The Company and Its Business

Advanced 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 and external sales.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting ("AGM") 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, 31 May 2018 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 2017 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of a final single tier tax exempt dividend of 4% net per share for the year ended 31 December 2017. ***Ordinary Resolution 1***

3. To approve the payment of Directors' Fees of RM225,500 for the year ended 31 December 2017. ***Ordinary Resolution 2***

4. To approve the payments of Directors' Benefit (excluding Directors' Fees) up to an amount of RM80,000 from 1 June 2018 until the next AGM of the Company. ***Ordinary Resolution 3***

5. To re-elect Mr Law Mong Yong who retires in accordance with Article 87 of the Company's Constitution. ***Ordinary Resolution 4***

6. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Constitution:-

   a) Dato' Haji Ghazali B. Mat Ariff; and ***Ordinary Resolution 5***

   b) Datuk Ismail bin Haji Ahmad. ***Ordinary Resolution 6***

7. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 7***

As Special Business

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

8. Proposed Retention of Independent Directors in accordance with the Malaysian Code on Corporate Governance 2017:-

   (a) "THAT subject to the passing of Ordinary Resolution 5, authority be and is hereby given to Dato' Haji Ghazali B. Mat Ariff who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company." ***Ordinary Resolution 8***

   (b) "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 twelve (12) years to continue to act as an Independent Non-Executive Director of the Company." ***Ordinary Resolution 9***

Notice of Annual General Meeting (cont'd)

(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 twelve (12) years to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 10

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

Ordinary Resolution 11

"THAT subject to the Companies Act, 2016 ("the Act"), the Company Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Thirty-Fifth Annual General Meeting of the Company held on 30 May 2017, authorising the directors of the Company to purchase and/or hold up to 10% of the total number of issued share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy Back. The audited retained profits of the Company as at 31 December 2017 amounted to RM10,756,790.

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

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

(a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

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."

Notice of Annual General Meeting (cont'd)

10. 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 4% net per share in respect of the financial year ended 31 December 2017 will be paid on 25 July 2018 to shareholders whose names appear in the Company's Record of Depositors on 29 June 2018.

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 29 June 2018 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
27 April 2018

NOTES:

1. Proxy

1.1 A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.

1.2 Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

1.3 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

1.4 An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

1.5 The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.

1.6 The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof.

1.7 Only members whose names appear in the Record of Depositors on 24 May 2018 shall be entitled to attend, speak and vote at the AGM.

1.8 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Thirty-Sixth AGM will be put to vote by polll.

2. Audited Financial Statements for financial year ended 31 December 2017

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

3. Re-appointment and re-election of Directors who retire by rotation in accordance with Article 80 of the Company's Constitution

3.1 Article 80 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company. Pursuant to Paragraph 7.26 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Mr Eu Hock Seng, an Independent Non-Executive Director, who shall retire by rotation at the Thirty-Sixth AGM has informed the Company that he does not wish to seek for re-election in accordance with Article 80 of the Company's Constitution. Hence, he will retire at the conclusion of the Thirty-Sixth AGM. Dato' Haji Ghazali B. Mat Ariff and Datuk Ismail bin Haji Ahmad are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election.

Notice of Annual General Meeting (cont'd)

4. Ordinary Resolution 8 to 10: Retention of Independent Non-Executive Directors

4.1 The Resolutions 8 to 10, if passed, will allow the named directors to continue to act as Independent Non-Executive Directors of the Company.

4.2 The Nomination Committee had assessed the independence of Dato' Haji Ghazali B. Mat Ariff , Mr Mah Siew Seng and Mr Ng Choo Tim who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years and the Board has recommended that the approval of the shareholders be sought via two-tier voting process to re-appoint Dato' Haji Ghazali B. Mat Ariff, Mr Mah Siew Seng and Mr Ng Choo Tim 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.

5. Ordinary Resolution 11: Proposed Shareholders Mandate

5.1 The Resolution 11, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the total number of issued share capital of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. Further information on this proposed Ordinary Resolution is set out in the Statement Accompanying Notice of AGM enclosed in the Annual Report 2017 of the Company on pages 7 to 12.

6. Abstention from Voting

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

Statement Accompanying Notice of Annual General Meeting

PART I : GENERAL INFORMATION

1) NAMES OF DIRECTORS STANDING FOR RE-ELECTION

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

Re-election under Article 87 of the Company's Constitution

a) Mr Law Mong Yong

Re-election under Article 80 of the Company's Constitution

a) Dato' Haji Ghazali B. Mat Ariff
b) Datuk Ismail bin Haji Ahmad

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 2017 are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Chee Sam Fatt (Resigned on 1 March, 2018)	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	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
Law Mong Yong (Appointed on 17 November, 2017)	1	1
Dato' Law Sah Lim (Resigned on 1 June, 2017)	2	2

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

The Thirty-Sixth 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, 31 May 2018 at 12.30 p.m.

4) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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

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

PART II - SHARE BUY-BACK STATEMENT

1.0 IMPORTANCE

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

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

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

2.1 Introduction

At the Thirty-Fifth Annual General Meeting ("AGM") held on 30 May 2017, Advanced Packaging Technology (M) Bhd ("APT or the Company") obtained shareholders' approval for the purchase of up to a maximum of ten percent (10%) of the issued and paid up share capital of the Company on Bursa Securities.

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

On 28 February 2018, the Board of Directors of APT announced to Bursa Securities that APT proposed to seek shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming Thirty-Sixth AGM to allow the Directors to exercise the power of the Company to purchase its own shares up to a maximum of ten percent (10%) of the total number of issued shares of APT at any point in time through Bursa Securities ("Proposed Shareholders' Mandate for Share Buy-Back" or "Proposed Share Buy-Back").

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

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

(a) the conclusion of the next AGM of APT following the Thirty-Sixth AGM at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) the authority is varied or revoked by ordinary resolution passed by the shareholders of APT in a general meeting;

whichever occurs first.

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

2.2 The maximum number or percentage of share to be acquired

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

2.3 Funding

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of APT for the purchase of its own Shares. As at 31 December 2017, the audited retained profits of the Company amounted to RM 10,756,790.

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

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

As at 13 April,2018, being the latest practicable date prior to printing of this Statement ("LPD") and assuming that APT purchases shares of up to ten percent (10%) of its total number of issued shares and that the Purchased Shares are from public shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors, Major/Substantial Shareholders and persons connected with the Directors and/or Major Shareholders are as follows:-

	No. of APT Shares held							
	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled			
Directors	**Direct**	**%**	**Indirect**	**%**	**Direct**	**%**	**Indirect**	**%**
Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-	1,565,900	8.49	-	-
Yeo Tek Ling	12,169	0.06	-	-	12,169	0.07	-	-
Eu Hock Seng	11,210	0.06	435,224[(1)]	2.28	11,210	0.06	435,224[(1)]	2.36
Ng Choo Tim	648,297	3.39	-	-	648,297	3.51	-	-
Law Mong Yong	459	0.00[#]	-	-	459	0.00[#]	-	-
Dato' Haji Ghazali B. Mat Ariff	-	-	-	-	-	-	-	-
Mah Siew Seng	-	-	-	-	-	-	-	-
Datuk Ismail Bin Haji Ahmad	-	-	-	-	-	-	-	-
Major / Substantial Shareholders								
Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-	1,565,900	8.49	-	-
Chee Chin Tsai	1,019,717	5.34	-	-	1,019,717	5.53	-	-
Chee Chin Hung	966,493	5.06	-	-	966,493	5.24	-	-

Notes:
(1) Deemed interest by virtue of Section 59(11)(c) of the Act through shareholdings of his daughter.
 # negligible

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

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

- The Company would expect to enhance the Earning Per Share ("EPS") of the Company (in the case where the Directors resolve to cancel the Purchased Shares so purchased and/or retain the Purchased Shares as Treasury Shares and the Treasury Shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

- If the Purchased Shares are kept as Treasury Shares, it will give the Directors an option to sell the Purchased Shares at a higher price and therefore make a gain for the Company. In addition, the Company may utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. Alternatively, the Purchased Shares can be distributed as share dividends to shareholders; and

- The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

4.2 Potential Disadvantages

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

5. FINANCIAL EFEFCTS

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

(a) Share Capital

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

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

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

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

(b) Dividends

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

(c) NA Per Share and EPS

The NA per share of the Company may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining Shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share unit, the resultant NA per share should increase accordingly. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back would generally, or else being equal, increase the consolidated EPS of the Company. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company for the financial year ending 31 December 2018.

(d) Working Capital

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

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

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

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

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

8. PRICING

(a) APT shall purchase its own Shares or resell its treasury shares (if applicable) only on the market of Bursa Securities. The price for the purchase shall not be more than fifteen percent (15%) above the weighted average market price of APT Shares for the five (5) market days immediately preceding the date of purchase.

(b) If the Purchased Shares are subsequently resold on Bursa Securities, the price for the resale of Treasury Shares shall:-

(i) not be less than the weighted average market price for APT Shares for five (5) market days immediately prior to the resale; or

(ii) not be more than 5% to the weighted average market price for APT Shares for five (5) market days immediately prior to the resale provided that:-

(aa) the resale takes place no earlier than 30 days from the date of the purchase; and

(bb) the resale price is not less than the cost of purchase of the Purchased Shares being resold.

9. SHARE PRICES

The following table sets out the monthly highest and lowest transacted prices of the Company's Shares on Bursa Securities for the last twelve (12) months from April 2017 to March 2018:

Year		Highest (RM)	Lowest (RM)
2017 -	April	2.24	2.22
	May	2.24	2.29
	June	2.32	2.20
	July	2.20	2.15
	August	2.35	2.20
	September	2.20	2.12
	October	2.23	2.03
	November	2.20	2.18
	December	2.20	2.03
2018 -	January	2.20	2.04
	February	2.04	2.04
	March	1.92	1.92

(Source: Yahoo Finance)

The last transacted price per share unit of the Company on LPD, was RM1.92.

10. TREATMENT OF SHARES PURCHASED

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

(a) to cancel the Purchased APT Shares; or

(b) to retain the Purchased APT Shares as Treasury Shares, for distribution as share dividends to the shareholders, resell on the Bursa Securities, transfer for the purpose of or under an employees' share scheme, transfer as purchase consideration, cancel the Purchased APT Shares; transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; or

(c) to retain part of the Purchased APT Shares as Treasury Shares and cancel the remainder; or

(d) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

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

11. PUBLIC SHAREHOLDING SPREAD

As at 31 December 2017, the public shareholding spread of the Company was 49.71%. Assuming that the Proposed Share Buy-Back is carried out in full and the Shares so purchased are from the public shareholders, the public shareholding of the Company would be reduced to approximately 47.91%.

