13,072,253</u>	<u>12,443,580</u>

Deposits placed with licensed banks have maturity periods ranging from 30 days to 365 days (2014: 30 days to 365 days).

The deposits as at 31 December 2015 bore interest at rates ranging from 3.65% to 4.00% (2014: 2.90% to 3.30%) per annum.

### 14. Share capital

	2015 Number of Ordinary Share	2014 Number of Ordinary Share	2015 RM	2014 RM
Ordinary Shares of RM1.00 each:				
Authorised:				
At 1 January/31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
At 1 January/31 December	<u>20,504,250</u>	<u>20,504,250</u>	<u>20,504,250</u>	<u>20,504,250</u>

### 15. Treasury shares

	2015 Number of Ordinary Share	2014 Number of Ordinary Share	2015 RM	2014 RM
At 1 January	1,386,016	1,370,016	1,083,395	1,053,477
Share purchased during the financial year	<u>4,000</u>	<u>16,000</u>	<u>8,431</u>	<u>29,918</u>
At 31 December	<u>1,390,016</u>	<u>1,386,016</u>	<u>1,091,826</u>	<u>1,083,395</u>

(i) As at 31 December 2015, the number of outstanding Ordinary Shares in issue after deducting the treasury shares was 19,114,234 (2014: 19,118,234).

(ii) During the financial year, the Company repurchased a total of 4,000 Ordinary Shares (2014: 16,000) of its issued Ordinary Shares from the open market on Bursa Malaysia for RM8,431 (2014: RM29,918). The average price paid for the shares repurchased was approximately RM2.11 (2014: RM1.87) per share.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A subsection 3 (A)(b) of Companies Act, 1965 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 has been sold or cancelled as at 31 December 2015.

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 16. Reserves

	2015 RM	2014 RM
<b>Distributable:</b>		
Retained profits	11,287,531	10,791,144

Under the single tier system introduced by the Finance Act 2007 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.

### 17. Deferred tax liabilities

	2015 RM	2014 RM
At 1 January	1,166,614	1,199,359
Transferred to profit or loss (Note 6)	(275,141)	(32,745)
At 31 December	891,473	1,166,614

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

	Property, plant and equipment RM
<b>Deferred tax liabilities of the Company:</b>	
At 1 January 2015	1,647,240
Recognised in statements of profit or loss	(251,622)
At 31 December 2015	1,395,618
At 1 January 2014	1,737,437
Recognised in statements of profit or loss	(90,197)
At 31 December 2014	1,647,240

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 17. Deferred tax liabilities (continued)

	<b>Provision RM</b>
<b>Deferred tax assets of the Company:</b>	
At 1 January 2015	480,626
Recognised in statements of profit or loss	23,519
	<hr/>
At 31 December 2015	504,145
	<hr/>
At 1 January 2014	538,078
Recognised in statements of profit or loss	(57,452)
	<hr/>
At 31 December 2014	480,626
	<hr/>

### 18. Provision for staff gratuity

	<b>2015 RM</b>	<b>2014 RM</b>
At 1 January	1,858,963	1,638,715
Provision during the financial year	102,851	269,483
Utilisation	(11,977)	(49,235)
	<hr/>	<hr/>
	1,949,837	1,858,963
Add: Amortised cost	211,243	-
	<hr/>	<hr/>
At 31 December	2,161,080	1,858,963
	<hr/>	<hr/>

The discounted rates applied were ranging from 3.16% to 4.44% per annum.

### 19. Trade payables

The normal trade credit terms granted to the Company range from 30 to 90 days.

### 20. Non-trade payables and accruals

	<b>2015 RM</b>	<b>2014 RM</b>
Non-trade payables	258,719	381,454
Accruals	799,793	955,701
	<hr/>	<hr/>
	1,058,512	1,337,155
	<hr/>	<hr/>

### 21. Amounts due to Directors

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

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 22. Dividends

Dividends recognised by the Company are:

	In respect of financial year	Gross dividend per share Sen	Amount of dividend RM	Date of payment
<b>2014</b>				
Final single tier dividend	2013	8.00	1,529,699	22 July 2014
Single tier interim dividend	2014	4.00	764,729	21 January 2015
			<u>2,294,428</u>	
<b>2015</b>				
Final single tier dividend	2014	6.00	1,146,974	22 July 2015
Single tier interim dividend	2015	6.00	1,146,854	21 January 2016
			<u>2,293,828</u>	

The Directors recommend a final of 6% single tier dividend totalling RM1,146,854 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting. These financial statements do not reflect this final dividend which will only be accrued as a liability when approved by shareholders.

