



SLP RESOURCES BERHAD

[663862-H]

Product Innovations,
Sustainable Growth

Annual Report 2016



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Group Profile

Our History

From modest beginning in 1989 as a manufacturer of ice-tube plastic packaging for domestic market, our Group consisting SLP Resources Berhad (“SLP” or “the Company”) and four (4) wholly-owned subsidiaries has over the years grown in size and stature. Today, SLP is listed on the Main Market of Bursa Malaysia Securities Berhad and has become a niche manufacturer for wide-range of flexible plastic packaging products and films for domestic and international markets covering Japan, Australia, United Kingdom, Denmark, Singapore and Indonesia.

Our Vision

To be an internationally-renown plastic packaging solutions specialist through the application of innovative research & development and latest technology

Our Mission

To continuously provide innovative, high-quality plastic packaging solutions to meet our customers’ ever-changing needs and to exceed users’ expectation



Our Group Structure

Our Group Structure as at 31 December 2016:



SLP RESOURCES BERHAD
[663862-H]

100%

Sinliplas Holding Sdn. Bhd.

Manufacture and sale of plastic packaging and its related products

100%

Sinliplas Sdn. Bhd.

Manufacture and sale of plastic packaging products and plastic related goods, and trading of polymer products such as resin

100%

SLP Green Tech Sdn. Bhd.

Manufacture and sale of specialised plastic film and packaging products

100%

SLP Polymers Sdn. Bhd.

Dormant



2

Product Innovations,
Sustainable Growth

Corporate Information

Board of Directors

Khaw Khoon Tee
(Executive Chairman)

Khaw Seang Chuan
(Group Managing Director)

Khaw Choon Hoong
(Executive Director)

Khaw Choon Choon
(Executive Director)

Mary Geraldine Phipps
(Senior Independent Non-Executive Director)

Leow Chan Kiang
(Non-Independent Non-Executive Director)

Chan Wah Chong
(Independent Non-Executive Director)

Law Cheng Lock
(Independent Non-Executive Director)



Audit Committee

Mary Geraldine Phipps
Chairman

Leow Chan Kiang
Member

Chan Wah Chong
Member

Law Cheng Lock
Member

Nomination Committee

Mary Geraldine Phipps
Chairman

Leow Chan Kiang
Member

Chan Wah Chong
Member

Law Cheng Lock
Member

Remuneration Committee

Chan Wah Chong
Chairman

Mary Geraldine Phipps
Member

Khaw Khoon Tee
Member

Law Cheng Lock
Member

Company Secretary

Ch'ng Lay Hoon
(MAICSA 0818580)

External Auditors

KPMG PLT (Firm No. AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang, Malaysia

Internal Auditors

JWC Consulting Sdn. Bhd.
1-2-5, BL Business Centre,
Solok Thean Teik,
11500 Ayer Itam,
Penang, Malaysia

Principal Bankers

Hong Leong Bank Berhad
Malayan Banking Berhad

Registrar

Agriteum Share Registration
Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 604 - 2282321
Facsimile No. : 604 - 2272391

Registered Office

Suite 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 604 - 2280511
Facsimile No. : 604 - 2280518

Head Office/Management Office

P.T. 1, Lot 57A
Lorong Perusahaan 5
Kulim Industrial Estate
09000 Kulim, Kedah
Telephone No. : 604 - 4891858
Facsimile No. : 604 - 4891857

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : SLP
Stock Code : 7248

Investor Relations

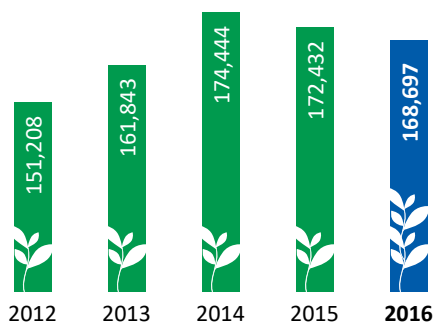
Khaw Seang Chuan, Kelvin
Group Managing Director
Email : kelvin@sinliplas.com.my



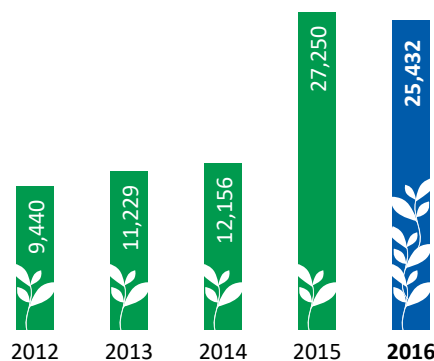
Financial Highlights

31 December	2012	2013	2014	2015	2016
Key Operating Results :					
Revenue (RM'000)	151,208	161,843	174,444	172,432	168,697
Profit before tax (RM'000)	12,681	14,472	14,973	34,841	29,270
Profit after tax (RM'000)	9,440	11,229	12,156	27,250	25,432
Total Comprehensive Income attributable to equity owners of the Company (RM'000)	9,444	11,240	12,127	27,286	28,553
Other Key Financial Data :					
Total assets (RM'000)	112,529	117,529	120,458	140,941	154,629
Total liabilities (RM'000)	29,581	28,288	24,037	27,127	23,393
No of ordinary shares in issue ('000)	247,333	247,333	247,333	247,333	247,333
Equity attributable to owners of the Company (RM'000)	82,948	89,241	96,421	113,814	131,236
Financial Ratio :					
Revenue growth (%)	1.5	7.0	7.8	(1.1)	(2.2)
Profit before tax margin (%)	8.4	8.9	8.6	20.2	17.3
Profit after tax margin (%)	6.2	6.9	7.0	15.8	15.1
Return on equity (%)	11.4	12.6	12.6	24.0	19.4
Share Information :					
Earnings per share (sen)	3.82	4.54	4.91	11.02	10.28
Net dividend per share (sen)	2.00	2.00	2.00	4.50	4.50
Dividend yield on par value of 25 sen (%)	8.0	8.0	8.0	18.0	18.0
Dividend as % of Net Profit (%)	52.4	44.0	40.8	40.8	43.8
Net assets per share (sen)	33.54	36.08	38.99	46.02	53.06

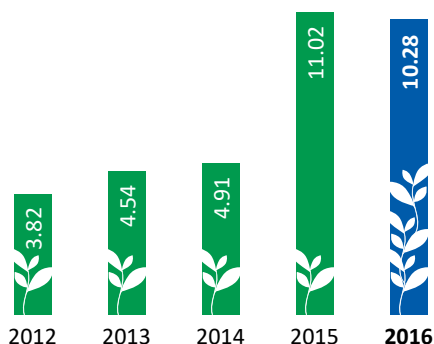
REVENUE (RM'000)



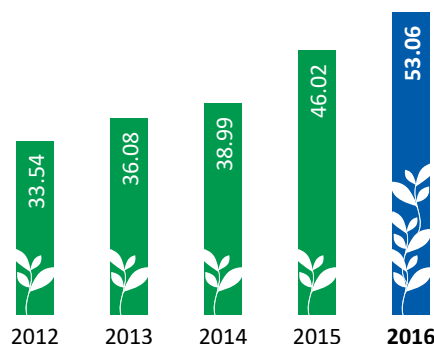
PROFIT AFTER TAX (RM'000)



EARNINGS PER SHARE ("EPS") (SEN)



NET ASSETS PER SHARE (SEN)



Profile of Directors



from left to right:-

1 Law Cheng Lock

Independent Non-Executive Director

2 Khaw Seang Chuan, Kelvin

Group Managing Director

3 Khaw Choon Choon, Jessie

Executive Director

4 Khaw Choon Hoong, Jasmine

Executive Director

5 Chan Wah Chong

Independent Non-Executive Director

6 Mary Geraldine Phipps

Senior Independent Non-Executive Director

7 Khaw Khoon Tee

Executive Chairman

8 Leow Chan Khiang

Non-Independent Non-Executive Director

Notes :-

(i) Family Relationships and Substantial Shareholders

Save for Khaw Khoon Tee who is the father of Khaw Seang Chuan, Khaw Choon Hoong and Khaw Choon Choon, none of the Directors of the Company has any relationship with any Director or substantial shareholders of the Company.

(ii) Directors' Shareholdings

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

(iii) No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

(iv) Non-Conviction of Offences

All the Directors have not been convicted with any offences other than traffic offences in the past 10 years.

(v) Attendance at Board Meetings

The number of board meetings attended by the Directors in the financial year ended 31 December 2016 is disclosed in the Statement of Corporate Governance of this Annual Report.



Profile of Directors (Cont'd)

Date of Appointment : 26 October 2007 (Founder of SLP Group)
Date of Re-designated as Executive Chairman : 26 August 2009
Length of Service (as at 28 March 2017) : 9 years and 5 months
Date of Last Re-election : 1 June 2016
Board Committees : Member of Remuneration Committee
Board Meeting Attended in the Financial Year : Five (5) out of five (5) meetings
Academic Qualification(s) : Secondary education
Present Directorship(s) : Listed entity : Nil
 Other public company : Nil
Present Appointment(s) : Nil

Past Appointment and Working Experience :

He was appointed as Treasurer of Malaysian Plastics Manufacturers of Association ("MPMA") in 1994 and as the Chairman of MPMA for northern region of Malaysia in May 2000. Upon his retirement as the Chairman of MPMA in May 2004, he was then appointed as the Adviser to MPMA.

During his involvement in MPMA, he attended annual conferences at the Asia Plastics Forum and the ASEAN Federation of Plastic Industries in relation to the growth of plastic industry in ASEAN. He had also represented MPMA in various discussions and meetings with the Malaysian government authorities in respect of policies such as import duties, legislation framework and new developments within the Plastics Industry.

He has over 50 years of experience in the polymer industry, gaining his experience through a hands-on management style ever since he assisted his late father in their family business involved in the manufacture of plastic packaging products in 1965.

Khaw Khoon Tee

Malaysian / Aged 67

Executive Chairman



Khaw Seang Chuan, Kelvin

Malaysian / Aged 47

Group Managing Director



Date of Appointment : 26 October 2007

Date of Re-designated as Managing Director : 26 August 2009

Length of Service (as at 28 March 2017) : 9 years and 5 months

Date of Last Re-election : 18 June 2014

Board Committees : Nil

Board meeting attended in the Financial Year : Five (5) out of five (5) meetings

Academic Qualification(s) : Secondary education

Present Directorship(s) : Listed entity : Nil
 Other public company : Nil

Present Appointment(s) : Nil

Past Appointment and Working Experience :

He has nearly 30 years of experience in the polymer industry, gaining his experience when he first joined his father in their family business involved in the manufacture of plastic packaging products way back in 1987.

He pioneered the setting up of the Group's new production lines through technology transfer arrangements with Maruzen Kako Co Ltd of Japan and Okahata Sangyo Co Ltd of Japan in 1998 and Okura Industrial Co Ltd of Japan in 2001. He initiated a few major new products development for the Group, namely Vertical-Form-Fill-Seal films for packaging of edible palm oil in 2005, antibacterial plastic sleeve and newspaper wrapping films in 2009, NCPP wrapping films in 2010/11 and shrink film for food packaging in 2012.

Profile of Directors (Cont'd)

Date of Appointment : 26 October 2007
Length of Service (as at 28 March 2017) : 9 years and 5 months
Date of Last Re-election : 18 June 2014
Board Committees : Nil
Board Meeting Attended in the Financial Year : Five (5) out of five (5) meetings
Academic Qualification(s) : Bachelor Degree in Management from the University of Lethbridge, Canada
Present Directorship(s) : Listed entity : Nil
 Other public company : Nil
Present Appointment(s) : Nil

Past Appointment and Working Experience :

Upon her graduation in 1997, she joined our Group as Marketing Director and has since participated in various trade exhibitions and promotions locally and internationally. She is also the management representative of our Group's quality management system which led to the successful achievement of ISO 9002 quality system certification awarded by Lloyd's Register Quality Assurance to the Group in 1998 and ISO 22000 for Food Safety Management System in 2013.

Khaw Choon Hoong, Jasmine

Malaysian / Aged 45

Executive Director



Khaw Choon Choon, Jessy

Malaysian / Aged 43

Executive Director



Date of Appointment : 1 July 2010
Length of Service (as at 28 March 2017) : 6 years and 8 months
Date of Last Re-election : 9 June 2015
Board Committees : Nil
Board Meeting Attended in the Financial Year : Five (5) out of five (5) meetings
Academic Qualification(s) : Secondary education
Present Directorship(s) : Listed entity : Nil
 Other public company : Nil
Present Appointment(s) : Nil

Past Appointment and Working Experience :

She has more than 20 years of experience in the polymer industry, gaining her experience when she joined the Group in 1989 as Sales Coordinator. In 2003, she was promoted as Assistant Marketing Manager and later in 2008 as Logistic Manager of the Group.

Profile of Directors (Cont'd)

Date of Appointment : 26 October 2007

Length of Service (as at 28 March 2017) : 9 years and 5 months

Date of Last Re-election : 1 June 2016

Board Committees : Chairman of Audit Committee and Nomination Committee. Member of Remuneration Committee

Board Meeting Attended in the Financial Year : Five (5) out of five (5) meetings

Academic Qualification(s) : Chartered Accountant registered with the Malaysian Institute of Accountants having qualified as a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants.

Professional Associations : Member of the Malaysian Institute of Accountants (MIA); Fellow of the Chartered Tax Institute of Malaysia (CTIMA)

Present Directorship(s) : Listed entity :
1. Oriental Holdings Berhad
2. PBA Holdings Berhad
Other public company : Nil

Present Appointment(s) : Nil

Past Appointment and Working Experience :

In 1982, she was made a partner of KPMG, specialising in taxation. In 1990, she was appointed as Managing Partner of KPMG's Penang practice, a position she held until her retirement in December 2004. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/Client Partner for multinational clients of KPMG's international offices with manufacturing facilities in Penang.

Mary Geraldine Phipps

Malaysian / Aged 68

Senior Independent
Non-Executive
Director



Chan Wah Chong

Malaysian / Aged 53

Independent Non-
Executive Director



Date of Appointment : 1 July 2009

Length of Service (as at 28 March 2017) : 7 years and 8 months

Date of Last Re-election : 1 June 2016

Board Committees : Chairman of Remuneration Committee. Member of Audit Committee and Nomination Committee

Board Meeting Attended in the Financial Year : Five (5) out of five (5) meetings

Academic Qualification(s) : Certified Public Accountant

Present Directorship(s) : Listed entity : Lii Hen Industries Berhad
Other public company : Nil

Present Appointment(s) : He is presently running his own corporate advisory company and hold directorship positions in a few private limited companies involving in company advisory services, tax consultancy, risk management and medical services.

Past Appointment and Working Experience :

He started his career 1984 in accountancy with Ernst & Young, an international accounting firm for 6 years before joining a local medium-sized audit firm as a senior staff for a year. He then joined a local pharmaceutical manufacturing concern as Corporate Finance Manager which he left after one and a half years to join a start-up medical trading company as its Finance Director. He is presently running his own corporate advisory company.