12. DIRECTORS' RECOMMENDATION

The Board of Directors, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and therefore recommends for the shareholders to vote in favour of the ordinary resolution no. 11 on the Proposed Shareholders' Mandate for Share Buy-Back at the forthcoming Thirty-Sixth AGM of the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

14. DOCUMENTS FOR INSPECTION

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

(a) Constitution of APT; and
(b) Statutory Financial Statements of APT for the past two years ended 31 December 2016 and 31 December 2017.

This Statement was approved by the Board on 13 April, 2018.

Corporate Information

BOARD OF DIRECTORS

Datuk Ismail bin Haji Ahmad
(Acting Chairman - appointed on 1 March 2018)
Tjin Kiat @ Tan Cheng Keat (Managing Director)
Yeo Tek Ling (Finance Director)
Dato' Haji Ghazali B. Mat Ariff
Mah Siew Seng
Eu Hock Seng
Ng Choo Tim
Law Mong Yong - Appointed on 17 November 2017
Chee Sam Fatt (Former Chairman)
- Resigned on 1 March 2018
Dato' Law Sah Lim
- Resigned on 1 June 2017

SECRETARIES

Leong Shiak Wan
(MAICSA 7012855)
Zuriati Binti Yaacob
(LS0009971)

AUDITORS

PKF
AF 0911
Chartered Accountants

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Chairman - To be appointed by Board of Directors
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 D13, 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 D13, 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

Directors' Profile

DATUK ISMAIL BIN HAJI AHMAD # **Age : 81** **Gender : Male**
Malaysian
Director (Independent Non-Executive Director).
Appointed as Acting Chairman on 1 March, 2018.

Datuk Ismail bin Haji Ahmad, was appointed to the Board on 30 December 1998. He is currently a member of the Audit Committee. He was appointed as Acting Chairman with effect from 1 March, 2018 when Mr. Chee Sam Fatt, the former Chairman of the company resigned on the same day.

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.

CHEE SAM FATT **Age : 82** **Gender : Male**
Singaporean
Former Chairman (Non-Independent Non-Executive Director)
Resigned on 1 March, 2018.

Mr. Chee Sam Fatt is one of the founder director of the Company. He was appointed a Board member on 31 March 1982 and he is the Chairman of the Board and the Remuneration Committee until he resigned as a Director on 1 March, 2018.

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 **Age : 79** **Gender : Male**
Malaysian
Managing Director (Non-Independent Executive Director)

Mr. Tan Cheng Keat, one of the founder directors of the Company, 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.

Directors' Profile (cont'd)

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 **Age : 59** **Gender : Male**
Malaysian
Finance Director (Non-Independent Executive Director)

Mr.Yeo Tek Ling, 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.

Mr. Yeo is primarily responsible for overseeing the accounting, financial reporting, taxation, financial management, corporate finance, supply chain, ISO 9001 Quality Management Systems, corporate and administrative matters of the Company. He also assists the Managing Director from time to time in management and other operational matters. He has involved in the installation of major machineries and Good Manufacturing Practice (GMP) project. He had assisted in turning around the Company in the initial years of operations. He also assisted the Company in obtaining public listing in 1994 and the ISO 9002 certification in year 2000 as well as the subsequent upgrading to ISO 9001:2000 in 2003 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. He is also a Board Member of the Association of International Certified Professional Accountants for South East Asia Region. He was the Chairman of the Malaysia Country Branch Committee of CIMA during the term 2013/2014 and 2016/2017. He had also served previously as a council member of MIA and CIMA Malaysia Division. He had served as a member of the Professional Accountants in Business Committee of the International Federation of Accountants, New York for a period of six (6) years from 2002 to 2007.

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

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

EU HOCK SENG **Age : 78** **Gender : Male**
Singaporean
Director (Independent Non-Executive Director)

Mr. Eu Hock Seng 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 **Age : 66** **Gender : Male**
Malaysian
Director (Independent Non-Executive Director)

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

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

He does not have any family relationship with any director and / or major shareholder. There is no conflict of interest between him and the Company. He does not hold directorships in any other public companies. He has not been convicted of any offences within the past ten years. He holds 648,297 ordinary shares in the Company.

DATO' HAJI GHAZALI B. MAT ARIFF # **Age : 77** **Gender : Male**
Malaysian
Director (Independent Non-Executive Director)

Dato' Haji Ghazali B. Mat Ariff is the Senior Independent Non-Executive Director of the Company. He was appointed to the Board on 23 March 1994. He is the Chairman of the Audit Committee 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 Hassanal 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 past President of The Malay College Old Boys' Association (MCOBA). He was the Vice President of Jemaah Dato'- Dato' Perlis from 2004 to 2014. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002.

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

MAH SIEW SENG **Age : 65** **Gender : Male**
Malaysian
Director (Independent Non-Executive Director)

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

Directors' Profile (cont'd)

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.

Law Mong Yong # **Age : 59** **Gender : Male**
Malaysian
Director (Non-Independent Non-Executive Director)

Mr Law Mong Yong was appointed a Director on 17 November, 2017.

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

He is the son of Dato' Law Sah Lim who has resigned on 1 June, 2017. He does not have any family relationship with other director and / or major shareholders. There is no conflict of interest between him and the Company.

He does not hold directorships in any other public companies. He has not been convicted of any offences within the past ten years. He holds 459 ordinary shares in the Company.

DATO' LAW SAH LIM **Age : 88** **Gender : Male**
Malaysian
Director (Non-Independent Non-Executive Director)
Resigned on 1 June, 2017.

Dato' Law Sah Lim, 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.

Director standing for re-election

Profile of Key Senior Management

TJIN KIAT @ TAN CHENG KEAT
Age : 79
Gender : Male
Malaysian
Managing Director (Non-Independent Executive Director)

Mr Tan Cheng Keat, was appointed to the Board on 31 March 1982. On 1 May 1986, he was appointed as an Executive Director and subsequently served as Managing Director of the Company since 29 June 1989.

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

YEO TEK LING
Age : 59
Gender : Male
Malaysian
Finance Director (Non-Independent Executive Director)

Mr.Yeo Tek Ling, was appointed to the Board on 6 January 1994 and assumed the position of Finance Director in January 1996.

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

Teoh Ee Yeong
Age : 48
Gender : Male
Malaysian
Acting General Sales Manager

Mr Teoh Ee Yeong first joined the Company on 16 November, 1992 as a Sales Representative and later as Senior Sales Representative, Sales Executive, Area Sales Manager and Sales Manager. He assumed the position of Acting General Sales Manager on 01 January, 2013. He is responsible for marketing and sales activities of the Company.

Mr Teoh obtained a Bachelor of Arts in Business and Marketing from Oxford Brookes University in 2000.

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

Profile of Key Senior Management (cont'd)

Tew Tsoon Leong
Age : 60
Gender : Male
Malaysian
Factory Manager

Mr Tew has more than twenty (20) years of factory and production operations experience in flexible packaging materials converting industry. He holds a certificate in Electronic and Electrical Engineering.

He joined the Company as Factory Manager on 03 February, 2014 and is responsible for the factory operations.

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

Mohamad Salleh Bin Hawari
Age : 49
Gender : Male
Malaysian
Acting Quality Controller

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

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

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

Sustainability Statement

Sustainability is an integral part of the business operations of Advanced Packaging Technology (M) Bhd ("Company"). The Company has always adhered to the three pillars of sustainable development, namely, economic, environmental and social considerations.

Scope

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

Sustainability Governance

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

Material Sustainability Matters

1) Economic

Sustainable Business Growth

As sustainability is an integral part of our way of doing business, our strategy is to ensure that there is a sustainable business growth, profitability and dividend payment to shareholders over a longer term rather than a short term view on operations and profitability.

In line with this practice, the Company continues to invest in new machineries, equipment and other resources to remain cost competitive and efficient in its business operations as well as producing quality products to meet customers' stringent requirements.

Good Corporate Governance and Business Practices

The Company operates its business with sound practices and good corporate governance to ensure that it's a responsible and reliable company to all stakeholders. It also views the compliance of laws, rules and regulations are equally important. The Company believes these are part of the important elements of a sustainable business operation in the long term.

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.

2) Environment

The Company has taken environmental matters as part of its good business practices towards sustainability in preserving the environment in which it operates.

Compliance

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

Management of Manufacturing Waste

Waste is a normal norm and inevitable in any manufacturing process. However, the Company has always strived to minimise the waste level by setting target and close monitoring of its achievement.

Sustainability Statement (cont'd)

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

Conservation of Energy

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

3) Social

The Board believed that the Company is socially responsibility to strike a balance between profitability and its social obligations. As such, the Company will continue to operate with care and as a responsible corporate citizen.

Human Resources

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

The Company has complied with local labour laws and regulations and implemented the minimum wages policy of the government. The terms and conditions of employment are the same for all employees in the same category without any form of discrimination as the Company believes in human rights and equal opportunities for all employees.

Workplace diversity in terms of age, gender and ethnicity is being embraced by the Company for inclusiveness

As the Company recognises the importance of its employees as one of the most valuable and important asset of the Company, pro-active action has been taken by the Company in the development of its human capital. The Company also acknowledges that continuous training and human capital development will better equip its employees in the workplace and produce better performance results for the Company. As such, both external and in-house training programmes were provided or conducted on a regular basis to enhance the skill and knowledge as well as job performance of its employees.

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

Occupational Health and Safety Management

The Company is committed to comply with the relevant laws and regulations as laid down by the Department of Occupational Health and Safety ("DOSH"). 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.

This statement was approved by the Board on 27 February 2018.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Advanced Packaging Technology (M) Bhd recognises the important of the principles of and best practices in corporate governance. Hence, the Board is 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. It will also take into account the interest of other stakeholders.

In order to achieve the above objectives, a proper and practical framework for governance and controls has been established and implemented by the Company that are in line with the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance issued by the Securities Commission on 26 April, 2017 ("the Code").

Pursuant to Paragraph 15.25 of the Listing requirements of Bursa Malaysia Securities Berhad, the statement below outlines the manner in which the Company has applied the principles and the extent of its compliance of the Code for the financial year ended 31 December 2017.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVESS

I. BOARD 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.

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

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

1.2 Chairman

The Company has a Non-Independent and Non-Executive Director as Chairman of the Board until he resigns on 01 March, 2018. An acting Chairman who is an Independent and Non-Executive Director was appointed to take office on 01 March, 2018.

He is primarily responsible for providing leadership to the Board and ensures its effectiveness. He is also responsible for instilling good corporate governance practice.

1.3 Chairman and CEO

The positions of Chairman and CEO are held by two separate individuals. 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.