### 23. 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 sales of the flexible packaging materials are RM7,065,140 (2014:RM6,815,837), RM3,244,302 (2014:RM3,006,067) and RM2,272,037 (2014:RM2,365,790) respectively.

### 24. Contingent liability

	2015 RM	2014 RM
Bank guarantee given by financial institution to third party	232,260	186,500
Documentary credit	<u>554,939</u>	<u>353,765</u>

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 25. Financial instruments

#### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables
- (b) Available-for-sale financial assets
- (c) Other financial liabilities measured at amortised cost

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Other financial liabilities measured at amortised cost RM
<b>2015</b>				
<b>Financial assets</b>				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	5,543,153	5,543,153	-	-
Non-trade receivables, deposits and prepayments	175,798	175,798	-	-
Cash and cash equivalents	13,072,253	13,072,253	-	-
	23,791,204	18,791,204	5,000,000	-
<b>Financial liabilities</b>				
Trade payables	684,933	-	-	684,933
Non-trade payables and accruals	1,058,512	-	-	1,058,512
Amount due to Directors	237,600	-	-	237,600
Provision for gratuity	2,161,080	-	-	2,161,080
Dividend payable	1,146,854	-	-	1,146,854
	5,288,979	-	-	5,288,979

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 25. Financial instruments (continued)

#### Categories of financial instruments (continued)

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Other financial liabilities measured at amortised cost RM
<b>2014</b>				
<b>Financial assets</b>				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	4,928,586	4,928,586	-	-
Non-trade receivables, deposits and prepayments	595,086	595,086	-	-
Cash and cash equivalents	12,443,580	12,443,580	-	-
	22,967,252	17,967,252	5,000,000	-
<b>Financial liabilities</b>				
Trade payables	1,391,966	-	-	1,391,966
Non-trade payables and Accruals	1,337,155	-	-	1,337,155
Amount due to Directors	216,000	-	-	216,000
Provision for gratuity	1,858,963	-	-	1,858,963
Dividend payable	764,729	-	-	764,729
	5,568,813	-	-	5,568,813

#### 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, interest rate risk, market risk, foreign currency 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, interest rate risk, market risk, foreign currency 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.

#### Credit risk

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



## Notes to the Financial Statements as at 31 December 2015 (continued)

### 25. Financial instruments (continued)

#### Credit risk (continued)

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

#### Credit risk concentration profile

The Company's major concentration of credit risk relates to the amounts owing by 7 major customers which constituted approximately 75% 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:-

	2015 RM	2014 RM
Malaysia	5,283,361	4,872,827
Mauritius	259,792	-
Hong Kong	-	36,709
Brunei	-	19,050
	<u>5,543,153</u>	<u>4,928,586</u>

#### Ageing analysis

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

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
<b>2015</b>			
Not past due :	5,188,774	-	5,188,774
Past due: - less than 3 months	447,852	(93,473)	354,379
	<u>5,636,626</u>	<u>(93,473)</u>	<u>5,543,153</u>

The Directors have assessed the recoverability of trade receivable and are of the view that collective impairment is not required as at the year end.

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 25. Financial instruments (continued)

#### Credit risk (continued)

##### Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

##### Trade receivables that are past due but not impaired

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

#### 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.

Information relating to the Company's exposure to the interest rate risk of the financial liabilities is disclosed in their respective notes to the financial statements.

##### 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:

	2015 Increase / (Decrease) RM	2014 Increase / (Decrease) RM
<b>Effects on profit after taxation</b>		
Increase of 10 basis point	15,000	15,000
Decrease of 10 basis point	(15,000)	(15,000)

#### Market risk

The Company's principal exposure to market risk arises mainly from the economic performance of Malaysia.