Profile of Directors (Cont'd)

Date of Appointment	: 26 October 2007
Length of Service (as at 28 March 2017)	: 9 years and 5 months
Date of Last Re-election	: 9 June 2015
Board Committees	: Member of Audit Committee and Nomination Committee
Board Meeting Attended in the Financial Year	: Five (5) out of five (5) meetings
Academic Qualification(s)	: 1. Master Degree in Business Administration ("MBA"), Northern University of Malaysia. 2. Bachelor Degree in Economics, University of Malaya. 3. Chartered Association of Certified Accountants, United Kingdom.
Present Directorship(s)	: Listed entities : 1. Ni Hsin Resources Berhad 2. Salutica Berhad Other public company : Nil
Present Appointment(s)	: He is presently running his own business in GST and other financial services and hold directorship positions in a few private limited companies involving in GST and financial services.

Past Appointment and Working Experience :

Began his career in the banking industry with Hong Leong Bank Berhad in 1991 until 1995 and Malaysian International Merchant Bankers Berhad ("MIMB") from 1995 to 2000. He then worked in a local logistic company for a short stint of one year in 2001 and joined CAB Cakaran Corporation Berhad, a company listed on the Main Market of Bursa Securities as a Director of Corporate Finance in 2002, and subsequently, an executive director on 11 August 2003 until 18 April 2007.

Leow Chan Khiang

Malaysian / Aged 50

Non-Independent
Non-Executive
Director



Law Cheng Lock

Malaysian / Aged 58

Independent Non-Executive Director

Date of Appointment	: 7 August 2014
Length of Service (as at 28 March 2017)	: 2 Years and 7 months
Date of Last Re-election	: Nil
Board Committees	: Member of Audit Committee, Nomination Committee and Remuneration Committee
Board Meeting Attended in the Financial Year	: Five (5) out of five (5) meetings
Academic Qualification(s)	: LLB (Hons) London CLP
Present Directorship(s)	: Listed entity : Nil Other public company : Nil
Present Appointment(s)	: Nil

Past Appointment and Working Experience :

He chambered under the legal firm of Messrs Cheong Wai Meng & Van Buerle in Butterworth where he eventually completed his chambering under the tutelage of Louis Edward Van Buerle and was retained in the aforesaid legal firm as a legal assistance from 1996 to 2000. He is presently practising in a legal firm in Kulim, Kedah Darul Aman.



Profile of Key Senior Management

The Board is supported by its experienced management team and the following are the profiles of its key senior management:

Date of Appointment : 2 January 2012
Academic Qualification(s) : Bachelor of Arts in Economic & Management, BA of Teacher course.

Past Appointment and Working Experience :

He started working in plastics packaging industry in 1990 at Japan after graduated from Aichi University, Japan. In 1996, he came back to Malaysia and employed with cabling and plastic manufacturing companies prior to joining SLP as General Manager in 2012. He was the secretary of Malaysian Plastics Manufacturers of Association, Northern Branch ("MPMA Northern Branch") from 2006 to 2014. He is currently heading the overall operations and marketing activities of the Group.

Ooi Teong Soon

Malaysian / Aged 53

General Manager



Oong Chye Hee

Malaysian / Aged 30

Accounts
Manager



Date of Appointment : 26 April 2016

Academic Qualification(s) : Bachelor of Accounting

Past Appointment and Working Experience :

He was previously attached with an audit firm for 6 years where he was involved in external audit and corporate exercises assignments. He joined SLP in 2016 as an Accounts Manager overseeing the accounting and financial reporting functions of the Group. He is a member of the Malaysian Institute of Accountants.



Chairman's Message

Dear Shareholders,

We are delighted that the Group has demonstrated its resilience and ability to achieve sustainable financial results in Financial Year ("FY") 2016 on the back of global economic and political uncertainty throughout the year 2016. In Malaysia, economic outlook remained weak especially with sluggish commodity prices, poor consumer sentiment and the weakening Malaysian Ringgit resulted in higher prices of USD denominated raw materials imported from outside Malaysia.



Chairman's Message (Cont'd)



Underlying profit after tax for FY2016 was RM25.4 million, representing a decrease of 7.0% or RM1.8 million from RM27.2 million in FY2015. The lower profit after tax was achieved on the back of lower revenue of RM168.7 million in FY2016 as compared to RM172.4 million in FY2015. Despite recording slightly lower profit after tax and lower revenue, there was an improvement in the gross profit margin to 21.6% in FY2016 from 21.1% in FY2015. This was a result of the Group's continued effort in improving its manufacturing process capabilities for better product mix and production efficiency to further support its gross profit margin. The Group's product innovation is also a critical deliverable for all its customers.

Delivering Value to Shareholders

Reflective of the Group's sustainable financial performance in FY2016, the Company maintained its quantum of annual dividend payment of 4.5 sen, representing a dividend payout ratio of 43.8% of profit after tax of the Group in respect of FY2016.

The Company has consistently declared and paid out annual dividend of above 40.0% of profit after tax of the Group over the past eight (8) years and will continue to maintain an appropriate level of dividend payout ratio based on the performance of the Group so as to ensure a satisfactory return on investment to shareholders while enabling the Group to retain sufficient funds for capital requirement, thus offering long-term sustainable benefits to all shareholders.



Chairman's Message (Cont'd)

Prospects and Strategies

The future business strategy and operating model of the Group remain unchanged. The objective is to continue to grow earnings and maintain a high level of returns over the long term. This will be achieved through creating a strong differentiated offering for our customers and growing our market share for high technology flexible plastic packaging solutions. In turn, this will continue to drive strong returns for all stakeholders.

Deliver Best Practices and Good Corporate Governance

The Board is unwavering in the compliance of the corporate governance best practices within the Group as a crucial step towards achieving continuous growth. Bearing this in mind, the Board is committed to implement business strategies that are in line with the Group's vision and deemed to be value-accretive in nature in order to protect and maximise shareholders' value. The measures undertaken by the Board to maintain and improve on the Corporate Governance on a Group-wide basis are highlighted in the Corporate Governance Statement in this Annual Report.



Appreciation

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation and gratitude to the management and employees of the Group for their dedication, team spirit and hard work over the past twelve months. The commendable performance of the Group is the result of the earnest efforts put in by our workforce.

Last but not least, my utmost gratitude to our stakeholders including customers, shareholders, suppliers and other business associates for your long-standing support, cooperation and assistance.

Thank you.

KHAW KHOON TEE

Executive Chairman

28 March 2017



Managing Director's Message and Management Discussion and Analysis

Khaw Seang Chuan, Kelvin
Group Managing Director



Dear Shareholders,

The FY2016 is the most challenging year in my career as Managing Director of the Group since my appointment in 2009. After achieving record profit after tax for the Group in FY2015, expectations are high on me to continue delivering outstanding growth in earnings for the Group and creating value for shareholders. Given this, I must continue to develop core capabilities and create a stronger product offering of the Group that are required for sustainable growth.

Overview of the Group's Business and Operations

SLP is a public listed Malaysian company principally involved in the manufacture and sale of plastic packaging and its related products. With more than 350 employees housed under its approximately 387,000 square feet of manufacturing facilities located in Kulim Industrial Estate, Kedah Darul Aman, Malaysia, the Group manufactures and supplies its quality thin-gauged flexible plastic packaging products to customers in Malaysia and other part of the world. Some of the key products of the Group are kitchen bags, garbage bags (mainly for Japan market), VFFS films, fashion bags, patch handle bags, industrial bags, oil VFFS films and quality films for healthcare packaging.

The Group's growth and investment strategy is to stay focus in its core capabilities and to enhance its position in the flexible plastic packaging industry through organic growth. The Group works closely alongside its customers to provide them with innovative ideas, expertise and support solutions for their specific requirement. Through this differentiation strategy, the Group has expanded its high value-added packaging products for diversified end-uses including food, beverages, personal care, home care, health care and industrial uses. In the personal care industry, the Group manufactures and supplies high quality plastic packaging materials for end products such as disposal diapers and other medical care products. The Group believes that these high value-added packaging products have strong market potential and high barriers to entry and will continue to leverage on its expertise in these high value-added packaging products for further growth.



Managing Director's Message and Management Discussion and Analysis (Cont'd)

The following Management Discussion and Analysis ("MD&A") should be read in conjunction with our consolidated audited financial statements of the Company and the Group for the financial year ended 31 December 2016. The accounting policies are adopted and applied consistently to all the periods except for the functional currency of a subsidiary, Sinliplas Holding Sdn Bhd that was changed during the year from Ringgit Malaysia to US Dollar based on advice and assessment carried out pursuant to paragraph 9 of MFRS121. For more information on key accounting policies please refer to Note number 2(a) to 2(s) of our full year 2016 audited financial statements.

Financial Performance Review

Revenue

The Group's revenue analysis by geographical markets is illustrated in the table below :

	FY2016		FY2015		Increase/(Decrease)	
	RM'000		RM'000		RM'000	%
Countries						
Malaysia	64,491	38.2%	70,449	40.8%	(5,958)	(8.4)
Japan	68,761	40.8%	67,370	39.1%	1,391	2.1
Australia	15,488	9.2%	14,761	8.6%	727	4.9
European countries	9,370	5.5%	7,686	4.4%	1,684	21.9
Other countries	10,587	6.3%	12,166	7.1%	(1,579)	(13.0)
Total	168,697	100%	172,432	100%	(3,735)	(2.2)

The Group recorded revenue of RM168.7 million in FY2016, a marginal decrease of approximately 2.2% or RM3.7 million from RM172.4 million recorded in FY2015. This was due largely to lower sales and sales volume to Malaysian markets which recorded a decrease of 8.4% or RM5.9 million to RM64.5 million from RM70.4 million in FY2015. The decrease in sales to Malaysian markets was mainly due to stricter credit control on domestic customers by the Group in view of higher credit risk.

In terms of percentage of revenue contribution, sales to Malaysian markets contributed 38.2% in FY2016, down from 40.8% in FY2015. The Group's major products sold to Malaysian markets comprise largely plastic resins, flexible plastic packaging bags and films for packaging of food & beverages, healthcare and industrial products. Sales to other countries recorded favourable increases in line with the Group's strategies to continuously growing its export markets.

For the first time in the history of the Group, Japan has become the largest revenue contributor to the Group with sales of RM68.8 million or 40.8% of total revenue in FY2016 as compared to RM67.4 million or 39.1% in FY2015. The Group's major products sold to Japanese markets comprise flexible plastic packaging bags for retail and household use.

Australia is another major export markets for the Group's fashion and carrier bags with revenue contribution of 9.2% in FY2016 as compared to 8.6% in FY2015. European countries namely Denmark and United Kingdom contributed 5.5% of total revenue in FY2016 as compared 4.4% in FY2015. The Group's major products exported to European countries are plastic packaging films for dairy products. Other countries namely Singapore and Indonesia contributed 6.3% of total

revenue in FY2016 as compared 7.1% in FY2015. Major products exported to other countries comprise plastic packaging bags and films for household, industrial and retail use.

Gross Profit

	FY2016	FY2015	Increase/(Decrease)
Gross Profit (RM'000)	36,442	36,383	59
Gross Profit margin (%)	21.6%	21.1%	

The Group recorded at almost the same level of gross profit of RM36.4 million in FY2016 when compared to that of the same in FY2015. In terms of year-on-year comparison, the gross profit margin improved to 21.6% in FY2016, a slight increase of 0.5% from 21.1% in FY2015. The higher gross profit margin was attributed largely to better sales mix and greater cost efficiency through the Group's continuous efforts and initiatives in automating its manufacturing processes.

Profit Before Tax

	FY2016	FY2015	Increase/(Decrease)
Profit Before Tax (RM'000)	29,270	34,841	(5,571)
Profit Before Tax margin	17.3%	20.2%	

In FY2016, the Group recorded lower profit before tax ("PBT") at RM29.3 million, a decrease RM5.5 million when compared to RM34.8 million in FY2015. This was principally due to lower other operating income versus higher operating expenses as explained below :

The Group's other operating income which comprises largely realised and unrealised gain in foreign exchange and interest income decreased by RM4.2 million to RM2.8 million in FY2016 from RM7.0 million in FY2015. This was primarily attributed to lower realised and unrealised foreign currency exchange gain of RM1.6 million in FY2016 when compared to that of the same of RM5.9 million in FY2015; and

The Group's other operating expenses which comprise mainly administrative, selling and marketing expenses recorded an increase of RM1.4 million to RM10.0 million in FY2016 from RM8.6 million in FY2015. This was largely due to the increase in administrative expenses arising from the impairment of trade receivables of RM1.04 million in FY2016.

Profit After Tax

	FY2016	FY2015	Increase/(Decrease)
Profit After Tax (RM'000)	25,432	27,250	(1,818)
Profit After Tax margin	15.1%	15.8%	

In tandem with lower PBT, the Group posted lower Profit After Tax ("PAT") of RM25.4 million in FY2016, down by RM1.8 million from RM27.2 million in FY2015. The availability of tax incentives such as reinvestment and export allowances for the subsidiaries of the Group resulted in lower tax expense and hence recording an impressive PAT margin at 15.1%, a slight drop of 0.7% from 15.8% in FY2015.

Financial Position

An analysis of financial position is presented below:



Managing Director's Message and Management Discussion and Analysis (Cont'd)

Total Assets

As of 31 December 2016 and 2015, the Group had total assets of RM154.6 million and RM140.9 million respectively. Major increases in assets are as follows :

- (1) As of 31 December 2016 and 2015, the Group reported property, plant and equipment of RM63.3 million and RM52.2 million, respectively, representing 40.9% and 37.0% of the Group's total assets. The Group incurred capital expenditure of approximately RM12.0 million in FY2016, mainly for the construction of a new factory building adjacent to existing plant in Kulim Industrial Estate, Kedah and installation of new machineries. All capital expenditures are funded by internally generated funds. Please refer to Note 3 – Property, Plant and Equipment of the Audited Financial Statements for further details on this item;
- (2) As of 31 December 2016 and 2015, the Group reported inventories of RM30.5 million and RM25.5 million respectively, representing 19.7% and 18.1% of the Group's total assets. The increase was in line with higher production capacities after the completion of new factory building and installation of new machineries in the fourth quarter of 2016 for expansion and business growth; and
- (3) As of 31 December 2016 and 2015, the Group reported cash and cash equivalents of RM29.1 million and RM26.7 million respectively, representing 18.8% and 19.0% of the Group's total assets.

In contrast, the Group reported a decrease in trade and other receivables to RM30.6 million as at 31 December 2016 from RM36.1 million as at 31 December 2015, representing 19.8% and 25.6% of the Group's total assets. The reduction in trade and other receivables was attributed to improvement in debt control and management.

Total Liabilities

As of 31 December 2016 and 2015, the Group reported total liabilities of RM23.4 million and RM27.1 million, respectively. The decrease in total liabilities was resulted from the repayment of bank loans and borrowings of RM2.1 million and lower income tax liability of RM0.6 million. Trade and other payables are the major components of total liabilities of the Group accounting for 63.2% and 54.6% as 31 December 2016 and 2015 respectively.

Shareholders' Equity

As of 31 December 2016 and 2015, the Group reported shareholders' equity of RM131.2 million and RM113.8 million, respectively. The increase in shareholders' equity was mainly attributed to an increase in retained earnings resulting from the profitability of the Group, net of dividends paid and the favourable translation reserve differences. Please refer to "Consolidated Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.