Corporate Governance Overview Statement (cont'd)

1.4 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 governance advice from time to time and ensure adherence to rules and procedures.

1.5 Information and Meeting Papers

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

Minutes of the meeting are circulated subsequently before the next meeting.

1.6 Directors' Training

All Directors except Mr. Law Mong Yong who was appointed on 17 November, 2017 have attended and completed the Mandatory Accreditation Programme (MAP) as required by the Bursa Malaysia Securities Berhad. The Directors have also attended various accredited programmes under the Continuous Education Programme (CEP) conducted by various course/training providers and met the prescribed CEP requirements. Mr Law will be attending the MAP in March, 2018

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 Company Laws, the Code and the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to disclosure and other obligations.

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

Dato' Haji Ghazali B. Mat Ariff
1) 05 December, 2017 - Leading Change @ The Brain organized by Bursa Malaysia

Mr. Mah Siew Seng
1) 5 & 6 May, 2017- Malaysian Private Entities Reporting Standards organized by Aljeffri Dean Consulting Sdn. Bhd;
2) 9 November, 2017 – 2018 Budget Seminar organized by Chartered Tax Institute of Malaysia.

Yeo Tek Ling
1) 13 October, 2017 - Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World organized by Bursa Malaysia;
2) 17 October, 2017 - Advocacy Sessions to Enhance Quality of Management Discussion & Analysis ("MD&A") for Chief Executive Officer and Chief Financial Officer of Listed Issuers organized by Bursa Malaysia;
3) 31 October, 2017 – CFO Dialogue 2017 organized by Malaysian Institute of Accountants (MIA) & CGMA;
4) 06 November, 2017 – Good Corporate Governance – Towards Integrity, Accountability and Trust organized by MIA;
5) 07 & 08 November, 2017 - MIA International Conference organized by MIA;
6) 05 December, 2017 - Leading Change @ The Brain organized by Bursa Malaysia.

Corporate Governance Overview Statement (cont'd)

2.1 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. It was published on the Company's website at www.advancedpack.com.my. The Board Charter is reviewed as and when necessary to do so.

3.1 Code of Conduct and Ethics

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

3.2 Whistle-blowing

The Board has yet to implement a whistle-blowing policy as it views the current control procedures are adequate for the operations for the time being.

II BOARD COMPOSITION

4.1 Independent Directors

After the resignation of Mr. Chee Sam Fatt, the Board has eight members with two Executive Directors and six 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 presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Dato' Haji Ghazali B. Mat Ariff was appointed on 28 May 2002 as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

4.2 Tenure of Independent Directors

Four out of the five Independent Directors have served more than twelve years, they are namely Dato' Haji Ghazali B. Mat Ariff, Mr. Mah Siew Seng, Mr. Eu Hock Seng and Mr Ng Choo Tim. The other one is still under the nine-year tenure. The Board recognises the importance of independence and objectivity in the decision making process by the independent directors. They expressed their views and opinions freely on subject matter without constraint. The Board through the Nomination Committee has assessed the independent directors annually and is of the opinion that all the five Independent Directors continue to demonstrate conduct and behavior that are essential indicators of independence.

As such, the Board would seek shareholders' approval in the coming Annual General Meeting through a 2-tier voting process to retain the four Independent Directors that have served more than twelve years.

4.3 Policy on Tenure of Independent Directors

No policy to limit the tenure of Independent Directors has been set so far by the Board in view of the fact that the current Independent Directors have demonstrated their independency in discharging their duties and responsibilities.

4.4 Appointment of Board Members and Senior Management

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

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

4.5 Policy on Gender Diversity

The Board has not set any official policy in regards to gender diversity for appointment of Director. The Nomination Committee and the Board had deliberated before and concluded that the selection of candidate for directorship of the Company should preferably be based on capability and experience of a person instead of just on gender. However, the Board is receptive to the appointment of suitably qualified women Director when there is a vacancy.

4.6 Candidates for Appointment of Director

The Board is aware of the diverse channels that could be used to identify suitably qualified candidates for appointment as future Director when the need arises.

4.7 Chairman of Nomination Committee

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

4.7.1 Nomination Committee

The Nomination Committee was established on 27 February 2002 by the Board and it currently comprises of 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.
(h) Review annually the term of office and performance of audit committee members to determine whether such audit committee has carried out their duties in accordance with their terms of reference.

The terms of reference of the Nomination Committee are also available at the Company's website at www.advancedpack.com.my.

5.1 Annual Assessment

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

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

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

III REMUNERATION

6.1 Policy on Remuneration

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

Remuneration package of the executive directors was reviewed by the Remuneration Committee annually in their meeting taking into account the responsibilities and performance of each Executive Director and recommends to the Board of Directors for approval. It is then decided by the Board without the executive directors' participation in determining their own remuneration.

The Board links the remuneration of executive directors to corporate and individual performance and that of the non-executive directors be reflective of their expertise and level of responsibilities. Directors' Fees were only paid upon approval by shareholders at the Company's annual general meeting based on the recommendation of the Board. Any changes in Directors' Fees are highlighted in the notice calling for the annual general meeting.

6.2 Remuneration Committee

The Remuneration Committee was set up on 27 February 2002 and it currently has two independent non-executive directors and one non-independent non-executive director as at the date of this report.

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); resigns on 1 March, 2018. New Chairman will be appointed in due course.
(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 the Directors and recommended to the Board for further action and decision.

The terms of reference of the Remuneration Committee are available at the Company's website at www.advancedpack.com.my.

7.1 Directors' Remuneration

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

However, set out below are the details of the Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2017, distinguishing between Executive and Non-Executive Directors of the Company:-

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	471,240.00	-
Fees	52,800.00	172,700.00
Bonus	88,331.00	-
Benefits-in-kind	32,750.00	-
EPF & Socso	124,546.00	-
Others	18,000.00	-
Meeting allowances	11,000.00	59,400.00
Total	798,667.00	232,100.00
Band of Remuneration (RM)	**Executive Director**	**Non-Executive Director**
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	-

7.2 Remuneration of Senior Management

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

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

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

The terms of reference of the Audit Committee are available at the Company's website at www.advancedpack.com.my.

8.1 Chairman of Audit Committee

The Chairman of the Audit Committee and the Board are held by different individuals for good governance to prevail.

8.2 Former Audit Partner

The Audit Committee has no written policy that requires a former audit partner to observe a cooling-off period of at least 2 years before being appointed as Audit Committee member. However, it's mindful of such good practice to avoid any potential compromise of independence. The Company has never appointed any former audit partner to the Board.

8.3 Assessment of Auditors

The Audit Committee has deliberated and assessed on the issues of suitability, objectivity, competency and independence of external auditors during its meeting even though there is no formal written policy on this.

8.4 Independence of Audit Committee

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

8.5 Diversity of Skill and Experience

All the Audit Committee Members possess different qualification, expertise and experience. One is a qualified lawyer, another one is a qualified professional accountant/auditor and third one is an ex-senior government officer and turned corporate director. They also have knowledge on the business operations of the Company. As such, they possess the wide range of necessary skills and experience to discharge their duties and responsibilities as Audit Committee Members. As a qualified professional accountant, Mr Mah Siew Seng possesses accounting and financial knowledge to provide satisfactory input on financial matters during meetings.

II Risk Management and Internal Control Framework

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 which is led by the Managing Director has been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Company for the Board's consideration, formulate action plans, implement appropriate internal control system and ensure compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

The Company has appointed an independent consulting firm to conduct a review to update the risk profile of the Company and to assess whether there are any significant changes to the key risks identified previously by another consulting firm and proposed an appropriate internal audit scope of review to assess the effectiveness of controls in managing risks. The consulting firm was again engaged in 2017 to carry out another round of review. The Board had considered and accepted the review and the updated risk profile of the Company. The management has since followed up with the updates and reviews.

9.1 Effective Risk Management and Internal Control Framework

The Directors recognise and acknowledge the importance of maintaining a sound system of internal control including financial, operational and compliance controls and risk management to safeguard shareholders' investment and the Company's assets. The internal control system is to identify and manage any risks that the Company may encounter in the pursuit of its business objectives.

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.

9.2 Features of Risk Management Framework

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

9.3 Risk Management Committee

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

10.1 Internal Audit Function

The Company outsourced the Internal Audit function during the year at a cost of RM15,000.00 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 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.

10.2 Details on Internal Audit Personnel

As mentioned above, the Company outsourced its internal audit function to an independent firm, which is in the related professional practice whose staff are professionally qualified. The internal auditors are free from any relationships or conflict of interest which could impair their professional judgement.

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

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

I. Communication with Stakeholders

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

Corporate Governance Overview Statement (cont'd)

11.1. Effective Communication

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 at www.advancedpack.com.my also provides more information to the public for better understanding of the Company and its business.

The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

At the Annual General Meeting (AGM), the Directors present the progress and performance of the Company and shareholders are encouraged and given the opportunity to participate in asking relevant questions pertaining to the Company and its business. AGM is also the platform that will enable shareholders to gain better insights of the Company's business and operations as well as its future prospect.

11. 2 Integrated Reporting

The Company has no intention to adopt integrated reporting with immediate effect. However, it may consider in do so in the future.

II. Conduct of General Meeting

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

12. 1 Notice for Annual General Meeting

The Company is giving its shareholders a 28-day notice for Annual General Meeting prior to meeting so as to give sufficient time for shareholders to consider the resolutions.

12. 2 Attendance at Annual General Meeting

Directors had usually attended all the past Annual General Meetings. It would be the same for the current year. In line with the recommendation from the Code, the Chair of Audit Committee, Nomination Committee and other committees will provide direct response to questions addressed to them.

12. 3 Leverage on Technology in Annual General Meeting

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

Corporate Governance Report

It can be viewed or downloaded at www.advancedpack.com.my

This Statement was approved by the Board on 27 February 2018.

Other Information

Status of Utilisation of Proceeds

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

Audit and Non-Audit Fees

The amount of Audit and non-audit fees paid or payable by the Company to its Auditors, PKF and its affiliated company for the financial year ended 31 December 2017 are as follows:-

Audit fees to PKF	:	Statutory audit : RM33,000.00
Non- audit fees to PKF	:	RM7,000.00 for reviewing Statement on Risk Management and Internal Control

Non-audit fees to the affiliated company of PKF: RM7,000.00 for taxation services.

Material Contracts

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

Recurrent Related Party Transaction of a Revenue or Trading Nature

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

Employee's Share Option Scheme (ESOS)

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

Accounts

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

Statement on Risk Management and Internal Control

Introduction

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

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

Responsibility

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

In pursuit of its business objectives, the control systems established in the Company are designed to manage the Company's key risks at an acceptable level rather than eliminate all risks facing its business. Therefore, such controls can only provide reasonable and not absolute assurance against material misstatement, fraud, loss or breaches of laws or regulations in view of the limitations inherent in any system of internal control.