#### 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") and Brunei Dollar ("BND"). The exposure of foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 25. Financial instruments (continued)

#### Foreign currency risk (continued)

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

	United States Dollars RM	Brunei Dollars RM	Total RM
<b>2015</b>			
<b>Financial assets</b>			
Trade receivables	259,792	-	259,792
<b>Financial liability</b>			
Non-trade payables and accruals	173,716	5,100	178,816
Net currency exposure	86,076	(5,100)	80,976
<b>2014</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>			
Trade receivables	36,709	19,050	55,759
<b>Financial liability</b>			
Trade payables	311,698	-	311,698
Net currency exposure	(274,989)	19,050	(255,939)

#### 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:

	2015 %	2014 %	2015 RM Increase/ (Decrease)	2014 RM Increase/ (Decrease)
<b>Effect on profit after tax</b>				
USD / RM				
Strengthened by	5.00	5.00	4,304	(13,749)
Weakened by	5.00	5.00	(4,304)	13,749
BND / RM				
Strengthened by	5.00	5.00	(255)	953
Weakened by	5.00	5.00	255	(953)

#### 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.

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 26. 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.

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:

	← 2015 →	← 2014 →		
	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

#### 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 have 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>2015</b>				
<b>Financial asset</b>				
Other investment	-	-	5,000,000	5,000,000
<b>2014</b>				
<b>Financial asset</b>				
Other investment	-	-	5,000,000	5,000,000

## Notes to the Financial Statements as at 31 December 2015 (continued)

### 27. 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 2015.

Under the requirements of Bursa Malaysia Practice Note 17, 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.

### 28. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of retained earnings of the Company as at 31 December into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Listing requirements, are as follows:

	2015 RM	2014 RM
Total retained earnings of the Company		
- Reallised	10,395,231	9,622,151
- Unreallised	892,300	1,168,993
	<u>11,287,531</u>	<u>10,791,144</u>

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

### 29. 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 has been no significant change in the nature of these activities during the financial year.

The registered office of the Company is located at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 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 30 March 2016.

## List of the Properties as at 31 December 2015

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	32 years old	3,199,904	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 31 March 2016

### SHAREHOLDERS

The Company had 1,069 shareholders as at 31 March 2016. There is only one class of share , namely ordinary share of RM1.00 each. Each share entitles the holder to one vote.

### ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 31 March 2016

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	152	4,318	0.02
100 - 1,000	129	80,957	0.42
1,001 - 10,000	666	1,943,246	10.17
10,001 - 100,000	85	2,622,828	13.72
100,001 to less than 5% of issued shares	34	10,908,775	57.08
5% and above of issued shares	3	3,552,110	18.59
<b>Total</b>	<b>1,069</b>	<b>19,112,234</b>	<b>100.00</b>

## Analysis of Shareholdings as at 31 March 2016 (cont'd)

### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016

No.	Name of Substantial Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-
2	Chee Chin Tsai	1,019,717	5.34	-	-
3	Chee Chin Hung	966,493	5.06	-	-
4	Chee Sam Fatt	10,125	0.05	3,209,755 (a)	16.79
5	Dato' Law Sah Lim	-	-	2,562,834 (b)	13.40

(a) + (b) Deemed interest under Section 134(12) (c) of the Companies Act 1965 by virtue of his interest held through his spouse and children.

### DIRECTORS' SHAREHOLDINGS

As at 31 March 2016

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Chee Sam Fatt	10,125	0.05	3,209,755 (a)	16.79
2	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-
3	Yeo Tek Ling	12,169	0.06	-	-
4	Dato' Haji Ghazali b. Mat Ariff	-	-	-	-
5	Dato' Law Sah Lim	-	-	2,562,834 (b)	13.40
6	Datuk Ismail bin Haji Ahmad	-	-	-	-
7	Mah Siew Seng	-	-	-	-
8	Eu Hock Seng	11,210	0.06	435,224 (c)	2.28
9	Ng Choo Tim	648,297	3.39	-	-

(a) + (b) Deemed interest under Section 134(12) (c) of the Companies Act 1965 by virtue of his interest held through his spouse and children.

(c) Deemed interest under Section 134(12) (c) of the Companies Act 1965 by virtue of his interest held through his daughter.