Cash Flow

The Group generated relatively stable cash flow from operating activities RM28.0 million in FY2016 when compared to RM27.5 million in FY2015. Cash flows used in investing activities of RM12.0 million in FY2016 were primarily paid towards the acquisition of new machineries and construction of new factory building for capacity and business expansions. Cash flows used in financing activities of RM13.2 million in FY2016 were principally a result of bank loans repayment

of RM2.1 million and dividends paid to shareholders of the Company of RM11.1 million.

Liquidity

Positive net cash flow of RM2.4 million in FY2016 plus brought forward net cash flow of RM26.7 million from FY2015 led to a higher liquidity position in the Group. As at 31 December 2016, the Group has liquidity of RM29.1 million, mainly in the form of short term deposits, cash and bank balances which would provide the Group with greater flexibility in business operations and to fund accretive growth opportunities.

Dividend Payment Policy

SLP has a policy to pay a total dividend of not less than 40% of its net profit after tax and appropriation to legal reserve. However, the Board of Directors shall have the authority to consider amending such dividend policy from time to time, subject to the condition that it benefits the shareholders, such as to use such portion of the net profit as reserve for debt repayment, capital investment for production expansion or as a support in case of changing market conditions which would affect the Group's future cash flows.

Outlook and Future Prospects

According to statistics by Market Research Consulting, the global plastic packaging market accounted for USD863.8 billion in year 2015 and is expected to reach USD1146.6 billion by year 2022 growing at a CAGR of 4.1% from 2015 to 2022. Favorable growth of food & beverages industry is expected to drive the demand for plastic packaging. In addition, rising consumer preference towards light weight, durable and highly aesthetic packaging is expected to significantly encourage growth of the market over the next few years.

While we foresee potential growth in the global demand for flexible plastic packaging, we are also vigilant on the volatility in the prices of plastic resin, a derivative of oil which makes up almost a major portion of the cost of goods sold of the plastic packaging companies like us. The recent low oil prices have no doubt benefited the plastic packaging industry at large but there is no assurance that the future prices of plastic resin would remain low as any supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced would cause the prices of plastic resin to trend higher. The inherent risk in currency exchange particularly the weakening of Malaysian Ringgit could also bring direct impact on the operational costs and profitability of the Group.

The Group's expansion in manufacturing capacity, enhancement of product portfolio in the food and beverages and healthcare packaging segments as well as its newly-commissioned high technology printing line have certainly boosted its capability to produce high quality plastic packaging bags and films through the adoption of the latest technologies. The Group remains committed to cost competitiveness in the global plastic packaging market and will continue to implement a series of process improvements to achieve better overall operational efficiency and cost efficacy. Against this backdrop, the Group is looking forward for another year of satisfactory financial results in 2017.

Khaw Seang Chuan, Kelvin

Managing Director
28 March 2017



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting (“AGM”) of the Company will be held at Sunway Hotel, Studio 1 & 2, Level 1A, 11 Lebuhr Tenggi Dua, Pusat Bandar Seberang Jaya, Prai, 13600 Penang on Friday, 26 May 2017 at 10.00 a.m. for the following purposes: -

ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the year ended 31 December 2016 and Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 95(1) of the Company’s Articles of Association:
 - (a) Mr. Khaw Seang Chuan (Resolution 1)
 - (b) Ms. Khaw Choon Hoong (Resolution 2)
 - (c) Mr. Leow Chan Kiang (Resolution 3)
3. To approve the Directors’ fees and benefits of RM200,000 for the financial year ending 31 December 2017. (Resolution 4)
4. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Board of Directors to determine their remuneration. (Resolution 5)

SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following resolutions, with or without any modification, as Ordinary Resolutions of the Company: -

5. **AUTHORITY TO ISSUE SHARES**
“THAT, subject always to the Companies Act 2016 (“the Act”), the provisions of the Memorandum and Articles of Association of the Company and approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby empowered pursuant to Section 75 and 76 of the Act, to issue and allot shares in the capital of the Company, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”) and that such authority shall continue in force until the conclusion of the next AGM of the Company.” (Resolution 6)
6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**
“To retain Madam Mary Geraldine Phipps, who has served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.” (Resolution 7)
7. To transact any other ordinary business for which due notice has been given in accordance with the Articles of Association of the Company and the Act.

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this Twelfth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Article 62(3) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 19 May 2017. Only a depositor whose name appears on the Record of Depositors as at 19 May 2017 shall be entitled to the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

Ch’ng Lay Hoon (MAICSA 0818580)
Company Secretary

Penang
27 April 2017



Notice of Annual General Meeting (Cont'd)

NOTES:

Appointment of Proxy

A member entitled to attend, speak and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend, speak and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.

Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.

To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

Explanatory Notes on Special Business

Resolution 6

The proposed resolution is in relation to authority to allot shares pursuant to Section 75 of the Act, and if passed, will give a renewed mandate to the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company ("General Mandate"). This General Mandate, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at the Eleventh AGM held on 1 June 2016 and which will lapse at the conclusion of the Twelfth AGM.

At this juncture, there is no decision to issue new shares. However, should the need arise to issue new shares the General Mandate would avoid any delay and costs in convening a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilisation of the proceeds arising from such issue.

Resolution 7

The Board of Directors via the Nominating Committee assessed the independence of Madam Mary Geraldine Phipps, who has served on the Board as Independent Non-Executive Director of the Company for a cumulative of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Madam Mary Geraldine Phipps, based on the following justifications: -

- (a) She has met the criteria on the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore able to give independent opinion to the Board;
- (b) Being director for more than nine (9) years has enabled her to contribute positively during deliberations/discussions at meetings as she is familiar with the operations of the Group and possess tremendous knowledge of the Group's operations;
- (c) She has the caliber, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
- (d) She has contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Director and carried out her fiduciary duties in the interest of the Group and minority shareholders.

Statement Accompanying Notice of Annual General Meeting

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad]

The Directors' profiles and their interests in the securities of the Company for those who are standing for re-election are set out in pages 6, 7 & 9 of this Annual Report respectively.



Corporate Governance Statement

The Board of Directors (“the Board”) of SLP Resources Berhad (“the Company” or “SLP”) recognises that good corporate governance is important to the success of the Company and its subsidiaries (“the Group”) in carrying out its business operations while safeguarding stakeholders’ interest and in enhancing shareholders’ value. The Board strives to ensure that the appropriate standard for good corporate governance is being practised throughout the Group and that the recommendations as set by the Malaysian Code of Corporate Governance 2012 (“MCCG 2012” or “the Code”) issued by the Securities Commission of Malaysia are being complied with.

Pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad, the disclosure statement below sets out the manner in which the Company has applied the principles of the Code and the extent of compliance with Best Practices advocated therein pursuant to the Main Market Listing Requirements (“MMLR”) of Bursa Securities throughout the financial year ended 31 December 2016. Where there are gaps in the Company’s observation of any of the recommendations of the Code, these are disclosed herein with explanations.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board is responsible for the overall performance of the Group by setting goals, policies and targets while Management is responsible for managing the day-to-day running of the Group’s business activities in accordance with the direction and delegation of the Board. The Managing Director briefs the Board on business operations and management initiatives during board meetings. Management meets regularly to discuss and resolve operational issues.

In discharging its duties, the Board delegates certain of its responsibilities to Board Committees namely Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) which operate within their respective clearly defined terms of reference. The Board is briefed at board meetings on matters deliberated by the Committees.

1.2 Clear Roles and Responsibilities

In line with its overall responsibility for the proper conduct of the Group’s business, the Board is responsible for establishing the Group’s goals and strategic directions, setting targets for Management and monitoring the achievement of those goals and targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company’s website. The Board Charter further defines the roles and responsibilities of the Chairman, Managing Director and Non-Executive Directors.

The following are the principal responsibilities of the Board in discharging its fiduciary and leadership functions:

- (i) to review and approve strategies, business plans and significant policies and ensure that the Group’s goals are clearly established, and to monitor the implementation and performance of the strategies, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;
- (ii) to ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;
- (iii) to evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard the Group’s assets;
- (iv) to ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- (v) to establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;
- (vi) to ensure that the statutory financial statements of the Company and the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies and standards that result in balanced and understandable financial statements;
- (vii) To put succession planning in place by ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are structured and unstructured programmes to provide for the orderly succession of senior management;



Corporate Governance Statement (Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

1.2 Clear Roles and Responsibilities (Cont'd)

- (viii) to ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors' responsibilities as a Board Member and to refrain from voting on such transaction with the Group; and
- (ix) to ensure that there is in place an appropriate investor relations and communications policy. The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and investment, approval of major capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group. The schedule ensures that the governance of the Group is firmly in the Board's hand.

1.3 Code of Ethics and Code of Conduct

The Company's Code of Ethics for Directors and employees govern the standards of ethics and good conduct expected of Directors and employees, respectively. The Code of Ethics serves as a road map to guide actions and behaviours while working for and/or dealing with the Company and the Group to maintain high standards of corporate governance and corporate behaviour with the intention of achieving the following:

- to establish a standard of ethical behaviour for Directors, Senior Management and employees of the Group based on trustworthiness and values that can be accepted, are held or upheld by any one person; and
- to uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering the company and the Group.

All employees are required to read, understand, accept and abide by the terms of this code and all new staff are briefed on the requirements of the code and provided with a copy of the Code of Conduct on the commencement of their employment in the course of new employees' induction programme.

The Code of Ethics for Directors includes principles relating to their duties, confidentiality of information, conflict of interest and dealings in securities. For employees, the Code of Conduct covers all aspects of the Group's business operations, such as confidentiality of information, dealings in securities, protecting the Group's assets and intellectual properties, conflict of interest, gifts, gratuities or bribes, dishonest conduct and sexual harassment.

1.4 Strategies Promoting Sustainability

The Group acknowledges that sustainability is an important aspect of its business and therefore continues to undertake responsible practices that impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of our business. It therefore adopts a business approach to create shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.

The Group's commitments in promoting good governance and sustainability for the manufacture of quality polybags and polyfilms to all its customers in food, non-food, pharmaceutical, healthcare and other sectors are evidenced by the achievement of the internationally accredited food safety management system ISO 22000 and the most recent accreditation of BRC/IoP Global Standard For Packaging And Packaging Materials.

The Board ensures that its long-term financial viability, loyalty of key stakeholders and preservation of the environment are achieved. The details of sustainability activities are set out in the Sustainability Statement on pages 31 to 32 of the Annual Report.

1.5 Access to Information and Advice

Prior to the meetings of the Board and the Board Committees, notices of agenda together with previous minutes and other relevant qualitative and quantitative information are compiled into reports and circulated to all members on a timely basis. Management is also invited to the Board and Board Committees' meetings to report or present on areas within their responsibilities to ensure the members were able to effectively discharge their responsibilities.

All Directors also have full and free access to information within the Group and are entitled, whether via the Board or in their individual capacity, to seek independent professional advice at the Company's expense where necessary in the furtherance of their duties. A Director may consult the Chairman or other Board members prior to seeking any independent professional advice.



Corporate Governance Statement (Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

1.6 Qualified and Competent Company Secretary

The Company Secretary plays an advisory role to the Board and is capable of carrying out her duties efficiently to ensure the effective functioning of the Board. The Company Secretary is suitably qualified and has attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates.

The Company Secretary circulates relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference and brief the Board on these updates on quarterly basis. She also ensures that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly recorded and documented in the minutes of the Board.

1.7 Board Charter

The Board has formalised and adopted a Board Charter which sets out the principal functions, composition, roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees as well as to the Management of the Company and its Group. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management.

The Board periodically reviews the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the Board's responsibilities.

The summary of the current Board Charter is available at the Company's website, www.sinliplas.com.my.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee ("NC")

The NC currently comprises entirely Non-Executive Directors with majority of the members being independent as follows:

Name	Position
Mary Geraldine Phipps	Chairman/ <i>Senior Independent Non-Executive Director</i>
Leow Chan Khiang	Member/ <i>Non-Independent Non-Executive Director</i>
Chan Wah Chong	Member/ <i>Independent Non-Executive Director</i>
Law Cheng Lock	Member/ <i>Independent Non-Executive Director</i>

The NC assists the Board in proposing new nominees for the Board, assessing the effectiveness of Directors on an ongoing basis, and reviewing the effectiveness of the Group Chairman, Group Managing Director and Executive Directors. The NC also reviews, recommends and ensures training and orientation needs/requirements for each individual Director.

The NC is appointed by the Board and it comprises exclusively of Non-Executive Directors, a majority of whom are independent Directors. The Code states that the Chair of the NC shall be a Senior Independent Director of the Company.

Members of the NC may relinquish their membership in the NC with prior written notice to the Company Secretary.

The NC will review and recommend to the Board for approval, another Director to fill the vacancy. The NC has full, free and unrestricted access to the Group's records, properties and personnel in carrying out its duties and responsibilities. The NC is also authorised to seek independent professional advice subject to the approval of the Board, at the expense of the Group, in carrying out its duties. However, the NC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

The NC meets at least once a year or at any time when the need arises. The presence of the majority of the Independent Non-Executive Directors shall form the quorum of the meeting.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

(a) Recruitment or New Appointment of Directors

The NC recommends to the Board, candidates for all directorships and to review the Board's policies and procedures for the selection of Board members. In making the recommendations, the NC should also consider candidates proposed by the Chairman and Group Managing Director, and within the bounds of practicability, by any other senior executive, Director or shareholder.



Corporate Governance Statement (Cont'd)

2. STRENGTHEN COMPOSITION (Cont'd)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

(a) Recruitment or New Appointment of Directors (Cont'd)

In making its recommendations, the NC shall assess and consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- time commitment to effectively discharge his/her role as a Director;
- contribution and performance;
- character, integrity and competence;
- boardroom diversity including gender diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC shall ensure that a formal orientation programme is in place for future new recruits to the Board.

(b) Gender Diversity Policy

The Board does not have a specific policy on setting targets on the number of women representatives on the Board of the Company. The Board believes that there is no detriment to the Company in not adopting a formal gender diversity policy or in not setting gender diversity objectives as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

Despite there being no such formal gender diversity policy, the Company currently has three (3) female directors which the Board is of the view, is in line with the gender diversity recommended by MCCG 2012. With such number of female directors on the Board since 2008, the Company was given the recognition by the Ministry of Women, Family and Community Development for achieving the target of at least 30% women on Board in Public Listed Companies in conjunction with Hari Wanita 2016. This recognition was given on 25 August 2016.

On the management front, the Group's commitment to promote "Diversity at Work" is reflected in its employee gender profile as at 31 December 2016 of 11.7% female to 88.3% male employees.

(c) Annual Assessment

For the financial year ended 31 December 2016, the Nomination Committee performed the following evaluation:

- reviewed and assessed the mix of skills, expertise, composition, size and experience required by the Board;
- reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving a self-assessment by each individual director;
- reviewed and assessed the effectiveness of the Board and Board Committees;
- reviewed and assessed the independence of the Independent Directors;
- nominated the Directors who are retiring and who are eligible for re-election; and
- reviewed the term of office competency and performance of the Audit Committee and its members.