The Board is assisted by the management in implementing and constantly reviewing the appropriate controls to mitigate and manage risks. A summary of the key features of the risk management framework and internal controls of the Company are as follows:-

Risk Management

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

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

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

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

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

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

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

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

Internal Control Structure

The Company has an established internal control structure. There is a clearly defined operating structure with appropriate lines of authority to assist the Board to maintain a proper control environment.

The Board is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Company's business operations and to safeguard the Company's assets and shareholders' investment.

Organisational Structure

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 Company's business.

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

Policies and Procedures

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

Audit Committee

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

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

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

Internal Audit Function

An external consulting firm was engaged to undertake the internal audit function of the Company on an annual basis and it reports directly to the Audit Committee. The consulting firm assists the Audit Committee and the Board in formulating an internal audit plan and to provide an independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system, in anticipating potential risk exposures over key business processes. A risk-based approach is adopted by the internal audit function in the design of audit strategy and plan based on the risk profile of the business.

Hence, it provides the Board with the independent assurance and assistance it requires in reviewing the adequacy and integrity of internal controls and the implementation of appropriate systems in order to manage these risks that may have an impact on the key operations of the Company.

Periodic review of the internal controls was carried out by the external consulting firm on various key functional areas of the Company's operations, as approved by the Audit Committee. Reports on findings and recommendations are then submitted directly to the Audit Committee, and by extension, the Board of Directors.

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

A sum of RM15,000.00 was spent on internal audit activities in 2017.

External Audit

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

Quality Assurance System

A Quality Management System in compliance with 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 continuously carry out the necessary steps to improve and monitor the Company's Quality Management System with a view to enhance it in accordance with the requirements of the latest ISO 9001 standard.

Operational Meeting

Regular operational meetings were held to identify, discuss and resolve issues pertaining to sales, production and quality matters. These meetings are a platform to communicate expectations and inform staff on the latest developments within the various areas of operations.

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

Budget and Financial Reporting

Annual budget was prepared, processed and approved by the Board. The management is responsible to monitor its achievement.

Management information, which includes costing reports and management accounts with detailed analysis, are prepared and reported to the top management on a monthly basis. In addition, the quarterly results and annual financial statements, subsequently audited by the external auditors, are reviewed by the Audit Committee and approved by the Board on a quarterly and annual basis respectively before public release via Bursa Malaysia.

Human Capital / Training

As human capital is very important to the company, enhancement and improvement of employee competencies and proficiencies are carried out through continuous training and development.

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

Conclusion by the Board

Both the Managing Director and Finance Director have given reasonable assurance to the Board that the Company's risk management and internal control systems are operating satisfactorily in the current operating environment.

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

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.

Review of the Statement by External Auditors

The external auditors, PKF, have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Company's annual report for the financial year ended 31 December, 2017. The external auditors reported the results thereof to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

This Statement was approved by the Board on 27 February 2018.

Directors' Responsibility Statement

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

The directors have, through the Statement by Directors on page 50 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved financial reporting / accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2017.

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 27 February 2018.

Audit Committee Report

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors ("the Board") is pleased to present the report of the Audit Committee for the financial year ended 31 December 2017.

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 Meetings	Attendance
a) Dato' Haji Ghazali B. Mat Ariff	Chairman - Independent Non-Executive	4	4
b) Mah Siew Seng	Member - Independent Non-Executive	4	4
c) Datuk Ismail bin Haji Ahmad	Member - Independent Non-Executive	4	4

Key Functions, Roles and Responsibilities of the Audit Committee

1. To review the following and report the same to the Board of Directors:-

   (a) with the external auditor, the nature and scope of the audit plan;

   (b) with the external auditor, his evaluation of the system of internal controls;

   (c) with the external auditor, his audit report;

   (d) the assistance given by the employees of the company to the external auditor;

   (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

Audit Committee Report (cont'd)

(f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) the quarterly results and year- end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:
   i. changes in or implementation of major accounting policies changes;
   ii. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
   iii. compliance with accounting standards and other legal requirements.

(h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.

3. To 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.

The terms of reference of the Audit Committee are available at the Company's website at www.advancedpack.com.my.

Summary of work of Audit Committee

The Audit Committee carried out the following works during the financial year ended 31 December 2017:-

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

(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.

Audit Committee Report (cont'd)

(c) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad. The Audit Committee has reviewed with Auditors changes in major accounting policy, compliance with accounting standards and significant financial reporting issues in order to discharge its oversight role in financial reporting.

(d) reviewed with external auditors the assistance given to them by the staff of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year- end financial statement and accounts.

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

(f) discussed and considered the proposals from Wensen Consulting Asia (M) Sdn. Bhd to provide internal audit services for 2017 and recommended the internal audit scope and plan for approval of the Board.

(g) reviewed the internal audit plan and reports prepared by Wensen Consulting Asia (M) Sdn. Bhd and management's response to its findings and recommendations.

(h) enquired on the existence of any significant related party transactions and the management confirmed there is none during the year.

(i) reviewed the Statement on Risk Management and Internal Control.

Summary of work of Internal Audit Function

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

WCA had in 2017 performed internal audit on certain key risk areas and business processes in inventory management and logistics management to ensure best practices are adopted in the system of internal control by the Company. WCA also followed up with previous audit's recommendations and actions taken by management. Internal audit report incorporating findings, audit issues, root cause, risk and implications, recommendations and management's response was issued to the Company after the internal audit. Management is responsible to act on issues raised by taking necessary corrective actions within certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed and managed.

Internal audit report was tabled for discussion in Audit Committee meeting by WCA. Having reviewed and discussed by the Audit Committee, the internal audit report and management's response were then tabled to the next Board of Directors' meeting for further action.

Conclusion

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

This statement was made in accordance with a Board resolution passed on 27 February 2018.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd, I have great pleasure to present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2017.

OVERVIEW

The global economy was still facing with challenges and uncertainties in 2017 even though there was a recovery. Business environment was generally cautious because of sluggish economy of the euro zone and the slowdown in certain large developing countries like China. Moreover, higher crude oil price and currency fluctuations had added more pressure to the operation of the Company. The Company continued to be affected by the competitive environment in 2017.

FINANCIAL PERFORMANCE

The Company achieved a turnover of RM24.91 million for the year ended 31 December 2017 which was RM2.24 million or 8.25% lower compared to RM27.15 million recorded in the preceding financial year. Net profit after tax of RM 1.18 million was achieved for the year under review against RM2.88 million recorded in the previous financial year ended 31 December 2016 which showed a decrease of RM1.70 million or 59.03 %.

DIVIDEND

An interim single tier tax exempt dividend of 6.00 sen per share (2016: 6.00 sen per share single tier) was paid on 25 January 2018 for the financial year ended 31 December 2017.

The Board of Directors has recommended a final single tier tax exempt dividend of 4.00 sen per share (2016: 6 sen per share single tier) for the financial year ended 31 December 2017. The proposed dividend is subject to the approval of the shareholders at this Annual General Meeting to be held on 31 May 2018.

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, 17 June 2015, 19 May 2016 and 30 May 2017 obtained its shareholders' approval for the renewal of the existing shareholders mandate for the share buy-back exercise.

PROSPECTS

Both the global and Malaysian economy are expected to improve during 2018. However, trade tension and protectionism may affect the economic growth. The uncertainty of the global market may result in more challenging market environment.

Higher crude oil price and currency fluctuations will have an impact on the resin prices and imported goods and services which will affect the plastic packaging industry.

However, in view of the growing demand for better packaging materials, the Board is confident that the prospect of the flexible packaging materials is still promising. Barring unforeseen circumstances, the Board expects the Company to be profitable and achieves a satisfactory result for the financial year ending 31 December 2018.

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

I also would like to take this opportunity to say a big thank you to our former Chairman, Mr. Chee Sam Fatt who has just resigned on 1 March 2018 because of personal reasons for his contribution to the Company during his tenure of office as Chairman of the Company.

Yours sincerely,

Datuk Ismail bin Haji Ahmad
Acting Chairman
16 April 2018

Management Discussion and Analysis

OVERVIEW OF BUSINESS AND OPERATIONS

The Company is principally involved in the manufacturing and sale of flexible packaging materials. Its products are catered to a wide cross-section of industries in both local and overseas markets such as foods, beverages, household, medical/surgical and pharmaceutical, among others. Flexible packaging materials are generally made of a composite of various substrates of base film, paper or aluminium foil which are printed and laminated so that the resultant laminates have more enhanced performance properties than its original substrates.

In this modern era, efficient packaging is a must for any product. Correct packaging of product with flexible packaging materials will enhance quality and shelf life of product and ensure safe delivery of product to end user in good condition at an economic cost besides booting brand image of a product.

Currently, the Company has a manufacturing plant in Bandar Baru Bangi, Selangor. The Company manufactures and sells high quality flexible packaging materials to reliable and reputable companies and niche market rather than competing for business on mass volume at low pricing.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

REVENUE

A revenue of RM24.91 million was achieved for the year ended 31 December, 2017 against RM 27.15 million recorded in 2016 which showed a decrease of RM2.24 million or 8.25%.

The decrease in revenue was contributed mainly by lower sales orders from major customers and disruption of operation in the first quarter of the year.

NET PROFIT

The Company recorded a net profit before tax of RM1.38 million for the financial year ended 31 December, 2017 which was RM 2.24 million or 61.88% lower when compared to RM 3.62 million last year. The main reasons for the huge drop in profit was lower sales revenue and higher average raw material cost brought about by higher fuel oil price. Higher operating and staff cost were also contributed to the drop.

Net profit after tax achieved for the year 2017 of RM 1.18 million was RM 1.70 million or 59.03% lower when compared to RM 2.88 million recorded in year 2016. Lower percentage of drop in net profit after tax was due to lower average tax rate for the year under review resulted from higher tax incentive claimed.

KEY FINANCIAL INDICATOR

Key financial indicators for year 2017 and 2016 are as follows:-

	2017	2016
Basic earning per share (Sen)	6.15	15.07
Return on equity (%)	3.90	9.21
Return on total assets (%)	3.67	9.21
Net asset per share (RM)	1.58	1.64
Gearing Ratio (net debt/shareholders' equity)	(0.20)	(0.28)

Kindly also refer to the "Five Years Financial Highlights and Financial Indicators" contained in this annual report for financial information and indicators for the past five years from 2013 to 2017.

ASSETS

Non-current assets increased by RM 3.724 million or 28.16% in view of the purchase of a new machine during the year.

Inventories decreased by RM 0.50 million or 10.59% due to slow down in purchase of raw materials in line with lower sales turnover.