## Analysis of Shareholdings as at 31 March 2016 (cont'd)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

As at 31 March 2016

No.	Name	No. of Shares	%
1	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19
2	Chee Chin Tsai	1,019,717	5.34
3	Chee Chin Hung	966,493	5.06
4	Ho Kat Sin	870,200	4.55
5	Ng Choo Tim	648,297	3.39
6	Chee Pei Li	627,000	3.28
7	Lee Ng Mah @ Lee Wai Chan	596,545	3.12
8	Wong Chee Weng	550,000	2.88
9	Lee Kim Mua @ Lim Kim Moi	516,626	2.70
10	Law Mong Hock	502,633	2.63
11	Liew Say Fah	450,000	2.35
12	Tan Wooi Bee @ Nur Huda Tan	438,300	2.29
13	Eu Chin Fen	435,224	2.28
14	Tan Kok Chiew	411,995	2.16
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Soh Hin	399,000	2.09

## Analysis of Shareholdings as at 31 March 2016 (cont'd)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

As at 31 March 2016 (cont'd)

No.	Name	No. of Shares	%
16	Ang Teow Cheng & Sons Sdn Bhd	375,000	1.96
17	Law Geok King	344,094	1.80
18	Law Geok Beng	338,468	1.77
19	Law Ling Ling	330,974	1.73
20	Law Geok Eng	313,994	1.64
21	Juliet Yap Swee Hwang	287,400	1.50
22	Tan Wooi Hong	260,400	1.36
23	Low Khok Heng @Low Choon Huat	247,800	1.30
24	Tasek Maju Realty Sdn Bhd	225,000	1.18
25	Tan Gian Hock	212,000	1.11
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Kin Chong @ Ooi Kin Chong (E-SPI/ASR)	177,500	0.93
27	Yong Wo Moi	170,700	0.89
28	Yap Ah Cheng	150,000	0.78
29	Lim Peih Sern	140,000	0.73
30	Tan Hai Kiang	120,000	0.63

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# PROXY FORM



**ADVANCED PACKAGING TECHNOLOGY (M) BHD**  
(COMPANY NO. 82982-K)  
(Incorporated in Malaysia)

No. of Shares held

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-Fourth Annual General Meeting of the Company to be held at Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 19 May 2016 at 12.30 p.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
Resolution 1	To receive the Statutory Financial Statements for the year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon.		
Resolution 2	To approve the payment of a final single tier tax exempt dividend of 6% net per share.		
Resolution 3	To approve the payment of Directors' Fees.		
Resolution 4	To re-elect Mr Yeo Tek Ling as Director.		
Resolution 5	To re-appoint Mr Chee Sam Fatt as Director.		
Resolution 6	To re-appoint Mr Tjin Kiat @ Tan Cheng Keat as Director.		
Resolution 7	To re-appoint Dato' Haji Ghazali B. Mat Ariff as Director.		
Resolution 8	To re-appoint Dato' Law Sah Lim as Director.		
Resolution 9	To re-appoint Datuk Ismail bin Haji Ahmad as Director.		
Resolution 10	To re-appoint Mr Eu Hock Seng as Director.		
Resolution 11	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 12	To retain Dato' Haji Ghazali B. Mat Ariff as Independent Non-Executive Director.		
Resolution 13	To retain Mr Eu Hock Seng as Independent Non-Executive Director.		
Resolution 14	To retain Mr Ng Choo Tim as Independent Non-Executive Director.		
Resolution 15	To retain Mr Mah Siew Seng as Independent Non-Executive Director.		
Resolution 16	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%

In the case of a vote taken by a show of hands, the First Proxy shall vote on \*my/our behalf.

\*Strike out whichever is not desired.

Dated this ..... day of ..... 2016

.....  
Signature

## NOTES:

- 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.
- 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.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.
- Only members whose names appear in the Record of Depositors on 13 May 2016 shall be entitled to attend, speak and vote at the Annual General Meeting.

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Affix  
Stamp

**The Company Secretary**  
**ADVANCED PACKAGING TECHNOLOGY (M) BHD** (82982-K)  
Ground Floor, Symphony House  
Block D 13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

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