The criteria for self-assessment covers areas such as contributions to matters discussed, roles and responsibilities and overall quality of input to Board effectiveness. For Board and Board Committee assessments, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance. The independence of Independent Directors were assessed based on their relationship with the Group and their involvement in any significant transaction with the Group.



Corporate Governance Statement (Cont'd)

2. STRENGTHEN COMPOSITION (Cont'd)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

(d) Retirement of Directors

In accordance with the MMLR of Bursa Securities and Article 95(1) of the Company's Articles of Association, at least 1/3 or the number nearest to 1/3 of the Directors shall retire from office each year, such that all directors retire at least once in every 3 years at the Annual General Meeting ("**AGM**"). The retiring directors shall be eligible for re-election at the AGM.

Upon the recommendation of Nomination Committee, the following Directors retire by rotation at the forthcoming AGM of the Company pursuant to Article 95(1) of the Company's Articles of Association and being eligible, have offered themselves for re-election:

- (i) Khaw Seang Chuan
- (ii) Khaw Choon Hoong
- (iii) Leow Chan Khiang

2.3 Directors' Remuneration

The Remuneration Committee ("RC") currently comprises three (3) Non-Executive Directors and one (1) Executive Director with majority of the members being independent as follows:

Name	Position
Chan Wah Chong	Chairman/ <i>Independent Non-Executive Director</i>
Mary Geraldine Phipps	Member/ <i>Senior Independent Non-Executive Director</i>
Law Cheng Lock	Member/ <i>Independent Non-Executive Director</i>
Khaw Khoon Tee	Member/ <i>Executive Chairman</i>

The RC reviews and reports to the Board on remuneration and personnel policies, compensation and benefits programmes with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Group, and to reflect the board's responsibilities, expertise and complexity of the Group's activities.

The remuneration package of each individual Executive Director is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors are in the form of annual fees and reflects the experience and the level of responsibilities undertaken by the particular Non-Executive Director concerned.

The RC has full, free and unrestricted access to the Group's records, properties and personnel in carrying out its duties and responsibilities. The RC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package. In the event where the Chairman's remuneration is to be decided, he shall abstain from discussion and voting.

The remuneration and entitlements of Non-Executive Directors should be a matter for the Board as a whole. The individuals concerned should abstain from discussions pertaining to their own remuneration.

The activities of the RC are developed from year to year by the Committee in consultation with the Board and the RC shall meet at least once a year. The quorum for each meeting shall be a majority of independent Directors.

During the financial year, the RC met once which was attended by all its members. The RC reviewed and recommended to the Board, the remuneration package for the Chairman, Managing Director and Executive Directors of the Company. The fees of the Non-Executive Directors shall be determined by the Board as a whole where each individual Director abstains from discussions pertaining to his own fees. The Directors' fees are subject to the shareholders' approval at the Company's AGM.

The amounts of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements. The Company opts not to disclose the remuneration of individual Director as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance.



Corporate Governance Statement (Cont'd)

2. STRENGTHEN COMPOSITION (Cont'd)

2.3 Directors' Remuneration (Cont'd)

Aggregate remuneration paid to Directors for the financial year ended 31 December 2016 are categorised into the following components:

Company	Directors' Fees RM'000	Salary and Bonus RM'000	Meeting Allowance RM'000	Benefits in kind RM'000	EPF & SOCSO RM'000
Executive Directors	-	-	5	-	-
Non-Executive Directors	109	-	20	-	-
Total	109	-	25	-	-

Group	Directors' Fees RM'000	Salary and Bonus RM'000	Meeting Allowance RM'000	Benefits in kind RM'000	EPF & SOCSO RM'000
Executive Directors	43	1,516	5	56	136
Non-Executive Directors	109	-	20	-	-
Total	152	1,516	25	56	136

Number of Directors whose remuneration falls into the following bands:

Range of remuneration RM	Number of Directors	
	Executive	Non-Executive
50,000 and below	-	4
200,001 to 250,000	-	-
251,001 to 300,000	-	-
300,001 to 350,000	-	-
350,001 to 400,000	2	-
400,001 to 450,000	-	-
450,001 to 500,000	1	-
500,001 to 550,000	1	-

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and that the Board members are responsible to act in the best interest of the shareholders of the Company. In view thereof, the NC assesses annually the independence of the Company's independent directors based on the criteria which had been developed prior to the assessment of independence of Independent Director.

The NC and Board are of the view that all existing Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees and no individual or small group of individuals dominates the Board's decision-making process.

All evaluations carried on the independence of the Independent Directors were tabled to the Board and is properly documented.



Corporate Governance Statement (Cont'd)

3. REINFORCE INDEPENDENCE (Cont'd)

3.2 Tenure of Independent Directors

The Board noted the MCGG 2012 recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

The NC noted that Mary Geraldine Phipps, our Senior Independent Non-Executive Director has served on the Board for more than nine years. The Board believes that although Mary Geraldine Phipps has served more than nine (9) years on the Board, she remains unbiased, objective and independent in expressing her opinions and in participating in decision making of the Board. The length of her service on the Board has not in any way interfered with her objective and independent judgement in carrying out her role as member of the Board and Committees. Accordingly, the Board is making a recommendation to shareholders for approval at the forthcoming Annual General Meeting of the Company that Mary Geraldine Phipps remains as a Senior Independent Non-Executive Director of the Company.

3.3 Separation of Positions of the Chairman and Managing Director

MCGG 2012 recommends that the positions of Chairman and Managing Director should be held by different individuals, and the Chairman must be a non-executive member of the board.

The NC noted that the Chairman of the Board is currently held by Mr Khaw Khoon Tee, an executive member of the Group. The Board believes that although Mr Khaw Khoon Tee is holding the executive position as the Chairman of the Board, there is a clear division of responsibility between him and the Managing Director, Mr Khaw Seang Chuan to ensure there is a balance of power and authority. Hence, whilst the Code recommends that the Chairman should be a non-executive member, the Board is of the view that the existing measures and the presence of independent oversight by the Independent Non-Executive Directors are sufficient to ensure the balance of accountability and authority within the Board.

3.4 Composition of the Board

The Board currently has eight (8) members; comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in paragraph 1.01 of MMLR of Bursa Securities. The key element for fulfilling the criteria is the appointment of an independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board complies with paragraph 15.02 of MMLR, which requires that at least two Directors or 1/3rd of the Board of the Company, whichever is the higher, are independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest to 1/3rd shall be used.

The Directors with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors provide objective and independent judgement for decision making and serve as a capable check and balance for the Executive Directors.

MCGG 2012 recommends that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Board is mindful of the recommendation of the Code that the Board must comprise a majority of Independent Non-Executive Directors. The Board is of the view that the Executive Chairman's pioneering contribution towards the Company, his responsibility towards the Group's business and development activities as well as his extensive knowledge on the Company's operations and strategic direction renders him most suitable to represent the Company to its stakeholders. The Board is satisfied that the current Independent Non-Executive Directors with wide boardroom experience and specialisation are able to provide the necessary check and balance.

The roles of the Chairman and the Managing Director are clearly defined and stated in the Board Charter. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient information on financial and non-financial matters to enable them to participate actively in Board deliberations and decisions. Although the Chairman of the Board is not an Independent Non-Executive Director, he is primarily responsible for the orderly conduct and effective function of the Board. The Group Managing Director is responsible for the day to day management of the business as well as implementation of the Board's policies and decisions.



Corporate Governance Statement (Cont'd)

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on five (5) occasions; where it deliberated on matters such as the Group's financial results, major investments and strategic decisions, its business plan, corporate finance and developments and the strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules.

Time commitments of the Directors are affirmed by their full attendance at the Board of Directors' Meetings held during the financial year where five (5) meetings were held. The record of the directors' attendance is contained in the table below:

Directors	Total Meetings Attended	Percentage of Attendance
Khaw Khoon Tee	5/5	100%
Khaw Seang Chuan	5/5	100%
Khaw Choon Hoong	5/5	100%
Khaw Choon Choon	5/5	100%
Leow Chan Khiang	5/5	100%
Mary Geraldine Phipps	5/5	100%
Chan Wah Chong	5/5	100%
Law Cheng Lock	5/5	100%

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2016 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

4.2 Directors' Training

Upon joining the Company, all new Directors are given background information describing the Group and its activities. Site visits are arranged whenever necessary. All the Directors holding office for the financial year ended 31 December 2016 have completed the Mandatory Accreditation Programme as specified by Bursa Securities. The Directors are also encouraged to attend various external professional training programmes and/or seminars on a continuous basis to enable them to effectively discharge their duties and to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

The Directors have during the financial year ended 31 December 2016, evaluated their own training needs on a continuous basis and attended the following training programmes and seminars to keep abreast of relevant changes in law, regulations, business environment, risk management, general economic and industry developments:



Corporate Governance Statement (Cont'd)

4. FOSTER COMMITMENT (Cont'd)

4.2 Directors' Training (Cont'd)

Name of Director	Course Title	Date
Khaw Khoon Tee	Chinaplas Plastic & Rubber Trade Fair at Shanghai New International Expo Centre	25 – 28 May 2016
	In-house training on BRC Global Standard for Packaging and Packaging Materials	16 December 2016
Khaw Seang Chuan	Latest global economic developments especially on the recent Brexit and its impact to EU and the global economy by Exclusive presentation by Tan Sri Panglima Andrew Sheng	27 July 2016
	In-house training on BRC Global Standard for Packaging and Packaging Materials	16 December 2016
Khaw Choon Hoong	In-house training on BRC Global Standard for Packaging and Packaging Materials	16 December 2016
Khaw Choon Choon	In-house training on BRC Global Standard for Packaging and Packaging Materials	16 December 2016
Mary Geraldine Phipps	Political Financing Reforms -Sponsored by Penang State Government	5 March 2016
	TPPA Seminar 2016 - What's on it for Accountants? – Organised by MIA	11 April 2016
	Summary of Amendments to the Main Market Listing Requirements of Bursa Malaysia – Organised by Boardroom	2 June 2016
	MFRS 136: Impairment of Assets – Organised by KPMG	2 June 2016
	Sustainability Reporting – Organised by Deloitte & Touche	9 June 2016
	Governing Boards – Roles and Responsibilities Workshop – Asian World Summit (Dr. Frank Ashe)	27 September 2016
	Risk Management and Internal Control Workshop for Audit Committee by Bursa Malaysia	7 April 2016
Leow Chan Khiang	Goods and Services Tax Conference 2016 by MIA	29 & 30 August 2016
	MFRS/FRS Update 2016/2017 Seminar by KPMG	6 October 2016
	2017 Budget Seminar by MIA	29 November 2016
	The Essence of Independence – By Bursa Malaysia and ICLIF	28 March 2016
Chan Wah Chong	Analyzing GST Audit File – By N Selvam Consult and MIA	26 June 2016
	Comparative Analysis of the PERS, MPERS and MFRS Framework by Prof Tan Liang Tong	16 & 17 November 2016
	Risk Management and Internal Control Workshop for Audit Committee by Bursa Malaysia	7 April 2016



Corporate Governance Statement (Cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements. A Statement by the Board of its responsibilities is set out on page 33 of this Annual Report.

Through the annual financial statements as well as the Chairman's statement and review of operations in the Annual Report and the quarterly announcements of results to shareholders, the Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects.

5.2 Assessment of Suitability and Independence of External Auditors

The AC oversees and appraises the quality of the audits conducted by the Company's external auditors; maintain open lines of communication between the Board of Directors and external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and assess the adequacy of the risk management systems and internal control environment as well as the financial reporting systems based on audit feedback from the external auditors.

Key features underlying the relationship between the AC and the external auditors are included in the AC's Report as detailed on pages 36 to 38 of the Annual Report.

The AC reviewed the suitability and independence of the external auditors and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming Twelfth AGM. The external auditors had provided their confirmation to the AC that they have complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The external auditors also provide certain non-audit services.

6. RECOGNISE AND MANAGE RISK

6.1 Sound Framework to Manage Risk

The Group has established a Risk Management Policy and Guidelines which sets out its risk management strategy, risk structure, risk assessment processes, risk communication and action plans.

The Risk Management Committee assists the Board in identifying, mitigating and monitoring critical risks highlighted by business units.

The Risk Management Committee is responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action plans where necessary. The Risk Management Committee reports to the Audit Committee and briefs the Board on significant matters.

The Statement on Risk Management and Internal Control as set out in pages 34 to 35 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

6.2 Internal Audit Function

The Company has out sourced its internal audit function to an independent internal audit services provider for the financial year, which reports directly to the AC on the results of audit reviews. The AC oversees and appraises the quality of the audits conducted by the Company's internal auditors; maintain open lines of communication between the Board of Directors and the internal auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and assesses the adequacy of the risk management systems and internal control environment as well as the financial reporting systems based on audit feedback from the internal auditors.

Key features underlying the relationship between the AC and the internal auditors are included in the AC's Report as detailed on pages 36 to 38 of the Annual Report. The Statement of Risk Management and Internal Control furnished on pages 34 to 35 of the Annual Report provides an overview of the system of internal controls of the Group. The total costs incurred for the internal audit function for the financial year ended 31 December 2016 was RM24,949.



Corporate Governance Statement (Cont'd)

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy ("CDP")

The Company has put in place a code of conduct on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

The Board is guided by the Listing Requirements of Bursa Securities in terms of continuing disclosure requirements of any material transaction or events that warrant public disclosure. Persons responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.

7.2 Leveraging on Information Technology for Effective Dissemination of Information

The Company has established a website at www.sinliplas.com.my from which shareholders as well as members of the public may access the latest information on the operations and activities of the Group; all the information required by Bursa Securities; Corporate Governance and financial information.

The Company ensures timely release of the financial results on a quarterly basis to provide an overview of the Group's performance and operations to its shareholders. The Company also makes timely announcements for the information of its shareholders and the general public of any corporate manoeuvres in accordance with the MMLR.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, interviews are conducted from time to time with local journalists by Management and reported in the local newspapers.

The Board views the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

Whilst the Company endeavours to provide as much information as possible to its shareholders and the investment community, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

8.2 Encourage Shareholder Participation at General Meetings

The Annual Report, which contains the Notice of AGM, is sent to shareholders at least 21 days prior to the date of the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions. At each meeting, shareholders are able to participate in the question-and-answer session in respect of the matters listed in the Notice of AGM. There is no time limitation for shareholders to raise questions and to solicit replies from the Board.

8.2 Poll Voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting held on or after 1 July 2016 shall be voted by poll. An independent scrutineer shall be appointed to undertake the polling process. Resolutions at all general meetings of the Company held after 1 July 2016 have been voted on and passed by shareholders via poll.

8.3 Effective Communication and Proactive Engagement

In maintaining its commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to shareholders as well as the general investing public.

The practice of disclosure of information is not established just to comply with the requirements of the MMLR of Bursa Securities, but also to adopt the best practices recommended in the MCGG 2012 with regard to strengthening engagement and communication with shareholders.



Corporate Governance Statement (Cont'd)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (Cont'd)

8.3 Effective Communication and Proactive Engagement (Cont'd)

Our Managing Director, Khaw Seang Chuan plays an important role in conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and media. These meetings provide financial analysts and institutional fund managers with ongoing updates on the Group's development activities to better understand the business and strategic direction of the Group.