Trade receivables also decreased by RM 0.75 million or 12.28% owing to lower sales turnover which has resulted in amount owing and not due for payment from customers decreased accordingly.

Non-trade receivables, deposits and prepayment decreased substantially by RM 1.18 million or 83.43% and this was primarily due to deposit paid in respect of the purchase of a machine last year that has been capitalised as fixed asset during the year.

Deposits with licence banks and cash and bank balances decreased by RM2.50 million and RM 0.86 million or 25.00% and 22.60% respectively due mainly to payment for the new machine.

Management Discussion and Analysis (cont'd)

LIABILITIES

Trade payables decreased by RM 0.63 million or 26.19% due primarily to reduction in purchases of raw materials from local suppliers where credit terms were given by them.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Company has been financing its operations during the year through internally generated funds. Its liquidity has been very good and it has no bank borrowings. As at 31 December, 2017, cash & bank balances and fixed deposit were amounted to RM10.45 million as compared to RM 13.81 million recorded last year, a drop of RM 3.36 million which was used for payment of a new machine during the year. However, the Company is still comfortable with its current capital structure and cash resources to operate its business.

CAPITAL EXPENDITURE

The capital expenditure incurred in 2017 was in respect of the purchase of a new machine for production operation which had been installed and commissioned in the last quarter of the year.

No major capital expenditure is expected to be incurred in 2018.

REVIEW OF OPERATING ACTIVITIES

A drop of RM 2.24 million or 8.25% in sales revenue for 2017 to RM 24.91 million was recorded when compared to RM 27.15 million achieved in 2016. The decrease in revenue was contributed by lower sales volume during the year brought about by a decrease in sales orders from certain major customers in the first quarter of the year. Disruption in operation is another reason to that effect at the same period.

Out of the total sales revenue, local sales accounted for 94.31 % while export sales recorded at 5.69% for the year 2017. Total volume sold during 2017 was 33.21 million square metres against 37.03 million square metres in 2016. The average selling price was RM 0.7500 and RM 0.7333 per square metre for 2017 and 2016 respectively.

The plant was running at about 70% utilisation rate in 2017. Productivity improvement is an ongoing exercise and so do quality enhancement. The downside is the aging of certain machinery and equipment that may not be running at the most optimum level. However, the company has taken steps over the years by adding new machines or replacing the obsolete one. During the year a new machine was installed and commissioned in the last quarter.

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

KEY RISKS

The Company considers huge fluctuation in exchange rate and raw material cost, higher cruel oil price, shortage of experienced technical personnel, disruption in operation, rising operating cost as well as single large customer as some of the main risks that may have a material impact on sales revenue and profitability margin for this year. In view of the above, close monitoring of currency fluctuation and production operations, diversification in sourcing of raw materials and better cost control as well as rebalancing customer base are the on-going measures that have been implemented to mitigate any impact that it may have on the company.

FORWARD LOOKING STATEMENT

Market uncertainty and competition are inevitable in the business world. The year 2018 will continue with challenges that are facing the country and the world. Both global and domestic economic uncertainties will prevail. Fluctuations in cruel oil price and currency, uncertainties in the global economy, rising business costs and market sentiment are the key concerns of the Company for the current year which may have a material impact on sales revenue and profitability.

However, the Company will continue to exercise prudent management and close monitoring of the key risks to mitigate the impact on the company performance. The flexible packaging materials industry is expected to continue to grow gradually and its prospectus is still promising.

Hence, barring unforeseen circumstances, the management expects the Company to achieve a reason and satisfactory results for the current financial year ending 31 December, 2018. The Company will continue to reward shareholders with reasonable dividend distribution as as long as the Company continues to make a reasonable profit.

The Company does not have a formal dividend policy so far but the pay-out rate for the last five financial years from 2013 to 2017 was averaged at 92% of the net profit attributable to equity holders.

This Statement was approved by the Board on 27 February 2018.

Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	2017	2016	2015	2014	2013
Statements of Profit or Loss and Other Comprehensive Income					
Revenue (RM)	24,906,911	27,154,095	26,024,191	24,610,676	24,883,165
Earnings before interest expense, tax, depreciation and amortisation	2,673,109	4,866,274	4,856,510	4,204,625	5,342,025
Profit before tax	1,378,463	3,621,023	3,628,763	2,873,934	3,792,284
Profit after tax	1,175,652	2,880,543	2,790,215	2,018,132	2,826,747
Net profit attributable to equity holders	1,175,652	2,880,543	2,790,215	2,018,132	2,826,747
Statement of financial position					
Total assets	37,607,518	39,316,170	37,028,396	37,044,398	36,860,758
Total borrowing	-	-	-	-	-
Shareholders equity	30,164,567	31,282,383	30,699,955	30,211,999	30,518,213
Financial indicators					
Return on equity (%)	3.90	9.21	9.09	6.68	9.26
Return on total assets (%)	3.67	9.21	9.80	7.76	10.29
Gearing ratio (Net debts/ Shareholders' equity)	(0.20)	(0.28)	(0.32)	(0.29)	(0.30)
Basic earnings per share (sen)	6.15	15.07	14.60	10.55	14.76
Net assets per share (RM)	1.58	1.64	1.61	1.58	1.59
Gross dividend per share (sen)	12*	12*	12*	10*	12*
Price earning (PE) ratio	33.33	14.86	15.62	20.28	13.14
Gross dividend yield (%)	5.85	5.36	5.26	4.67	6.19
Share price as at 31 December (RM)	2.05	2.24	2.28	2.14	1.94
Market Capitalisation as at 31 December (RM)	42,033,713	45,929,520	46,749,690	43,879,095	39,778,245

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 2017.

Principal activities

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

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

Results

	RM
Profit for the financial year	1,175,652

Reserves and provisions

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

Dividends

In respect of the financial year ended 31 December 2016, the Company paid an interim 6% single tier tax exempt dividend totalling RM1,146,734 on 19 January 2017.

In respect of the financial year ended 31 December 2016, the Company paid a final 6% single tier tax exempt dividend totalling RM1,146,734 on 20 July 2017.

In respect of the financial year ended 31 December 2017, the Directors declared an interim 6% single tier tax exempt dividend totalling RM1,146,734 and that was paid on 25 January 2018.

The Directors recommend a final 4% single tier tax exempt dividend totalling RM764,489 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting.

Directors

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

Tjin Kiat @ Tan Cheng Keat
Yeo Tek Ling
Dato' Haji Ghazali B. Mat Ariff
Datuk Ismail bin Haji Ahmad
Mah Siew Seng
Eu Hock Seng
Ng Choo Tim
Law Mong Yong - Appointed on 17 November 2017
Dato' Law Sah Lim - Resigned on 1 June 2017
Chee Sam Fatt - Resigned on 1 March 2018

Directors' Report (cont'd)

Directors' interest in shares

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

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2017	Bought	Sold	At 31.12.2017
In the Company:				
Direct interest:				
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
Law Mong Yong	-	459	-	459
Deemed interest				
Chee Sam Fatt	3,209,755	-	-	3,209,755
Eu Hock Seng	435,224	-	-	435,224

None of the other directors in office at 31 December 2017 had any interest in the Ordinary Shares and options over shares of the Company and of its related companies during the financial year according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

Directors' benefits

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

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

Directors' remuneration

Directors' remuneration is disclosed in Note 4 to the financial statements.

Indemnity and insurance for directors, officers and auditor

There was no indemnity given to or insurance effected for any directors, officers and auditor of the Company.

Issue of shares and debentures

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

On 31 January 2017, the Companies Act, 2016 in Malaysia became effective and rendered the par value regime no longer applicable. This has resulted in the Company's share capital no longer having par value and the authorised share capital no longer relevant at the date of the report. The Company's share premium account has also therefore been reclassified to share capital as at the financial year end.

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.

Share buy-back

As at 31 December 2017, the Company held 1,392,016 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 RM1,096,473 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 127 of the Companies Act, 2016 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) current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent; or

(ii) which would render the value attributed to current assets in the financial statements of the Company misleading; or

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

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Company misleading.

Directors' Report (cont'd)

Other statutory information (continued)

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

(i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 31 December 2017 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.

The remuneration of the auditors is disclosed in Note 5 to the financial statements.

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

TJIN KIAT @ TAN CHENG KEAT **NG CHOO TIM**

Selangor

28 March 2018

Statement By Directors

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

In the opinion of the Directors, the accompanying financial statements as set out on pages 13 to 60 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its cash flows for the financial year ended on that date.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Selangor

28 March 2018

Statutory Declaration

Pursuant To Section 251 (1)(b) Of The Companies Act, 2016 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 13 to 60 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 28 March 2018

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

COMMISSIONER FOR OATHS
Hazlin Bt. Mohamed
(B448)

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 60.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Valuation of Defined Benefit Gratuity

The Company has recognised a provision for gratuity of RM2,423,146 as at 31 December 2017 as disclosed in Note 18 to the financial statements. The assumptions that underpin the valuation of the defined benefit gratuity are subjective and based on judgements that affect the Company's distributable reserves. Uncertainty arises as a result of estimates made based on the Company's expectations and assumptions about employment trends and market conditions. As a result, the actual amounts charged to the statement of profit or loss and other comprehensive income by the Company may be significantly different to that recognised on the statement of financial position since small changes to the assumptions used in the calculation materially affect the provision calculated at amortised cost.

Key Audit Matters (continued)

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

OTHER MATTERS

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

PKF
AF 0911
CHARTERED ACCOUNTANTS

BRIAN WONG WYE PONG
02610/04/2019 J
CHARTERED ACCOUNTANT

Kuala Lumpur

28 March 2018

Statement Of Profit or Loss and Other Comprehensive Income
For The Financial Year Ended 31 December 2017

	Note	2017 RM	2016 RM
Revenue	3	24,906,911	27,154,095
Other income		412,997	658,211
Changes in inventories of finished good and work-in-progress		(302,977)	(127,355)
Raw materials used		(15,123,364)	(15,734,201)
Employee benefits expense	4	(3,850,262)	(4,002,525)
Depreciation		(1,294,645)	(1,245,251)
Other expenses		(3,657,168)	(3,464,631)
Profit from operations		1,091,492	3,238,343
Interest income		286,972	382,680
Profit before tax	5	1,378,464	3,621,023
Tax expense	6	(202,812)	(740,480)
Profit and other comprehensive income for the financial year		1,175,652	2,880,543
Total comprehensive income attributable to owners of the Company		1,175,652	2,880,543
Basic earnings per ordinary share (sen)	7	6.15	15.07

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

Statement Of Financial Position
As At 31 December 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-current assets			
Property, plant and equipment	8	11,950,016	8,226,006
Other investment	9	5,000,000	5,000,000
		16,950,016	13,226,006
Current assets			
Inventories	10	4,247,973	4,750,358
Trade receivables	11	5,352,076	6,101,300
Non-trade receivables, deposits and prepayments	12	236,229	1,424,249
Tax recoverable		368,874	-
Fixed deposits with licensed banks	13	7,500,000	10,000,000
Cash and bank balances		2,952,350	3,814,257
		20,657,502	26,090,164
TOTAL ASSETS		37,607,518	39,316,170
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	20,504,250	20,504,250
Treasury shares	15	(1,096,473)	(1,096,473)
Retained profits	16	10,756,790	11,874,606
TOTAL EQUITY		30,164,567	31,282,383
Non-current liabilities			
Deferred tax liabilities	17	732,063	610,843
Provision for staff gratuity	18	2,423,146	2,272,847
		3,155,209	2,883,690
Current liabilities			
Trade payables	19	1,770,257	2,398,037
Non-trade payables and accruals	20	1,145,251	1,211,127
Amount due to directors	21	225,500	237,600
Dividend payable	22	1,146,734	1,146,734
Tax payable		-	156,599
		4,287,742	5,150,097
TOTAL LIABILITIES		7,442,951	8,033,787
TOTAL EQUITY AND LIABILITIES		37,607,518	39,316,170

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

Statement Of Changes In Equity
For The Financial Year Ended 31 December 2017

	Note	Non-distributable Share Capital RM	Non-distributable Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 January 2016		20,504,250	(1,091,826)	11,287,531	30,699,955
Profit and other comprehensive income for the financial year		-	-	2,880,543	2,880,543
Purchase of treasury shares		-	(4,647)	-	(4,647)
Dividends	22	-	-	(2,293,468)	(2,293,468)
At 31 December 2016		20,504,250	(1,096,473)	11,874,606	31,282,383
Profit and other comprehensive income		-	-	1,175,652	1,175,652
Dividends	22	-	-	(2,293,468)	(2,293,468)
At 31 December 2017		20,504,250	(1,096,473)	10,756,790	30,164,567

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

Statement Of Cash Flows
For The Financial Year Ended 31 December 2017

	2017 RM	2016 RM
Cash flows from operating activities		
Profit before tax	1,378,464	3,621,023
Adjustments for:		
Bad debts written off	-	54,073
Depreciation	1,294,645	1,245,251
Impairment loss on trade receivables	57,763	-
Interest income (Note 5)	(286,972)	(382,680)
Inventories written off	66,711	32,293
Inventories written down	5,668	2,366
Reversal of inventories written down	(9,785)	(46,351)
Reversal of impairment loss on trade receivables no longer required	-	(93,473)
Investment income	(158,870)	(158,281)
Gain on disposal of property, plant and equipment	(4,716)	(9,997)
Loss/(Gain) on unrealised foreign exchange	25,573	(15,310)
Property, plant and equipment written off	437	10,153
Provision for staff gratuity	107,159	214,358
Amortised/(Reversal) of amortised cost of provision for gratuity	43,140	(74,462)
Operating profit before working capital changes	2,519,217	4,398,963
Decrease/(Increase) in inventories	439,791	(579,975)
Decrease/(Increase) in receivables	1,853,908	(1,751,888)
Increase in amount due to directors	(12,100)	-
(Decrease)/Increase in payables	(693,656)	1,837,590
Cash generated from operations	4,107,160	3,904,690
Income tax paid	(607,065)	(1,012,500)
Net cash from operating activities	3,500,095	2,892,190

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

Statement Of Cash Flows
For The Financial Year Ended 31 December 2017 (continued)

	2017 RM	2016 RM
Cash flows from investing activities		
Investment income received	158,870	158,281
Interest income received	286,972	382,680
Proceeds from disposal of property, plant and equipment	4,717	10,000
Acquisition of property, plant and equipment	(5,019,093)	(402,912)
Net cash (used in)/from investing activities	(4,568,534)	148,049
Cash flows from financing activities		
Dividend paid	(2,293,468)	(2,293,588)
Decrease in fixed deposits with licensed banks	(4,000,000)	-
Purchase of treasury shares	-	(4,647)
Net cash used in financing activities	(6,293,468)	(2,298,235)
Net (decrease)/increase in cash and cash equivalents	(7,361,907)	742,004
Cash and cash equivalents at 1 January	10,314,257	9,572,253
Cash and cash equivalents at 31 December	2,952,350	10,314,257

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

Statement Of Cash Flows
For The Financial Year Ended 31 December 2017 (continued)

Cash and cash equivalents

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

	2017 RM	2016 RM
Cash and bank balances	2,952,350	3,814,257
Fixed deposits with licensed banks with original maturities less than 3 months *(Note 13)*	-	6,500,000
	2,952,350	10,314,257

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

Notes to the Financial Statements as at 31 December 2017

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, 2016 in Malaysia.

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

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

(a) Standards issued and effective

On 1 January 2017, the following amended MFRSs are mandatory for annual financial periods beginning on or after 1 January 2017.

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2014 - 2016 cycle	
- Amendments to MFRS 12, Disclosure of Interests in Other Entities	1 January 2017
• Amendments to MFRS 107 Statements of Cash Flows: Disclosure Initiative	1 January 2017
• Amendments to MFRS 112, Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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

(b) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2014 - 2016 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
- Amendments to MFRS 128, Investment in Associates and Joint Ventures	1 January 2018

1. Basis of preparation (continued)

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

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2015-2017 cycle	
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 2, Share-based Payment: Classification and Measurements of Share-based Payment Transactions	1 January 2018
• Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts	1 January 2018
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 15, Revenue from Contract with Customers	1 January 2018
• Clarifications to MFRS 15, Revenue from Contracts with Customers	1 January 2018
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associates or Joint Ventures	Deferred
• Amendments to MFRS 128, Investments in Associates and Joint Ventures:Long-term Interest in Associates and Joint Ventures	1 January 2019
• Amendments to MFRS 140, Investment Property: Transfer of Investment Property	1 January 2018
• IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018
• IC Interpretation 23, Uncertainty Over Income Tax Treatments	1 January 2019

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

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.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

1. Basis of preparation (continued)

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

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.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15

MFRS 16 Leases

MFRS 16 replaces existing guidance in MFRS 117 Leases, IC Interpretation 4 Determining Whether an Arrangement Contains a Lease, IC Interpretation 115 Operating Leases – Incentives, and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(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.

(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 property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

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

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

(iii) Impaiment 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) Written down of Inventories

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

(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) 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

1. Basic of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

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.

(viii) Classification of Leasehold Land

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

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

(ix) Provision for staff gratuity

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

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").

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.

2. Summary of significant accounting policies (continued)

(a) Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

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

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

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

	2017 RM	2016 RM
1 United States Dollar	4.062	4.427
1 Brunei Dollar	3.024	3.054
100 Japanese Yen	3.602	3.790
1 Singapore Dollars	3.096	-

(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.

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 management involvement with the goods.

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

(ii) Interest income

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

2. Summary of significant accounting policies (continued)

(c) Employee benefits expense

(i) Short-term Benefits

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

(ii) Defined contribution plans

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

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

(d) 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.

2. Summary of significant accounting policies (continued)

(d) Tax expense (continued)

(ii) Deferred tax (continued)

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 costs.

(e) 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.

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

(i) Impairment of financial assets (continued)

Trade and non-trade receivables and other financial assets carried at amortised cost (continued)

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.

(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.

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment

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

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

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

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

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

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

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

(g) 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.

(g) Financial assets (continued)

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

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.

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.

(g) Financial assets (continued)

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

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.

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.

(h) Inventories

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

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

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

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

(i) Cash and cash equivalents

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

2. Summary of significant accounting policies (continued)

(j) 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.

(k) 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.

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.

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

2. Summary of significant accounting policies (continued)

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

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.

(l) 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.

(m) Provisions

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

(n) Earnings per ordinary share

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

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

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

(o) Contingencies

(i) Contingent liabilities

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

2. Summary of significant accounting policies (continued)

(o) Contingencies (continued)

(ii) Contingent assets

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

(p) Operating segment

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

(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 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.

4. Employee benefits expense

		2017 RM	2016 RM
(a)	Staff costs		
	Salaries, wages, allowances, bonus and overtime	2,421,900	2,319,257
	Contributions to defined contribution plan	245,823	246,583
	Social security contributions	30,298	27,216
	Other benefits	154,224	359,840
		2,852,245	2,952,896
(b)	Directors' remuneration		
	Executive:		
	Salaries and other emoluments	570,571	606,894
	Contribution to defined contribution plan	123,125	131,105
	Social security contributions	1,421	1,030
	Fees	52,800	52,800
	Other benefits - leave passage	18,000	18,000
	Estimated money value of benefits-in-kind	32,750	32,750
		798,667	842,579
	Non-executive:		
	Allowances	59,400	55,000
	Fees	172,700	184,800
		232,100	239,800
	Total directors' remuneration	1,030,767	1,082,379
	Total directors' remuneration excluding benefits-in-kind	998,017	1,049,629
	Total staff costs	3,850,262	4,002,525

The number of directors of the Company whose total remuneration during the year fall within the following bands are as follows:

4. Employee benefits expense (continued)

	Number of Directors	
	2017	2016
	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
	2	2
Non-executive directors:		
Below RM50,000	7	7
RM50,001 to RM100,000	-	-
	7	7

The total number of employees, inclusive of executive directors of the Company as at the end of the financial year is 96 (2016: 82).