As the spoke person of the Group, our Managing Director is also mindful and guided by the legal and regulatory framework and the Group's Corporate Disclosure Policy governing the release of material and price-sensitive information. The Group also provides additional disclosures of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication is vital to assist shareholders and investors in making informed investment decisions.

This Statement on Corporate Governance was approved in accordance with the resolution of the Board on 28 March 2017.



Sustainability Statement

The Group's strategic principle is to strive to provide its customer with the best value proposition for a long-lasting relationship and loyalty. To achieve this, we believe that our people, be it our employees, suppliers, customers, shareholders or other stakeholders are our core strength. Their involvement and satisfaction are the key drivers for achieving sustainability across all aspects of our business operations right from sourcing of raw materials to production process efficiencies, final delivery and usage of our products.

The Board acknowledges the importance of embedding sustainability within the organisation to achieve its business excellence and value creation. The Group always strives to satisfy its shareholders, stakeholders and community at large in fulfilling its social responsibility as a good corporate citizen in attaining sustainable growth. Accordingly, we welcome the new Sustainability Reporting framework introduced by Bursa Securities (which will be applicable to the Company from FYE2017 onwards) and we are committed in taking steps to construct a fundamentally-sound Sustainability Reporting mechanism in the forthcoming financial year.

EMPLOYEE

The Board strongly believes that human capital is the most important value to an organisation. To ensure a safe and healthy working condition for our employees, the Group has developed guidelines to safeguard employees in all of its business operations. The Environmental, Health and Safety ("EHS") Committee within the Group ensures that health and safety policies are effectively implemented and continuously improved.

To safeguard our employees and instill the values and knowledge essential to a safe and healthy workplace, the Group continuously undertakes first aid training, health talks, fire drills and plant evacuation exercises. At the Group's manufacturing locations, we have continued to ensure that our safety equipment and systems are functioning properly and are well-maintained.

ENVIRONMENT

The Group ensures strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. As part of our corporate responsibility agenda, we have measures in place to minimise the adverse impact on the environment.

Among the most significant ongoing initiatives is our sustainable practice in developing plastic packaging products that are environmentally friendly. Raw materials used are mostly recyclable and clear scraps from production are reused in the production of plastic packaging products. Recycling further creates an environmentally friendly corporate image which benefits the Group as a whole in portraying its green corporate image to existing and potential global customers, many of which uphold the importance of selecting vendors with environmental management systems of international standards.

The trend towards down-gauging of plastic packaging products is also increasingly evident in advanced economies such as Japan and Europe. Improvements in resin design and polymer processing have allowed down-gauging of the Group's plastic packaging products. The Group aims to produce plastic packaging products that serve multi-uses and support the environment friendly 3Rs initiatives, which is to reduce, reuse and recycle. The Group's internationally accredited food safety management system, ISO 22000 as well as the most recent achievement on the accreditation BRC/IoP Global Standard For Packaging And Packaging Materials on 30 January 2017, demonstrates the Group's continuous commitments towards food safety and quality management system for the manufacture of quality polybags and polyfilms to all its customers in food, non-food, pharmaceutical, healthcare and other sectors.

HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE WELFARE

Employees are the Group's greatest assets. Hence, one of the Group's key corporate responsibility initiatives is the development of human capital. The development is achieved through the implementation of various initiatives such as in-house cross training and employees' productivity improvement and encouraging workplace diversity. The ultimate aim of these objectives is the unity of all employees in striving for a common objective i.e. the success of the Group in terms of economic, social and environmental development.

Fostering better ties within the Group's employees and improving their quality of life are areas that have continuously been given importance in the Group's corporate responsibility initiatives. Activities carried out include medical health screening and awareness programmes and recognition of long service. We continue to promote healthy lifestyles and team cohesiveness by sponsoring free courts and consumables for our employees to participate in sporting activities.

In terms of employee engagement and development, the Group places great emphasis on gender equality at the workplace. In FY2016, the Company has three (3) female representatives out of total seven (7) directors on board and the Group has 11% of female employees out of total workforce of 317 employees. On 25 August 2016, the Company was the proud recipient of the Award by the Ministry of Women, Family and Community Development of achieving the target of at least 30% women on Board in Public Listed Companies in conjunction with Hari Wanita 2016.



Sustainability Statement (Cont'd)

Corporate Contributions and Community Development

The Group's policy on corporate contributions is to direct its support primarily to causes related to education and social needs in the communities in which its businesses operate and its employees live and work. The Group plays its role as a socially responsible corporate citizen in the community through sponsorship/donation to various organisations during the year, namely The Star's Special Media Sponsorship of 5000 copies of newspapers distributed to related destination (e.g schools, events & etc). Through this sponsorship, the Group contributed to the community by way of helping students to explore a more creative and innovative way of learning through the use of newspapers. This is the third year that the Group has contributed this sponsorship.

Overall, the Group recognises the importance of meeting the environmental and social needs of the community and will endeavour to take appropriate and timely action in relation to social responsibilities. The commitment to the community, and to future generations, is a role we take seriously as a corporate citizen.

In the meantime, the Group has continued to actively engage with our communities and stakeholders throughout FY2016 in adopting the following principle of conduct and integrate it as a core component of our business activities. We believe that these principles serve as the basis for us to fulfil our roles and responsibilities as a corporate citizen and are essence to be widely recognised benchmarks for trustworthy businesses.



Directors' Responsibility Statement

In Respect of the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Malaysian Financial Reporting Standards ("MFRS") approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2016 and of the results and cash flows of the Group and the Company for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2016, the Group and the Company have adopted suitable accounting policies in accordance with applicable MFRSs approved by the MASB in Malaysia and applied them consistently and reasonably.

The Statement is made in accordance with a resolution of the Board of Directors dated 28 March 2017.



Statement on Risk Management and Internal Control

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MCCG 2012 requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main Listing Requirements"), paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the company's internal control in their Annual Report.

The Board continues with its commitment to maintain sound systems of risk management and internal control throughout the Group and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organisational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT COMMITTEE'S ROLE

The Risk Management Committee ("RMC") is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. The Group Managing Director and Accounts Manager have provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Group Managing Director leads the presentation of board papers and provides explanation of pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;
- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval;
- Regular and relevant information provided by management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units by members of the Board and senior management.

RISK MANAGEMENT

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Group's various stakeholders.

The Group, with the support of an independent professional accounting and consulting firm, has implemented the Enterprise Risk Management ("ERM") processes to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities.



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

RISK MANAGEMENT (CONT'D)

The main components of the Group's risk governance and structure consists of the Board, the Audit Committee and the RMC. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the RMC on a periodical basis. The summary of the accountabilities for the Board, the Audit Committee and the RMC under the risk governance structure are as follows:

a. Board of Directors

- Overall risk oversight responsibility;
- Determines that the principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks;
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Audit Committee

- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group;
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

c. Risk Management Committee

- Oversees the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organisation;
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Board and Audit Committee accordingly.

During the year, the Group has identified new risks, reviewed and updated the risk register. The likelihood and impact of the risks have been assessed and appropriate mitigation actions have been identified for the risks.

Risk awareness sessions have been incorporated in the monthly management meetings attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs JWC Consulting Sdn. Bhd. to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

The Audit Committee has full and direct access to the internal auditors and the Audit Committee receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 December 2016, the Board has reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with a resolution of the Directors dated 28 March 2017.



Audit Committee Report

The Audit Committee currently comprises entirely Non-Executive Directors with majority of the members being independent as follows:

Name	Position
Mary Geraldine Phipps	Chairman, Senior Independent Non-Executive Director
Leow Chan Khiang	Member, Non-Independent Non-Executive Director
Chan Wah Chong	Member, Independent Non-Executive Director
Law Cheng Lock	Member, Independent Non-Executive Director

TERMS OF REFERENCE

1.0 Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following objectives:

- (i) to assess the Group's processes relating to its risks and control environment;
- (ii) to oversee financial reporting; and
- (iii) to evaluate the internal and external audit processes.

2.0 Composition

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all the members must be Non-Executive Directors, with majority of them being Independent Non-Executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- (i) a member of the Malaysian Institute of Accountants ("MIA") or;
- (ii) if the Director is not a member of MIA, the Director must have at least three (3) years of working experience and
 - (a) the Director must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) the Director must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
- (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

If a member of the Committee resigns, dies or for any other reason ceases to be a member the result that the number of members is reduced to below three (3), the Board shall, within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

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

3.0 Quorum and Committee's Procedures

- 3.1 Meetings shall be conducted at least four (4) times a year or more frequently as circumstances dictate.
- 3.2 In order to form a quorum for the meeting, a majority of at least two (2) members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- 3.3 The Company Secretary shall be appointed Secretary of the Committee. The Secretary with the concurrence of the Chairman, shall draw up an agenda, which shall be circulated together with the relevant supporting documentation, at least seven (7) days prior to each meeting to the members of the Committee. The minutes of each meeting shall be kept and distributed to members of the Committee and of the Board of Directors.
- 3.4 The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meeting.
- 3.5 The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.



Audit Committee Report (Cont'd)

TERMS OF REFERENCE (CONT'D)

3.0 Quorum and Committee's Procedures (Cont'd)

- 3.6 The Committee shall meet at least twice a year with the external auditors without the presence of any executive director of the Board.
- 3.7 The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

4.0 Authority

- 4.1 The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.
- 4.2 The Committee shall have full and unlimited access to any information pertaining to the Group.
- 4.3 The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- 4.4 The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.
- 4.5 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of the Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

5.0 Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

- (i) to review with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan.
- (ii) to review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- (iii) to review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
- (iv) to review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
- (v) to review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- (vi) to establish the following with the internal auditor:
 - review adequacy of scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its works;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit functions;
 - review any appraisal or assessment of the performance of members of the internal audit function; and
 - approve any appointment or termination of senior staff members of the internal audit function and to provide opportunity for the resigning staff member to submit his reasons for resigning.
- (vii) to review the adequacy and integrity control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors evaluation of the said systems.
- (viii) to direct and where appropriate supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- (ix) to review the quarterly and year-end financial statements of the Company and the Group before submission to the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policies;
 - significant and unusual events;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - to review and monitor inter-company transactions and any related party transactions and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity and must be at arm's length and must not be unfavourable to the Company or the Group.



Audit Committee Report (Cont'd)

TERMS OF REFERENCE (CONT'D)

6.0 Reporting Procedures

The Chairman of the Committee shall report on each meeting to the Board. The Committee shall prepare reports, at least once a year, to the Board summarising the Committee's activities during the year in discharge of its duties and responsibilities and the related significant results and findings.

The Committee is authorised to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

7.0 Meetings

During the financial year ended 31 December 2016, a total of six (6) Audit Committee meetings were held. The details of attendance of each member of the Committee were as follows:

Directors	Attendance
Mary Geraldine Phipps	6/6
Leow Chan Khiang	6/6
Chan Wah Chong	5/6
Law Cheng Lock	6/6

8.0 Summary of Audit Committee Activities

In line with its terms of reference, the Committee has during the financial year ended 31 December 2016 carried out the following activities:

- (i) reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December 2016 and made recommendations to the Board for approval;
- (ii) reviewed with external auditors, the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016;
- (iii) reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2016;
- (iv) evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration;
- (v) reviewed with the internal auditors on the internal audit reports and internal audit plans of the Group for the financial year ended 31 December 2016;
- (vi) reviewed with the external auditors the results of the annual audit, their audit and Management letter together with Management's response to the findings of the external auditors for the financial year ended 31 December 2016;
- (vii) reviewed of the Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- (viii) reviewed the terms of reference of the Audit Committee and recommend any amendments, where necessary to the Board for approval; and
- (ix) monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, MASB and other legal and regulatory bodies.

9.0 Internal Audit Function

The Group recognises that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process. Hence, the Group has engaged the services of an independent professional accounting and consulting firm, Messrs JWC Consulting Sdn Bhd to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. Messrs JWC Consulting Sdn Bhd reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

During the financial year under review, Internal Auditors have conducted assurance review on adequacy and effectiveness of internal control system on certain operating units and presented its findings together with recommendation and management action plan to Audit Committee for review.

This report is made in accordance with a resolution of the Board of Directors dated 28 March 2017.



Additional Compliance Information

The information disclosed below is in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1. Material Contracts

The Company and its subsidiaries do not have any material contracts involving Directors and major shareholders.

2. Audit and Non-Audit Services

During the financial year, the audit fees and non-audit fees paid/payable to the Company’s external auditors by the Company and by the Group incurred for services rendered are as follows: -

Type of Fees	Company (RM)	Group (RM)
Audit Fees	22,000	86,000
Non-Audit Fees	6,000	6,000

3. Employees Share Options Scheme

The Group did not offer any share scheme for employees during the financial year under review.

4. Internal Audit Function

The internal audit function was outsourced and the cost incurred for the internal audit function in respect of the financial year under review was RM24,949.

5. Continuing Education Programme

Details of the seminars or courses attended by the Directors of the Company are disclosed in the Corporate Governance Statement, as set on Pages 26 & 27 of this Annual Report.



FINANCIAL STATEMENTS

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Directors' Report

For The Year Ended 31 December 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal Activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	<u>25,431,627</u>	<u>11,388,423</u>

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows :

- i) In respect of the financial year ended 31 December 2015 as reported in the Directors' Report of that year :
 - A second interim dividend of 1.50 sen per ordinary share totalling RM3,709,998 declared on 23 February 2016 and paid on 8 April 2016;
- ii) In respect of the financial year ended 31 December 2016 :
 - A first interim dividend of 1.50 sen per ordinary share totalling RM3,709,998 declared on 5 August 2016 and paid on 5 October 2016;
 - A second interim dividend of 1.50 sen per ordinary share totalling RM3,709,998 declared on 4 November 2016 and paid on 6 January 2017; and

Subsequent to the financial year, the Company declared a third interim dividend of 1.50 sen per ordinary share totalling RM3,709,999 in respect of the financial year ended 31 December 2016 on 23 February 2017.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2016.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Khaw Khoon Tee
Khaw Seang Chuan
Khaw Choon Hoong
Khaw Choon Choon
Leow Chan Kiang
Mary Geraldine Phipps
Chan Wah Chong
Law Cheng Lock



Directors' Report (Cont'd)

For The Year Ended 31 December 2016

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	At 1.1.2016	Number of ordinary shares		At 31.12.2016
		Bought	(Sold)	
Khaw Khoon Tee				
Interest in the Company:				
- own	26,170,121	-	-	26,170,121
- others #	2,298,332	-	-	2,298,332
Deemed interest in the Company:				
- own	98,933,333	-	-	98,933,333
Khaw Seang Chuan				
Interest in the Company:				
- own	38,163,170	247,600	-	38,410,770
- others #	177,333	-	-	177,333
Deemed interest in the Company:				
- own	98,933,333	-	-	98,933,333
Khaw Choon Hoong				
Interest in the Company:				
- own	1,146,666	148,000	-	1,294,666
Deemed interest in the Company:				
- own	98,933,333	-	-	98,933,333
Khaw Choon Choon				
Interest in the Company:				
- own	1,159,166	215,000	-	1,374,166
Leow Chan Khiang				
Interest in the Company:				
- own	116,666	-	(50,000)	66,666
Mary Geraldine Phipps				
Interest in the Company:				
- own	46,666	-	-	46,666

These are shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 59 (11)(c) of the Companies Act 2016.

By virtue of their interests in the shares of the Company, Mr. Khaw Khoon Tee, Mr. Khaw Seang Chuan and Ms. Khaw Choon Hoong are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2016 had any interest in the ordinary shares of the Company during the financial year.



Directors' Report (Cont'd)

For The Year Ended 31 December 2016

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 19 and 20 to the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 27 to the financial statements.

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

Issue of Shares and Debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were issued during the financial year.

Indemnity and Insurance Costs

During the financial year, the total amount of insurance effected for Directors and Officers of the Company was RM8,119.

Options Granted Over Unissued Shares

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

Other Statutory Information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

- i) any charge on the assets of the Group or 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 Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 Group and of the Company to meet their obligations as and when they fall due.



Directors' Report (Cont'd)

For The Year Ended 31 December 2016

Other Statutory Information (Cont'd)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 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 that financial year and the date of this report.

Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

.....
Khaw Khoon Tee

Director

.....
Khaw Seang Chuan

Director

Penang,

Date : 28 March 2017



Statements of Financial Position

As At 31 December 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Assets					
Property, plant and equipment	3	63,303,004	52,253,811	—	—
Intangible assets	4	22,235	22,235	—	—
Investment in subsidiaries	5	—	—	58,985,375	58,985,373
Other investments	6	254,070	254,958	—	—
Total non-current assets		63,579,309	52,531,004	58,985,375	58,985,373
Inventories	7	30,467,179	25,512,732	—	—
Current tax assets		946,000	6,000	9,000	6,000
Trade and other receivables	8	30,567,720	36,116,704	10,733,000	6,528,000
Derivative financial assets	9	—	54,319	—	—
Cash and cash equivalents	10	29,068,886	26,719,558	61,600	4,021,957
Total current assets		91,049,785	88,409,313	10,803,600	10,555,957
Total assets		154,629,094	140,940,317	69,788,975	69,541,330
Equity					
Share capital	11	61,833,333	61,833,333	61,833,333	61,833,333
Reserves	12	69,403,420	51,980,092	4,194,726	3,936,297
Total equity attributable to owners of the Company		131,236,753	113,813,425	66,028,059	65,769,630
Liabilities					
Deferred tax liabilities	14	7,064,675	6,770,000	—	—
Total non-current liabilities		7,064,675	6,770,000	—	—
Loans and borrowings	13	—	2,111,006	—	—
Current tax liabilities		568,971	3,404,637	—	—
Trade and other payables	15	14,819,968	14,841,249	3,760,916	3,771,700
Derivative financial liabilities	9	938,727	—	—	—
Total current liabilities		16,327,666	20,356,892	3,760,916	3,771,700
Total liabilities		23,392,341	27,126,892	3,760,916	3,771,700
Total equity and liabilities		154,629,094	140,940,317	69,788,975	69,541,330

The notes on pages 51 to 95 are an integral part of these financial statements.



Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	16	168,697,317	172,431,760	11,700,000	11,375,000
Changes in work-in-progress and manufactured inventories		2,676,914	(893,614)	—	—
Raw materials and consumables used		(116,111,218)	(117,972,565)	—	—
Employee benefits expenses	17	(10,602,058)	(9,485,362)	—	—
Depreciation	3	(3,952,736)	(3,856,584)	—	—
Other expenses		(14,270,161)	(12,433,361)	(314,300)	(296,697)
Other income		2,771,316	6,957,208	—	—
Results from operating activities		29,209,374	34,747,482	11,385,700	11,078,303
Finance income		65,766	124,771	3,699	16,128
Finance costs	18	(4,769)	(31,319)	—	—
Profit before tax	19	29,270,371	34,840,934	11,389,399	11,094,431
Tax expense	21	(3,838,744)	(7,591,375)	(976)	(3,990)
Profit for the year		25,431,627	27,249,559	11,388,423	11,090,441
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
- Fair value of available-for-sale financial assets		(5,800)	36,400	—	—
- Foreign currency translation differences		3,127,495	—	—	—
Total other comprehensive income for the year, net of tax		3,121,695	36,400	—	—
Total comprehensive income for the year attributable to owners of the Company		28,553,322	27,285,959	11,388,423	11,090,441
Basic earnings per ordinary share (sen)	22	10.28	11.02	—	—

The notes on pages 51 to 95 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2016

	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Foreign currency translation reserve RM	Fair value reserve RM	Retained earnings RM	
Group						
At 1 January 2015		61,833,333	–	8,200	34,579,264	96,420,797
Fair value of available-for-sale financial assets		–	–	36,400	–	36,400
Total other comprehensive income for the year		–	–	36,400	–	36,400
Profit for the year		–	–	–	27,249,559	27,249,559
Total comprehensive income for the year		–	–	36,400	27,249,559	27,285,959
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	23	–	–	–	(9,893,331)	(9,893,331)
Total transactions with owners of the Company		–	–	–	(9,893,331)	(9,893,331)
At 31 December 2015		61,833,333	–	44,600	51,935,492	113,813,425
At 1 January 2016		61,833,333	–	44,600	51,935,492	113,813,425
Fair value of available-for-sale financial assets		–	–	(5,800)	–	(5,800)
Foreign currency translation differences		–	3,127,495	–	–	3,127,495
Total other comprehensive income/(expense) for the year		–	3,127,495	(5,800)	–	3,121,695
Profit for the year		–	–	–	25,431,627	25,431,627
Total comprehensive income/(expense) for the year		–	3,127,495	(5,800)	25,431,627	28,553,322
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	23	–	–	–	(11,129,994)	(11,129,994)
Total transactions with owners of the Company		–	–	–	(11,129,994)	(11,129,994)
At 31 December 2016		61,833,333	3,127,495	38,800	66,237,125	131,236,753

The notes on pages 51 to 95 are an integral part of these financial statements.



Statement of Changes in Equity

For The Year Ended 31 December 2016

	Note	Share capital RM	Distributable Retained earnings RM	Total equity RM
Company				
At 1 January 2015		61,833,333	2,739,187	64,572,520
Profit/Total comprehensive income for the year		–	11,090,441	11,090,441
<i>Distributions to owners of the Company</i>				
Dividends to owners of the Company	23	–	(9,893,331)	(9,893,331)
Total transactions with owners of the Company		–	(9,893,331)	(9,893,331)
At 31 December 2015/1 January 2016		61,833,333	3,936,297	65,769,630
Profit/Total comprehensive income for the year		–	11,388,423	11,388,423
<i>Distributions to owners of the Company</i>				
Dividends to owners of the Company	23	–	(11,129,994)	(11,129,994)
Total transactions with owners of the Company		–	(11,129,994)	(11,129,994)
At 31 December 2016		61,833,333	4,194,726	66,028,059



The notes on pages 51 to 95 are an integral part of these financial statements.

Statements of Cash Flows

For The Year Ended 31 December 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from operating activities					
Profit before tax		29,270,371	34,840,934	11,389,399	11,094,431
Adjustments for :					
Depreciation of property, plant and equipment	3	3,952,736	3,856,584	–	–
Loss/(Gain) on disposal of plant and equipment		1,824	(10,999)	–	–
Plant and equipment written off		2,680	10	–	–
Dividend income		(3,400)	(3,200)	(11,700,000)	(11,375,000)
Finance costs	18	4,769	31,319	–	–
Finance income		(65,766)	(124,771)	(3,699)	(16,128)
Operating profit/(loss) before changes in working capital		33,163,214	38,589,877	(314,300)	(296,697)
Changes in working capital :					
Inventories		(4,509,330)	(1,037,542)	–	–
Trade and other receivables and other financial assets		6,286,653	(3,070,284)	(30,000)	–
Trade and other payables and other financial liabilities		745,844	(2,815,625)	(10,783)	(45,837)
Cash generated from/(used in) operations		35,686,381	31,666,426	(355,083)	(342,534)
Dividends received		–	–	7,525,000	10,200,000
Tax paid		(7,670,344)	(4,120,586)	(10,000)	(5,788)
Tax refund		15,929	–	6,024	–
Net cash from operating activities		28,031,966	27,545,840	7,165,941	9,851,678
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(12,024,985)	(7,040,290)	–	–
Investment in a subsidiary		–	–	(2)	–
Proceeds from disposal of plant and equipment		856	11,000	–	–
Dividend received		3,400	3,200	–	–
Interest received		65,766	124,771	3,699	16,128
Net cash (used in)/from investing activities		(11,954,963)	(6,901,319)	3,697	16,128



Statements of Cash Flows (Cont'd)

For The Year Ended 31 December 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from financing activities					
(Repayment)/Drawdown of :					
- bank loans, net		(931,006)	(1,277,078)	–	–
- other bank borrowings, net		(1,180,000)	180,000	–	–
Dividends paid to owners of the Company		(11,129,995)	(6,183,332)	(11,129,995)	(6,183,332)
Interest paid		(4,769)	(31,319)	–	–
Net cash used in financing activities		(13,245,770)	(7,311,729)	(11,129,995)	(6,183,332)
Net increase/(decrease) in cash and cash equivalents		2,831,233	13,332,792	(3,960,357)	3,684,474
Effect of foreign exchange rate differences		(481,905)	–	–	–
Cash and cash equivalents at 1 January		26,719,558	13,386,766	4,021,957	337,483
Cash and cash equivalents at 31 December	A	29,068,886	26,719,558	61,600	4,021,957

NOTE

A. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Short term deposits with licensed banks	10	4,900,000	7,000,000	–	2,000,000
Cash and bank balances	10	24,168,886	19,719,558	61,600	2,021,957
		29,068,886	26,719,558	61,600	4,021,957

The notes on pages 51 to 95 are an integral part of these financial statements.



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Product Innovations,
Sustainable Growth

Notes to the Financial Statements

SLP Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

Plot 1, Lot 57-A
Lorong Perusahaan 5
Kulim Industrial Estate
09000 Kulim
Kedah

Registered office

Suite 12-A, Level 12 Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 March 2017.

1. Basis of Preparation

(a) Statement of Compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*



Notes to the Financial Statements (Cont'd)

1. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective years when the abovementioned become effective:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, as applicable.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, as applicable.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019, as applicable.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) 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 and financial liabilities, and on hedge accounting.

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

(ii) 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 Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the 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 Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) 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.

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

During the financial year, the Directors of a subsidiary, Sinliplas Holding Sdn Bhd ("SHSB") have determined that the functional currency of SHSB should be United States Dollar based on advice and assessment carried out pursuant to paragraph 9 of MFRS 121 *The Effects of changes in Foreign Exchange Rates*. Consequently, the functional currency of SHSB was changed from Ringgit Malaysia to United States Dollar.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



Notes to the Financial Statements (Cont'd)

1. Basis of Preparation (Cont'd)

(d) Use of Estimates and Judgements (Cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structure entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(iv) *Non-controlling Interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) *Transactions Eliminated on Consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

(i) *Foreign Currency Transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) *Operations Denominated in Functional Currencies Other Than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(c) Financial Instruments

(i) Initial Recognition and Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial Instrument Categories and Subsequent Measurement

The Group and the Company categorise financial instruments as follows:

Financial Assets

(a) Financial Assets at Fair Value Through Profit or Loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and Receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale Financial Assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(c) Financial Instruments (Cont'd)

(ii) *Financial Instrument Categories and Subsequent Measurement (Cont'd)*

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) *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.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) *Regular Way Purchase or Sale of Financial Assets*

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on the estimated useful lives of the assets are as follows:

	%
Leasehold land	1.28 - 1.33
Factory buildings	2 - 2.23
Renovation	2
Plant, machinery and factory equipment	8 - 20
Office furniture and equipment	10 - 40
Motor vehicles	16 - 20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(e) Leased Assets

(i) Finance Lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating Lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible Assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(f) Intangible Assets (Cont'd)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for capitalised development costs is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(i) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other Assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue Expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

Ordinary shares are classified as equity.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(k) Employee Benefits

(i) *Short-term Employee Benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) *State Plans*

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group 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 a 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.

(m) Revenue and Other Income

(i) *Goods Sold*

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) *Dividend Income*

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) *Interest Income*

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) *Rental Income*

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(n) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(n) Borrowing Costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Earnings per Ordinary Share

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

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

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group'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 Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Contingencies

(i) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the 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.



Notes to the Financial Statements (Cont'd)

2. Significant Accounting Policies (Cont'd)

(r) Contingencies (Cont'd)

(ii) *Contingent Assets*

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

(s) Fair Value Measurement

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

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



Notes to the Financial Statements (Cont'd)

3. Property, Plant and Equipment - Group

Cost	Note	Long-term leasehold land RM	Factory buildings RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Total RM
At 1 January 2015		13,934,476	18,754,429	119,000	76,086,587	1,282,411	3,296,081	113,472,984
Additions		–	–	–	7,639,094	76,987	114,000	7,830,081
Written off		–	–	–	(73,293)	(11,831)	(42,720)	(127,844)
Disposal		–	–	–	–	–	(106,482)	(106,482)
Adjustment	3.1	(789,791)	–	–	–	–	–	(789,791)
At 31 December 2015/ 1 January 2016		13,144,685	18,754,429	119,000	83,652,388	1,347,567	3,260,879	120,278,948
Additions		–	4,876,477	–	7,065,094	83,414	–	12,024,985
Written off		–	–	–	(7,050)	(3,050)	–	(10,100)
Disposals		–	–	–	(7,050)	(1,200)	–	(8,250)
Reclassification		–	2,710,222	–	(2,710,222)	–	–	–
Effect of movements in exchange rates		589,345	1,479,841	–	3,297,593	53,174	32,343	5,452,296
At 31 December 2016		13,734,030	27,820,969	119,000	91,290,753	1,479,905	3,293,222	137,737,879



Notes to the Financial Statements (Cont'd)

3. Property, Plant and Equipment - Group (Cont'd)

	Note	Long-term leasehold land RM	Factory buildings RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Total RM
Depreciation								
At 1 January 2015		1,487,642	3,228,361	15,274	56,146,005	1,210,526	2,315,060	64,402,868
Depreciation for the year		160,542	417,229	2,380	2,813,510	49,651	413,272	3,856,584
Written off		—	—	—	(73,292)	(11,824)	(42,718)	(127,834)
Disposal		—	—	—	—	—	(106,481)	(106,481)
At 31 December 2015/ 1 January 2016		1,648,184	3,645,590	17,654	58,886,223	1,248,353	2,579,133	68,025,137
Depreciation for the year		151,092	446,685	2,380	3,013,630	44,617	294,332	3,952,736
Written off		—	—	—	(4,371)	(3,049)	—	(7,420)
Disposals		—	—	—	(4,371)	(1,199)	—	(5,570)
Reclassification		—	571,781	—	(571,781)	—	—	—
Effect of movements in exchange rates		86,238	225,573	—	2,086,321	44,349	27,511	2,469,992
At 31 December 2016		1,885,514	4,889,629	20,034	63,405,651	1,333,071	2,900,976	74,434,875
Carrying amounts								
At 1 January 2015		12,446,834	15,526,068	103,726	19,940,582	71,885	981,021	49,070,116
At 31 December 2015/ 1 January 2016		11,496,501	15,108,839	101,346	24,766,165	99,214	681,746	52,253,811
At 31 December 2016		11,848,516	22,931,340	98,966	27,885,102	146,834	392,246	63,303,004



Notes to the Financial Statements (Cont'd)

3. Property, Plant and Equipment - Group (Cont'd)

3.1 Long-term Leasehold Land

An adjustment was made for the cost of long term leasehold land pertaining to the amount overcharged by the State Development Corporation in prior year.