5. Profit before tax

	2017	2016
	RM	RM
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration		
- Statutory audit	33,000	33,000
- Non-statutory audit	7,000	7,000
Amortised/(Reversal) of amortised cost of provision for gratuity	43,140	(74,462)
Bad debts written off	-	54,073
Depreciation	1,294,645	1,245,251
Loss /(Gain) on foreign exchange		
- realised	(78,317)	(103,346)
- unrealised	25,573	(15,310)
Gain on disposal of property, plant and equipment	(4,716)	9,997
Impairment loss on trade receivables	57,763	-
Interest income		
- Interest income received from deposits placed with licensed banks	(202,280)	(275,017)
- Fixed return received from deposits placed with Islamic bank	(84,692)	(107,663)
Inventories written off	66,711	32,293
Inventories written down	5,668	2,366
Investment income	(158,870)	(158,281)
Reversal of inventories written down	(9,785)	(46,351)
Reversal of impairment loss on trade receivables no longer required	-	(93,473)
Property, plant and equipment written off	473	10,153
Provision for staff gratuity	107,159	214,358
Utilisation of provision for staff gratuity	-	(28,129)

6. Tax expense

	2017 RM	2016 RM
Current tax expense		
- current year	99,875	1,055,883
- over provision in prior years	(18,283)	(34,773)
	81,592	1,021,110
Deferred tax expense (Note 17)		
- current year	179,809	(175,993)
- over provision in prior years	(58,589)	(71,852)
- Effect on tax changes	-	(32,785)
	121,220	(280,630)
	202,812	740,480

Reconciliation of effective tax expense

	2017 RM	2016 RM
Profit before tax	**1,378,464**	**3,621,023**
Taxation computed at statutory tax rate of 24%	330,831	869,046
Non-deductible expenses	(13,018)	82,556
Non-taxable income	(38,129)	(62,610)
Double deduction	-	(9,102)
	279,684	879,890
Effect on tax changes	-	(32,785)
Over provision of current tax in prior year	(18,283)	(34,773)
Over provision of deferred tax in prior year	(58,589)	(71,852)
	202,812	740,480

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:

	2017	2016
Total comprehensive income attributable to owners of the Company (RM)	1,175,652	2,880,543
Weighted average number of ordinary shares in issue, net of treasury shares	19,112,234	19,112,567
Basic earnings per share (sen)	6.15	15.07

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

8. Property, plant and equipment

2017	Leasehold Land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 January	739,000	5,327,543	28,756,608	737,581	1,061,372	36,622,104
Additions	-	-	5,008,618	10,475	-	5,019,093
Disposals	-	-	(880,297)	-	-	(880,297)
Written off	-	-	(750)	(14,635)	-	(15,385)
At 31 December	739,000	5,327,543	32,884,179	733,421	1,061,372	40,745,515
Accumulated depreciation						
At 1 January	234,695	2,745,800	24,252,922	496,836	665,845	28,396,098
Charge for the financial year	7,390	126,407	914,858	50,870	195,120	1,294,645
Disposals	-	-	(880,296)	-	-	(880,296)
Written off	-	-	(331)	(14,617)	-	(14,948)
At 31 December	242,085	2,872,207	24,287,153	533,089	860,965	28,795,499
Carrying amount						
At 31 December	496,915	2,455,336	8,597,026	200,332	200,407	11,950,016

2016	Leasehold Land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 January	739,000	5,308,993	28,546,806	622,266	1,152,409	36,369,474
Additions	-	18,550	258,761	120,083	5,518	402,912
Disposals	-	-	-	-	(96,555)	(96,555)
Written off	-	-	(48,959)	(4,768)	-	(53,727)
At 31 December	739,000	5,327,543	28,756,608	737,581	1,061,372	36,622,104
Accumulated depreciation						
At 1 January	227,305	2,620,784	23,435,353	440,255	567,276	27,290,973
Charge for the financial year	7,390	125,016	856,378	61,346	195,121	1,245,251
Disposals	-	-	-	-	(96,552)	(96,552)
Written off	-	-	(38,809)	(4,765)	-	(43,574)
At 31 December	234,695	2,745,800	24,252,922	496,836	665,845	28,396,098
Carrying amount						
At 31 December	504,305	2,581,743	4,503,686	240,745	395,527	8,226,006

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:

	2017 RM	2016 RM
At cost:		
Building	118,624	115,433
Plant, machinery and tools	17,909,925	18,270,872
Furniture, fittings and equipment	416,553	267,407
Motor vehicles	85,770	85,770
	18,530,872	18,739,482

9. Other investment

Available for sale financial assets

Other investment represents investments in Fixed Income Fund Account with AmFunds Management Berhad (formerly known as AmInvestment Services Berhad) and is classified as available-for-sale financial assets.

This investment as at 31 December 2017 carried interest at rates ranging from 2.84% to 3.33% (2016: 3.05% to 3.28%) per annum.

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

10. Inventories

	2017 RM	2016 RM
At cost:		
Raw materials	3,535,650	3,627,253
Work-in-progress	400,541	369,060
Finished goods	150,420	484,878
Consumables	160,087	166,099
Goods in-transit	1,275	103,068
	4,247,973	4,750,358
Recognised in profit or loss		
Inventories recognised as cost of production	15,985,274	15,622,068
Write-down to net realisable value	5,668	2,366
Reversal of inventories written down	(9,785)	(46,351)
Inventories written off	66,711	32,293

11. Trade receivables

	2017 RM	2016 RM
Trade receivables	5,409,839	6,101,300
Less: Impairment	(57,763)	-
	5,352,076	6,101,300

The movement in impairment of trade receivables was as follows:

	2017 RM	2016 RM
Impairment:		
at 1 January	-	93,473
Additions	57,763	-
Reversal of impairment loss	-	(93,473)
at 31 December	57,763	-

The Company's normal trade credit term ranges from 30 to 90 days (2016: 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

	2017 RM	2016 RM
Non-trade receivables	254,303	177,327
Deposits	18,040	18,040
Prepayments	21,073	1,267,807
Others	80,131	98,393
	373,547	1,561,567
Less: Impairment	(137,318)	(137,318)
	236,229	1,424,249

Included in non-trade receivables of the Company are:

(i) Staff loans of RM27,755 (2016: RM40,008) which bear interest at 4% (2016: 4%) per annum.
(ii) Outstanding amount transferred from amount due from jointly controlled entity amounting to RM137,318 upon disposal of Advanced Packaging Investments (H.K.) Limited by the Company. The amount has been fully impaired in the previous financial years.

13. Fixed deposits with licensed banks

	2017 RM	2016 RM
Deposits placed with licensed banks	4,500,000	6,500,000
Deposits placed with Islamic bank	3,000,000	3,500,000
	7,500,000	10,000,000
Maturities less than 3 months	-	6,500,000
Maturities more than 3 months	7,500,000	3,500,000
	7,500,000	10,000,000

The deposits as at 31 December 2017 and 2016 bear interest at rates ranging from 3.00% to 3.15% (2016: 2.95% to 4.30%) per annum.

Deposits placed with licensed banks have maturity periods ranging from 30 days to 365 days (2016: 30 days to 365 days).

14. Share capital

	2017 Number of Ordinary Share	2016 Number of Ordinary Share	2017 RM	2016 RM
Ordinary Shares of RM1.00 each:				
Authorised:				
At 1 January/31 December	n/a	100,000,000	n/a	100,000,000*
Issued and fully paid:				
At 1 January/31 December	20,504,250	20,504,250	20,504,250	20,504,250*

* par value of RM1.00 each

On 31 January 2017, the Companies Act, 2016 in Malaysia became effective and rendered the par value regime no longer applicable. This has resulted in the Company's share capital no longer having a par value and the authorised share capital no longer relevant at the date of this report.

15. Treasury shares

	2017 Number of Ordinary Share	2016 Number of Ordinary Share	2017 RM	2016 RM
At 1 January	1,392,016	1,390,016	1,096,473	1,091,826
Share purchased during the financial year	-	2,000	-	4,647
At 31 December	1,392,016	1,392,016	1,096,473	1,096,473

(i) As at 31 December 2017, the number of outstanding Ordinary Shares in issue after deducting the treasury shares was 19,112,234 (2016: 19,112,234).

15. Treasury shares (continued)

(ii) During the financial year ended 31 December 2016, the Company repurchased a total of 2,000 Ordinary Shares of its issued Ordinary Shares from the open market on Bursa Malaysia for RM4,647. The average price paid for the shares repurchased was approximately RM2.32 per share.

The transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of Companies Act, 2016 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased had been sold or cancelled as at 31 December 2017.

16. Retained profits

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

17. Deferred tax liabilities

	2017 RM	2016 RM
At 1 January	610,843	891,473
Transferred to profit or loss (Note 6)	121,220	(280,630)
At 31 December	732,063	610,843

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
Deferred tax liabilities of the Company:	
At 1 January 2017	1,149,461
Recognised in statements of profit or loss	146,000
At 31 December 2017	1,295,461
At 1 January 2016	1,395,618
Recognised in statements of profit or loss	(246,157)
At 31 December 2016	1,149,461

17. Deferred tax liabilities (continued)

	Provision RM
Deferred tax assets of the Company:	
At 1 January 2017	538,618
Recognised in statements of profit or loss	24,780
At 31 December 2017	563,398
At 1 January 2016	504,145
Recognised in statements of profit or loss	34,473
At 31 December 2016	538,618

18. Provision for staff gratuity

	2017 RM	2016 RM
At 1 January	2,136,066	1,949,837
Provision during the financial year	107,159	214,358
Utilisation	-	(28,129)
	2,243,225	2,136,066
Add: Amortised cost		
Balance	136,781	211,243
Additional	43,140	-
Reversal	-	(74,462)
	179,921	136,781
At 31 December	2,423,146	2,272,847

The discount rates applied in the computation of the present value of retirement gratuities ranged from 2.99% to 4.60% (2016: 3.20% to 4.81%) 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

	2017 RM	2016 RM
Non-trade payables	428,104	326,148
Accruals	717,147	884,979
	1,145,251	1,211,127

21. Amounts due to Directors

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

22. Dividends

Dividends declared and paid by the Company are:

	In respect of financial year	Gross dividend per share Sen	Amount of dividend RM	Date of payment
2016				
Final single tier tax exempt dividend	2015	6.00	1,146,734	22 June 2016
Interim single tier tax exempt dividend	2016	6.00	1,146,734	19 January 2017
			2,293,468	
2017				
Final single tier tax exempt dividend	2016	6.00	1,146,734	20 July 2017
Interim single tier tax exempt dividend	2017	6.00	1,146,734	25 January 2018
			2,293,468	

The Directors recommend a final 4% single tier tax exempt dividend totalling RM764,489 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting, and which is further subject to the Company's compliance with all applicable laws and regulations concerning dividends. 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 sale of flexible packaging materials are RM7,591,459 (2016: RM7,539,718), RM2,510,127 (2016: RM3,275,139) and RM1,738,780 (2016: RM2,971,733) respectively.