3.2 Security

Certain machineries amounting to RM Nil as at 31 December 2016 (2015 : RM3,748,926) were charged to banks as security for loans granted to the subsidiaries of the Company (see Note 13.1).

4. Intangible Assets - Group

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2015/31 December 2015/1 January 2016/ 31 December 2016	<u>11,330</u>	<u>996,882</u>	<u>1,008,212</u>
Amortisation and impairment loss			
At 1 January 2015/31 December 2015/1 January 2016/ 31 December 2016	<u>–</u>	<u>985,977</u>	<u>985,977</u>
Carrying amounts			
At 1 January 2015/31 December 2015/1 January 2016/ 31 December 2016	<u>11,330</u>	<u>10,905</u>	<u>22,235</u>

Development costs

Development costs principally comprise expenditure incurred on new products at development phase.

5. Investment in Subsidiaries

	Company 2016 RM	2015 RM
Unquoted shares, at cost	<u>58,985,375</u>	<u>58,985,373</u>



Notes to the Financial Statements (Cont'd)

5. Investment in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest and voting interest		Principal activities
	2016 %	2015 %	
Sinliplas Holding Sdn. Bhd. ("SHSB")	100	100	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	100	100	Manufacture and sale of plastic packaging products and plastic related goods and trading of polymer products such as resin
SLP Green Tech Sdn. Bhd. ("SLPGT")	100	100	Manufacture and sale of specialised plastic film and packaging products
SLP Polymers Sdn. Bhd. ("SLPP")	100	—	Dormant

All the subsidiaries are incorporated in Malaysia.

6. Other Investments

	Group Investment in shares		
	Unquoted RM	Quoted RM	Total RM
2016			
Available-for-sale financial assets	114,470	139,600	254,070
Representing items:			
At cost	114,470	—	114,470
At fair value	—	139,600	139,600
	114,470	139,600	254,070
Market value of quoted shares	—	139,600	139,600



Notes to the Financial Statements (Cont'd)

6. Other Investments (Cont'd)

	Unquoted RM	Group Investment in shares Quoted RM	Total RM
2015			
Available-for-sale financial assets	<u>109,558</u>	<u>145,400</u>	<u>254,958</u>
Representing items :			
At cost	109,558	–	109,558
At fair value	–	145,400	145,400
	<u>109,558</u>	<u>145,400</u>	<u>254,958</u>
Market value of quoted shares	<u>–</u>	<u>145,400</u>	<u>145,400</u>

7. Inventories - Group

	Note	2016 RM	2015 RM
Raw materials		18,056,417	15,778,884
Work-in-progress		7,654,097	5,762,879
Manufactured inventories		4,756,665	3,970,969
		<u>30,467,179</u>	<u>25,512,732</u>
Recognised in profit or loss:			
Write-down to net realisable value	7.1	<u>–</u>	<u>181,000</u>

7.1 The write-down was included in cost of sales.

8. Trade and Other Receivables

	Note	2016 RM	2015 RM
Group			
Trade			
Trade receivables		27,406,336	34,853,488
Amount due from a company controlled by a Director	8.1	315,329	–



Notes to the Financial Statements (Cont'd)

8. Trade and Other Receivables (Cont'd)

	Note	2016 RM	2015 RM
Non-trade			
Other receivables	8.2	1,367,150	1,154,097
Deposits		56,615	62,174
Prepayments	8.3	1,422,290	46,945
		2,846,055	1,263,216
		30,567,720	36,116,704

Company

Non-trade

Deposits	3,000	3,000
Amount due from a subsidiary	30,000	–
Dividends receivable from subsidiaries	10,700,000	6,525,000
	10,733,000	6,528,000

8.1 Amount Due from a Company Controlled by a Director

The trade amount due from a company controlled by a Director is subject to normal trade terms.

8.2 Other Receivables

Included in other receivables of the Group are goods and services tax ("GST") receivables amounting to RM921,252 (2015 : RM866,571).

8.3 Prepayments

Included in prepayments of the Group is an amount of RM1,109,388 (2015 : Nil) representing advance payment to a supplier for purchase of plant and machinery.

9. Derivative Financial (Liabilities)/Assets - Group

	Nominal value RM	2016 Liabilities RM	Nominal value RM	2015 Assets RM
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	18,013,000	(938,727)	18,891,400	54,319

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currency other than the functional currency of a subsidiary. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.



Notes to the Financial Statements (Cont'd)

10. Cash and Cash Equivalents

	2016 RM	2015 RM
Group		
Short term deposits with licensed banks	4,900,000	7,000,000
Cash and bank balances	24,168,886	19,719,558
	<u>29,068,886</u>	<u>26,719,558</u>
Company		
Short term deposits with a licensed bank	–	2,000,000
Cash and bank balances	61,600	2,021,957
	<u>61,600</u>	<u>4,021,957</u>

11. Share Capital - Group/Company

	Amount RM	Number of shares
Ordinary shares		
Authorised :		
Balance at 31 December 2015/31 December 2016	<u>100,000,000</u>	<u>400,000,000</u>
Issued and fully paid classified as equity instruments :		
Balance at 31 December 2015/31 December 2016	<u>61,833,333</u>	<u>247,333,333</u>

12. Reserves

	Note	2016 RM	2015 RM
Group			
Non-distributable			
Fair value reserve	12.1	38,800	44,600
Foreign currency translation reserve	12.2	3,127,495	–
Distributable			
Retained earnings		66,237,125	51,935,492
		<u>69,403,420</u>	<u>51,980,092</u>



Notes to the Financial Statements (Cont'd)

12. Reserves (Cont'd)

	Note	2016 RM	2015 RM
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Company

Distributable

Retained earnings

4,194,726	3,936,297
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Movements in reserves are shown in statements of changes in equity.

12.1 Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

12.2 Foreign Currency Translation Reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of a subsidiary which the functional currency is not Ringgit Malaysia.

13. Loans and Borrowings - Group

	2016 RM	2015 RM
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Current :

Secured :

Bank loan

– 931,006

Bankers' acceptance

– 1,180,000

–	2,111,006
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13.1 Securities

The loans and borrowings were secured against the debentures or fixed charges over certain machineries of the Group (Note 3.2).

14. Deferred Tax Liabilities - Group

The recognised deferred tax liabilities are as follows:

	2016 RM	2015 RM
--	------------	------------

Property, plant and equipment

6,323,014 6,136,000

Others

741,661 634,000

7,064,675	6,770,000
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Notes to the Financial Statements (Cont'd)

14. Deferred Tax Liabilities - Group (Cont'd)

Movement in temporary differences during the year are as follows:

	At 1 January 2015 RM	Recognised in profit or loss (Note 21) RM	At 31 December 2015/ 1 January 2016 RM	Recognised in profit or loss (Note 21) RM	At 31 December 2016 RM
Property, plant and equipment					
- capital allowances	(5,758,000)	(378,000)	(6,136,000)	(187,014)	(6,323,014)
Others	(118,000)	(516,000)	(634,000)	(107,661)	(741,661)
	<u>(5,876,000)</u>	<u>(894,000)</u>	<u>(6,770,000)</u>	<u>(294,675)</u>	<u>(7,064,675)</u>

15. Trade and Other Payables

	2016 RM	2015 RM
Group		
Trade		
Trade payables	9,096,402	9,179,057
Non-trade		
Other payables	1,175,487	1,078,077
Accrued expenses	838,081	874,116
Dividend payable	3,709,998	3,709,999
	<u>5,723,566</u>	<u>5,662,192</u>
	<u>14,819,968</u>	<u>14,841,249</u>
Company		
Non-trade		
Accrued expenses	50,918	61,701
Dividend payable	3,709,998	3,709,999
	<u>3,760,916</u>	<u>3,771,700</u>



Notes to the Financial Statements (Cont'd)

16. Revenue

Group

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

Company

Revenue represents dividend income received from its subsidiaries.

17. Employee Benefits Expenses - Group

Employee benefits expenses of the Group include contributions to the Employees' Provident Fund of RM465,148 (2015 : RM423,728).

Included in employee benefits expenses of the Group is Executive Directors' remuneration as disclosed in Note 20.

18. Finance Costs - Group

	2016 RM	2015 RM
Interest paid and payable:		
Bank loan	4,769	26,153
Bankers' acceptance	—	5,166
	4,769	31,319

19. Profit Before Tax

Profit before tax has been arrived at:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging :				
Auditors' remuneration				
- statutory audit fees	86,000	82,000	22,000	21,000
- non-audit fees				
- KPMG Malaysia	6,000	6,000	6,000	6,000
- Local affiliate of KPMG Malaysia	66,800	21,800	2,500	2,500
- under provision in prior year	—	6,000	—	—
Directors' emoluments				
- Directors of the Company				
- fees	152,000	152,000	108,800	108,800
- remuneration	1,677,145	1,676,780	25,000	25,000
Rental of premises	3,600	3,000	—	—
Impairment loss on trade receivables	1,047,214	90,419	—	—
Plant and equipment written off	2,680	10	—	—
Inventories written down (Note 7)	—	181,000	—	—
Loss on disposal of plant and equipment	1,824	—	—	—



Notes to the Financial Statements (Cont'd)

19. Profit Before Tax (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
and after crediting:				
Rental income from premises	13,500	57,136	—	—
Dividend income from:				
- quoted shares in Malaysia	3,400	3,200	—	—
- subsidiaries (unquoted)	—	—	11,700,000	11,375,000
Gain on foreign exchange				
- realised (net)	791,738	3,568,751	—	—
- unrealised (net)	828,083	2,392,616	—	—
Finance income	65,766	124,771	3,699	16,128
Gain on disposal of plant and equipment	—	10,999	—	—

20. Key Management Personnel Compensations

The key management personnel include all Directors of the Group and their compensations are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company				
- fees	152,000	152,000	108,800	108,800
- remunerations	1,677,145	1,676,780	25,000	25,000
Total short-term employee benefits	1,829,145	1,828,780	133,800	133,800

The estimated monetary value of Directors' benefit-in-kind of the Group is RM55,600 (2015 : RM55,600).

21. Tax Expense

Recognised in profit or loss

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax expense on continuing operations	3,838,744	7,591,375	976	3,990



Notes to the Financial Statements (Cont'd)

21. Tax Expense (Cont'd)

Recognised in profit or loss (cont'd)

Major components of income tax expense include:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense				
- Current year	2,937,325	6,737,000	1,000	4,000
- Prior year	606,744	(39,625)	(24)	(10)
Total current tax recognised in profit or loss	3,544,069	6,697,375	976	3,990
Deferred tax expense				
- Origination and reversal of temporary differences	638,675	1,103,000	—	—
- Prior year	(344,000)	(209,000)	—	—
Total deferred tax recognised in profit or loss	294,675	894,000	—	—
Total income tax expense	3,838,744	7,591,375	976	3,990

Reconciliation of tax expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit for the year	25,431,627	27,249,559	11,388,423	11,090,441
Total income tax expense	3,838,744	7,591,375	976	3,990
Profit excluding tax	29,270,371	34,840,934	11,389,399	11,094,431
Income tax calculated using Malaysian tax rate of 24% (2015 : 25%)	7,024,889	8,710,234	2,733,456	2,773,608
Non-deductible expenses	241,962	311,040	75,544	74,142
Tax incentives	(3,499,916)	(1,132,852)	—	—
Non-taxable income	(6,500)	(800)	(2,808,000)	(2,843,750)
Effect of changes in tax rates	—	(47,339)	—	—
Other items	(184,435)	(283)	—	—
Under/(Over) provision in prior year	262,744	(248,625)	(24)	(10)
Income tax expense	3,838,744	7,591,375	976	3,990



Notes to the Financial Statements (Cont'd)

22. Earnings per Ordinary Share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM25,431,627 (2015 : RM27,249,559) and on the weighted average number of ordinary shares outstanding during the financial year of 247,333,333 (2015 : 247,333,333).

Diluted earnings per ordinary share

No diluted earnings per ordinary share is disclosed in the financial statements as there are no dilutive potential ordinary shares.

23. Dividends - Group and Company

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2016			
Second interim 2015 ordinary	1.50	3,709,998	8 April 2016
First interim 2016 ordinary	1.50	3,709,998	5 October 2016
Second interim 2016 ordinary	1.50	3,709,998	6 January 2017
Total amount		<u>11,129,994</u>	
2015			
Second interim 2014 ordinary	1.00	2,473,333	3 April 2015
First interim 2015 ordinary	1.50	3,709,999	8 October 2015
Special 2015 ordinary	1.50	3,709,999	8 January 2016
Total amount		<u>9,893,331</u>	

After the end of the reporting period, the following dividend was declared on 23 February 2017 and will be recognised in subsequent financial period.

	Sen per share	Total amount RM
Third interim 2016 ordinary	1.50	<u>3,709,999</u>

24. Operating Segments - Group

The business segment is based on the Group's management and internal reporting structure.

Business segments

The Group's only reportable segment comprises the manufacturing and sale of plastic packaging and its related products and trading of polymer products.

Segment information has not been separately presented because internal reporting uses the Group's financial statements.



Notes to the Financial Statements (Cont'd)

24. Operating Segments - Group (Cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments.

	Revenue RM	Non-current assets RM
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Geographical information

2016

Malaysia	64,491,431	63,325,239
Japan	68,761,080	—
European countries	9,369,888	—
Australia	15,488,294	—
Other countries	10,586,624	—
	<u>168,697,317</u>	<u>63,325,239</u>

2015

Malaysia	70,449,410	52,276,046
Japan	67,369,587	—
European countries	7,685,758	—
Australia	14,760,703	—
Other countries	12,166,302	—
	<u>172,431,760</u>	<u>52,276,046</u>

Major customer

The following is major customer with revenue equal or more than 10% of the Group's total revenue:

	Revenue 2016 RM	Revenue 2015 RM
Customer A	<u>22,172,617</u>	<u>24,624,201</u>

25. Commitments - Group

	2016 RM	2015 RM
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Property, plant and equipment

Authorised but not contracted for

<u>290,000</u>	<u>—</u>
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Notes to the Financial Statements (Cont'd)

26. Contingent Liabilities, Unsecured - Company

Corporate guarantees

The Company has issued corporate guarantees to financial institutions for banking facilities granted to its subsidiaries up to a limit of RM72,500,000 (2015 : RM85,400,000) of which RM2,986,627 (2015 : RM8,300,000) were utilised as at the end of the reporting period.

27. Related Parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

The Group has related party relationship with a company in which controlled by a Director, subsidiaries and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company, other than key management personnel compensations as disclosed in Note 20 to the financial statements, are shown below. The balances related to the below transactions are disclosed in Note 8 to the financial statements.