24. Contingent liability

	2017 RM	2016 RM
Bank guarantee given by financial institution to third party	211,215	211,152
Documentary credit	64,164	22,247

25. Capital commitments

Capital commitments as at the reporting date are as follows:

	2017 RM	2016 RM
Approved and contracted for:		
Purchase of property, plant and equipment	-	2,974,944

26. 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 and
(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
2017				
Financial assets				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	5,352,076	5,352,076	-	-
Non-trade receivables and deposits (excluding prepayment)	215,156	215,156	-	-
Fixed deposits with licensed banks	7,500,000	7,500,000	-	-
Cash and cash balances	2,952,350	2,952,350	-	-
	21,019,582	16,019,582	5,000,000	-
Financial liabilities				
Trade payables	1,770,257	-	-	1,770,257
Non-trade payables and accruals	1,145,251	-	-	1,145,251
Amount due to directors	225,500	-	-	225,500
Provision for gratuity	2,423,146	-	-	2,423,146
Dividend payable	1,146,734	-	-	1,146,734
	6,710,888	-	-	6,710,888

26. 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
2016				
Financial assets				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	6,101,300	6,101,300	-	-
Non-trade receivables and deposits (excluding prepayment)	156,442	156,442	-	-
Fixed deposits with licensed banks	10,000,000	10,000,000	-	-
Cash and bank balance	3,814,257	3,814,257	-	-
	25,071,999	20,071,999	5,000,000	-
Financial liabilities				
Trade payables	2,398,037	-	-	2,398,037
Non-trade payables and accruals	1,211,127	-	-	1,211,127
Amount due to directors	237,600	-	-	237,600
Provision for gratuity	2,272,847			2,272,847
Dividend payable	1,146,734	-	-	1,146,734
	7,266,345	-	-	7,266,345

Net gains and losses arising from financial instruments

	2017 RM	2016 RM
Net gains/(losses) arising on:		
Loan and receivables		
Bad debts written off	-	(54,073)
Impairment loss on trade receivables	(57,763)	-
Interest income	286,972	382,680
Reversal of impairment loss on trade receivables no longer required	-	93,473
Realised gain on foreign exchange	12,673	30,626
Unrealised gain/(loss) on foreign exchange	(26,160)	15,897
Available for sales financial assets		
Investment income	158,870	158,281
Other liabilities		
(Amortised)/Reversal of amortised cost of provision for gratuity	(43,140)	74,462
Realised gain/(loss) on foreign exchange	65,644	72,720
Unrealised gain/(loss) on foreign exchange	587	(587)
Provision for staff gratuity	(107,159)	(214,358)
	290,524	559,121

26. Financial instruments (continued)

Financial risk management objectives and policies

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

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

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 8 major customers which constituted approximately 74% (2016: 77%) 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:-

	2017 RM	2016 RM
Malaysia	5,041,901	5,771,748
Mauritius	230,466	271,539
Hong Kong	59,209	49,379
Brunei	20,500	8,634
	5,352,076	6,101,300

26. Financial instruments (continued)

Credit risk (continued)

Ageing analysis

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

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
2017			
Not past due :	4,849,831	-	4,849,831
Past due:			
- less than 3 months	560,008	(57,763)	502,245
	5,409,839	(57,763)	5,352,076
2016			
Not past due :	5,944,148	-	5,944,148
Past due:			
- less than 3 months	157,152	-	157,152
	6,101,300	-	6,101,300

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.

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.

Trade receivables that are past due and impaired

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

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sales of goods, determined by reference to past default experience. The directors are of the opinion that collective impairment is not necessary.

26. Financial instruments (continued)

Market risk

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

Foreign currency risk

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

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

2017	USD RM	BND RM	JPY RM	SGD RM	Total RM
Financial asset					
Trade receivables	289,675	20,500	-	-	310,175
Financial liabilities					
Trade payable	(102,995)	-	-	-	(102,995)
Non-trade payable	(192,000)	-	-	(18,172)	(210,172)
Net currency exposure	(5,320)	20,500	-	(18,172)	(2,992)
2016					
Financial asset					
Trade receivables	320,918	8,634	-	-	329,552
Financial liabilities					
Trade payable	(119,771)	-	-	-	(119,771)
Non-trade payables and accruals	-	-	(7,673)	-	(7,673)
Net currency exposure	201,147	8,634	(7,673)	-	202,108

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:

26. Financial instruments (continued)

Foreign currency risk (continued)

Foreign currency risk sensitivity analysis (continued)

	2017 %	2016 %	2017 RM Increase/ (Decrease)	2016 RM Increase/ (Decrease)
Effect on profit after tax				
USD / RM				
Strengthened by	5.00	5.00	(202)	7,644
Weakened by	5.00	5.00	202	(7,644)
BND / RM				
Strengthened by	5.00	5.00	799	328
Weakened by	5.00	5.00	(799)	(328)
JPY / RM				
Strengthened by	5.00	5.00	-	(292)
Weakened by	5.00	5.00	-	292
SGD / RM				
Strengthened by	5.00	5.00	(691)	-
Weakened by	5.00	5.00	691	-

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. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

The Company's primary interest rate risk relates to interest earned from fixed deposits with licensed banks and its investment.

	2017 RM	2016 RM
Fixed deposits with licensed banks	7,500,000	10,000,000
Other investment	5,000,000	5,000,000
	12,500,000	15,000,000

26. Financial instruments (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

The following 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:

	2017 Increase / (Decrease) RM	2016 Increase / (Decrease) RM
Effects on profit after taxation		
Increase of 10 basis point	9,500	11,400
Decrease of 10 basis point	(9,500)	(11,400)

Liquidity risk

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

Maturity analysis

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

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2017				
Trade payables	1,770,257	1,770,257	1,770,257	-
Non-trade payables and accruals	1,145,251	1,145,251	1,145,251	-
Amount due to directors	225,500	225,500	225,500	-
Provision for gratuity	2,423,146	2,423,146	-	2,423,146
Dividend payable	1,146,734	1,146,734	1,146,734	-
	6,710,888	6,710,888	4,287,742	2,423,146
2016				
Trade payables	2,398,037	2,398,037	2,398,037	-
Non-trade payables and accruals	1,211,127	1,211,127	1,211,127	-
Amount due todirectors	237,600	237,600	237,600	-
Provision for gratuity	2,272,847	2,272,847	-	2,272,847
Dividend payable	1,146,734	1,146,734	1,146,734	-
	7,266,345	7,266,345	4,993,498	2,272,847

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

26. Financial instruments (continued)

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 amount 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:

	2017		2016	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset:-				
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
2017				
Financial asset				
Other investment	-	-	5,000,000	5,000,000

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Financial asset				
Other investment	-	-	5,000,000	5,000,000

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 2017.

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. 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 28 March 2018.

List of the Properties as at 31 December 2017

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	Tenure	Age of Building	Net Book Value RM	Date of Acquisition
Location: Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan **Address:** Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi 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	34 years old	2,952,251	3-5-1984

Analysis of Shareholdings as at 30 March 2018

SHAREHOLDERS

The Company had 1,068 shareholders as at 30 March 2018. There is only one class of share , namely ordinary share. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 30 March 2018

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	154	4,195	0.02
100 - 1,000	134	79,929	0.42
1,001 - 10,000	655	1,970,362	10.31
10,001 - 100,000	90	2,906,963	15.21
100,001 to less than 5% of issued shares	32	10,598,675	55.45
5% and above of issued shares	3	3,552,110	18.59
Total	**1,068**	**19,112,234**	**100.00**

Analysis of Shareholdings as at 30 March 2018 (cont'd)

SUBSTANTIAL SHAREHOLDERS
As at 30 March 2018

		Direct Interest		Indirect Interest	
No.	**Name of Substantial Shareholders**	**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	-	-

DIRECTORS' SHAREHOLDINGS
As at 30 March 2018

		Direct Interest		Indirect Interest	
No.	**Name of Directors**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-
2	Yeo Tek Ling	12,169	0.06	-	-
3	Dato' Haji Ghazali b. Mat Ariff	-	-	-	-
4	Law Mong Yong Registered under own name-209 Registered with Affin Hwang Nominee (Tempatan) Sdn Bhd-250	459	0.00	-	-
5	Datuk Ismail bin Haji Ahmad	-	-	-	-
6	Mah Siew Seng	-	-	-	-
7	Eu Hock Seng	11,210	0.06	435,224 (a)	2.28
8	Ng Choo Tim	648,297	3.39	-	-

(a) Deemed interest by virtue of Section 59 (11) (c) of the Act through shareholdings of his daughter.

Analysis of Shareholdings as at 30 March 2018 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
As at 30 March 2018

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	Teo Kwee Hock	849,100	4.44
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	Low Khek Heng @ Low Choon Huat	516,800	2.70
9	Lee Kim Mua @ Lim Kim Moi	516,626	2.70
10	Law Mong Hock	502,633	2.63
11	Tan Wooi Bee @ Nur Huda Tan	465,500	2.44
12	Liew Say Fah	450,000	2.35
13	Eu Chin Fen	435,224	2.28
14	Tan Kok Chiew	401,955	2.10
15	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Kian Hong (E-TSA)	351,500	1.84
16	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai	344,700	1.80

Analysis of Shareholdings as at 30 March 2018 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
As at 30 March 2018 (cont'd)

No.	Name	No. of Shares	%
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	Tan Gian Hock	255,400	1.34
24	Tasek Maju Realty Sdn Bhd	225,000	1.18
25	Yong Wo Moi	204,700	1.07
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Kin Chong @ Oui Kin Chong (E-SPI/ASR)	192,600	1.01
27	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Soh Hin	150,000	0.78
28	Yap Ah Cheng	150,000	0.78
29	Jane Yap Sin Yee	145,900	0.76
30	Chong Mui @ Chong Sow Mui	129,700	0.68

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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-Sixth Annual General Meeting ("AGM") of the Company to be held at Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 31 May 2018 at 12.30 p.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of a final single tier tax exempt dividend of 4% net per share.		
Ordinary Resolution 2	To approve the payment of Directors' Fees of RM225,500 for the year ended 31 December 2017.		
Ordinary Resolution 3	To approve the payment of Directors' Benefit (excluding Directors' Fees) up to an amount of RM80,000 from 1 June 2018 until the next AGM of the Company.		
Ordinary Resolution 4	To re-elect Mr Law Mong Yong as Director.		
Ordinary Resolution 5	To re-elect Dato' Haji Ghazali B. Mat Ariff as Director.		
Ordinary Resolution 6	To re-elect Datuk Ismail bin Haji Ahmad as Director.		
Ordinary Resolution 7	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	To retain Dato' Haji Ghazali bin Mat Ariff as Independent Non-Executive Director.		
Ordinary Resolution 9	To retain Mr Mah Siew Seng as Independent Non-Executive Director.		
Ordinary Resolution10	To retain Mr Ng Choo Tim as Independent Non-Executive Director.		
Ordinary Resolution 11	To approve the Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares.		

(Please indicate with an 'X' in the appropriate spaces provided above on how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proposition of my holdings to be represented by my proxy/proxies are as follows:-*

First Name Proxy _____ *%* *Second Name Proxy* _____ *%* = *100%*

*Strike out whichever is not desired.

Dated this …… day of …….. 2018

.....
Signature

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) 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 24 May 2018 shall be entitled to attend, speak and vote at the Annual General Meeting.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Thirty-Sixth AGM will be put to vote by poll.

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Affix
Stamp

The Company Secretary
ADVANCED PACKAGING TECHNOLOGY (M) BHD (82982-K)
Ground Floor, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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