	Group	
	2016	2015
	RM	RM

A company in which controlled by a Director

Sales	<u>418,441</u>	<u>—</u>
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	Company	
	2016	2015
	RM	RM

Subsidiaries

Dividends received/receivable	<u>11,700,000</u>	<u>11,375,000</u>
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28. Financial Instruments

28.1 Categories of Financial Instruments

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

- Loans and receivables ("L&R");
- Fair value through profit or loss ("FVTPL") - Held for trading ("HFT");
- Available-for-sale financial assets ("AFS");
- Financial liabilities measured at amortised cost ("FL").



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.1 Categories of Financial Instruments (Cont'd)

	Carrying amount RM	L&R RM	FVTPL -HFT RM	AFS RM
Group				
2016				
Financial assets				
Other investments	254,070	—	—	254,070
Trade and other receivables, excluding GST receivables and prepayments	28,224,178	28,224,178	—	—
Cash and cash equivalents	29,068,886	29,068,886	—	—
	<u>57,547,134</u>	<u>57,293,064</u>	<u>—</u>	<u>254,070</u>
2015				
Financial assets				
Other investments	254,958	—	—	254,958
Trade and other receivables, excluding GST receivables and prepayments	35,203,188	35,203,188	—	—
Derivative financial assets	54,319	—	54,319	—
Cash and cash equivalents	26,719,558	26,719,558	—	—
	<u>62,232,023</u>	<u>61,922,746</u>	<u>54,319</u>	<u>254,958</u>



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.1 Categories of Financial Instruments (Cont'd)

	Carrying amount RM	L&R RM	AFS RM
Company			
2016			
Financial assets			
Trade and other receivables, excluding prepayments	10,733,000	10,733,000	–
Cash and cash equivalents	61,600	61,600	–
	<u>10,794,600</u>	<u>10,794,600</u>	<u>–</u>

2015

Financial assets

Trade and other receivables, excluding prepayments	6,528,000	6,528,000	–
Cash and cash equivalents	4,021,957	4,021,957	–
	<u>10,549,957</u>	<u>10,549,957</u>	<u>–</u>

	Carrying amount RM	FL RM	FVTPL - HFT RM
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Group

2016

Financial liabilities

Derivative financial liabilities	938,727	–	938,727
Trade and other payables	14,819,968	14,819,968	–
	<u>15,758,695</u>	<u>14,819,968</u>	<u>938,727</u>

2015

Financial liabilities

Loans and borrowings	2,111,006	2,111,006	–
Trade and other payables	14,841,249	14,841,249	–
	<u>16,952,255</u>	<u>16,952,255</u>	<u>–</u>



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.1 Categories of Financial Instruments (Cont'd)

	Carrying amount RM	FL RM
Company		
2016		
Financial liabilities		
Trade and other payables	<u>3,760,916</u>	<u>3,760,916</u>
2015		
Financial liabilities		
Trade and other payables	<u>3,771,700</u>	<u>3,771,700</u>

28.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Net gains/(losses) on:				
Fair value through profit or loss:				
- held for trading	(993,046)	724,109	—	—
Available-for-sale financial assets				
- recognised in other comprehensive (expense)/income	(5,800)	36,400	—	—
Loans and receivables	1,202,931	5,350,623	3,699	16,128
Financial liabilities measured at amortised cost	423,719	(110,332)	—	—
	<u>627,804</u>	<u>6,000,800</u>	<u>3,699</u>	<u>16,128</u>



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.3 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Exposure to credit risk arises mainly from sales made on credit terms and is monitored on an ongoing basis. Credit terms offered by the Group ranged from 30 days to 90 days from the date of transactions. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit limits. Credit limits are set and credit history is reviewed to minimise potential losses.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2016	2015
	RM	RM
Domestic	13,162,164	13,821,561
Japan	9,459,964	12,577,929
Australia	3,253,403	5,729,640
European countries	818,067	822,604
Others	1,028,067	1,901,754
	<u>27,721,665</u>	<u>34,853,488</u>



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.4 Credit Risk (Cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
2016			
Not past due	17,575,997	—	17,575,997
Past due 0 - 30 days	7,831,453	—	7,831,453
Past due 31 - 120 days	2,271,759	(29,916)	2,241,843
Past due more than 120 days	1,089,670	(1,017,298)	72,372
	28,768,879	(1,047,214)	27,721,665
2015			
Not past due	22,501,739	—	22,501,739
Past due 0 - 30 days	8,956,700	—	8,956,700
Past due 31 - 120 days	2,417,907	—	2,417,907
Past due more than 120 days	1,067,561	(90,419)	977,142
	34,943,907	(90,419)	34,853,488

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2016 RM	2015 RM
At 1 January	90,419	—
Impairment loss recognised	1,047,214	90,419
Impairment loss written off	(90,419)	—
At 31 December	1,047,214	90,419

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.4 Credit Risk (Cont'd)

Investments and other financial assets (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has placement of short term deposits with banks. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investment that have not been impaired.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,986,627 (2015 : RM8,300,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28.5 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

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



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.5 Liquidity Risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2016							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	14,819,968	-	14,819,968	14,819,968	-	-	-
	<u>14,819,968</u>		<u>14,819,968</u>	<u>14,819,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Derivative financial liabilities/ (assets)</i>							
Forward exchange contracts (gross settled):							
- outflow	938,727	-	18,951,727	18,951,727	-	-	-
- inflow	-	-	(18,013,000)	(18,013,000)	-	-	-
	<u>15,758,695</u>		<u>15,758,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



Notes to the
Financial Statements (Cont'd)

Maturity analysis (cont'd)

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2015							
<i>Non-derivative financial liabilities</i>							
Secured bankers' acceptance	1,180,000	3.95	1,180,249	1,180,249	-	-	-
Secured bank loan - USD	931,006	1.60	935,487	935,487	-	-	-
Trade and other payables	14,841,249	-	14,841,249	14,841,249	-	-	-
	16,952,255		16,956,985	16,956,985	-	-	-
<i>Derivative financial liabilities/ (assets)</i>							
Forward exchange contracts (gross settled):							
- outflow	-	-	18,837,081	18,837,081	-	-	-
- inflow	(54,319)	-	(18,891,400)	(18,891,400)	-	-	-
	16,897,936		16,902,666	16,902,666	-	-	-

Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.5 Liquidity Risk (Cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2016							
<i>Non-derivative financial liabilities</i>							
Other payables	3,760,916	-	3,760,916	3,760,916	-	-	-
Financial guarantees	-	-	2,986,627	2,986,627	-	-	-
	<u>3,760,916</u>		<u>6,747,543</u>	<u>6,747,543</u>	<u>-</u>	<u>-</u>	<u>-</u>
2015							
<i>Non-derivative financial liabilities</i>							
Other payables	3,771,700	-	3,771,700	3,771,700	-	-	-
Financial guarantees	-	-	8,300,000	8,300,000	-	-	-
	<u>3,771,700</u>		<u>12,071,700</u>	<u>12,071,700</u>	<u>-</u>	<u>-</u>	<u>-</u>



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.6 Market Risk

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

The Group does not have material exposure to price risk. Price risk is principally arising from the Group's investment in quoted investments.

28.6.1 Currency Risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. The currencies giving rise to this risk are primarily Ringgit Malaysia (RM), U.S. Dollar (USD), Japanese Yen (JPY).

Risk management objectives, policies and processes for managing the risk

The Group may use forward exchange contracts to hedge its foreign currency risk where necessary. Most of the forward exchange contracts have maturity of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	Denominated in		
	RM	USD	JPY
	RM	RM	RM
Group			
2016			
Trade receivables	727,976	2,037,192	—
Cash and cash equivalents	635,161	9,877,074	260,531
Forward exchange contracts	18,951,727	—	—
Trade and other payables	(1,606,500)	(1,362,623)	—
Net exposure	18,708,364	10,551,643	260,531



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.6 Market Risk (Cont'd)

28.6.1 Currency Risk (Cont'd)

Exposure to foreign currency risk (cont'd)

	Denominated in	
	USD RM	JPY RM
Group		
2015		
Trade receivables	21,141,066	—
Cash and cash equivalents	15,586,677	283,929
Forward exchange contracts	18,837,081	—
Secured bank loans	(931,006)	—
Trade and other payables	(793,077)	—
Net exposure	53,840,741	283,929

Currency risk sensitivity analysis

A 10% (2015 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2016 RM	2015 RM
Group		
RM	(1,421,836)	—
USD	(801,925)	(4,038,056)
JPY	(19,800)	(21,295)

A 10% (2015 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.6 Market Risk (Cont'd)

28.6.2 Interest Rate Risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing loans and borrowings and interest-earning deposits. The Group's policy is to borrow principally on the floating basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate loans and borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016 RM	2015 RM
Group		
Fixed rate instruments		
Financial assets	4,900,000	7,000,000
Financial liabilities	–	(1,180,000)
	<u>4,900,000</u>	<u>5,820,000</u>
Floating rate instruments		
Financial liabilities	–	(931,006)
Company		
Fixed rate instruments		
Financial assets	–	2,000,000



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.6 Market Risk (Cont'd)

28.6.2 Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase RM	100 bp decrease RM
Group		
2016		
Floating rate instruments	—	—
2015		
Floating rate instruments	(6,983)	6,983



**28. Financial Instruments (Cont'd)****28.7 Fair Value Information**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value					Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000			
Group												
2016												
Financial assets												
Quoted shares	139	-	-	139		-	-	-	-		139	139
Unquoted shares	-	-	-	-		-	-	-	-		#	114
	139	-	-	139		-	-	-	-		139	253
Financial liabilities												
Forward exchange contracts	-	(939)	-	(939)		-	-	-	-		(939)	(939)
	-	(939)	-	(939)		-	-	-	-		(939)	(939)

Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.7 Fair Value Information (Cont'd)

Group	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2015										
Financial assets										
Quoted shares	145	-	-	145		-	-	-	-	145
Unquoted shares	-	-	-	-		-	-	-	-	# 110
Forward exchange contracts	-	54	-	54		-	-	-	-	54
	145	54	-	199		-	-	-	-	199
										309
Financial liabilities										
Bank loan	-	-	-	-		-	-	(931)	(931)	(931)
	-	-	-	-		-	-	(931)	(931)	(931)

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.



Notes to the Financial Statements (Cont'd)

28. Financial Instruments (Cont'd)

28.7 Fair Value Information (Cont'd)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2015 : no transfer in either directions).

Level 3 fair value

The fair value of loans and borrowings is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

29. Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's policy is to keep the Group net gearing ratio at a level deemed appropriate considering business, economic and investment conditions. The debt-to-equity ratios at 31 December 2016 and 31 December 2015 were as follows:

	Group	
	2016 RM'000	2015 RM'000
Total loans and borrowings (Note 13)	–	2,111
Less : Cash and cash equivalents (Note 10)	(29,069)	(26,720)
Net debt	#	#
Total equity	131,237	113,813
Debt-to-equity ratios	#	#

Not applicable due to net cash position.

There was no change in the Group's approach to capital management during the financial year.



Notes to the Financial Statements (Cont'd)

30. Supplementary Financial Information on the Breakdown of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group and of the Company at 31 December, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	72,156	56,313	4,195	3,936
- unrealised	470	1,974	–	–
	72,626	58,287	4,195	3,936
Less: Consolidation adjustments	(6,389)	(6,352)	–	–
Total retained earnings	66,237	51,935	4,195	3,936

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



Statement by Directors

pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 45 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 95 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Khaw Khoon Tee

Director

.....
Khaw Seang Chuan

Director

Penang,

Date : 28 March 2017

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act, 2016

I, **Khaw Khoon Tee**, the Director primarily responsible for the financial management of SLP Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 95 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Khaw Khoon Tee**, NRIC : 500322-07-5445, at Georgetown in the State of Penang on 28 March 2017.

.....
Khaw Khoon Tee

Before me :



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Product Innovations,
Sustainable Growth

Independent Auditors' Report

to the members of SLP Resources Berhad
(Company No. 663862 - H)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SLP Resources Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and 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.

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 Group for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Valuation of inventories

Refer to Note 7 of the financial statements showing the carrying amount of inventories.

The key audit matter

Plastic resin is one of the major material used in the Group's business operation. Consequently, the Group is exposed to fluctuation of commodity prices. The Group's finished products are also not generic since the Group is involved in plastic packaging solutions. Raw materials were ordered to cater for current as well as expected future demand for similar goods which may not materialise. The Group produces finished products in batches which may go beyond the required quantities to fulfill an order. Discontinued orders of similar products may render the raw materials and finished products obsolete unless management is able to find alternative use for those goods.

Identifying and determining the appropriate write down of the raw materials and finished products to net realisable value will require the use of judgment. This is one of the areas that our audit focuses on because it requires us to design appropriate procedures to identify such inventories and use judgment to evaluate the assessments made by the management.

How the matter was addressed in our audit

In this area, the audit procedures included, amongst others:

- Attended inventory count as at year end and observed whether there were inventories that may be slow moving or obsolete;
- Determined that the inventories were carried at the lower of cost and net realisable value by comparing the prices of subsequent sales with the cost of selected inventories, or where there were no sales subsequent to the year end for trading inventories, checked to the market price of trading inventories; and
- Assessed robustness of management's process in identifying and writing down slow moving and obsolete inventories.



Independent Auditors' Report (Cont'd)

to the members of SLP Resources Berhad
(Company No. 663862 - H)
(Incorporated in Malaysia)

Functional Currency

Refer to Note 1(c) of functional currency for the Group.

The key audit matter

A material subsidiary, Sinliplas Holding Sdn. Bhd. ("SHSB") has changed its business model resulting in higher level of U.S. Dollar transactions which gives rise to a change in functional currency from Ringgit Malaysia ("MYR") to U.S. Dollar ("USD") during the year.

This is one of the areas that our audit focuses on because it requires us to use significant judgment to evaluate the assessments made by the management. In addition, a wrong functional currency has a prevalent impact on the financial statements.

How the matter was addressed in our audit

In this area, the audit procedures included, amongst others:

- Challenged the functional currency assessment by comparing it with the requirements of the accounting standard; and
- Determined whether assets and liabilities as at the date of change in functional currency were appropriately translated at their spot rate.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, Chairman's Message, Managing Director's Message and Management Discussion and Analysis, Corporate Government Statement, Sustainability Statement, Directors' Responsibility Statement, Statement on Risk Management and Internal Control, Audit Committee Report and Additional Compliance information (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and 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 on the other information that we obtained prior to the date of this auditors' report, 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 of the Company are responsible for the preparation of financial statements of the Group and 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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditors' Report (Cont'd)

to the members of SLP Resources Berhad
(Company No. 663862 - H)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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:

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 Group and 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group and 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditors' Report (Cont'd)

to the members of SLP Resources Berhad
(Company No. 663862 - H)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 30 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

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 content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Thong Foo Vung
Approval Number: 02867/08/2018 J
Chartered Accountant

Date : 28 March 2017

Petaling Jaya



Shareholdings Statistic

as at 03 April 2017

Issued and fully paid-up Share Capital : RM61,833,333.25
Class of Shares : Ordinary shares
Voting Rights : One vote per share

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct		Indirect	
	Own	%	Others	%
Khoon Tee & Family Sdn Bhd	98,933,333	40.00	-	-
Khaw Khoon Tee	26,170,121	10.58	2,298,332 ⁽ⁱ⁾	0.93
Khaw Seang Chuan	38,410,770	15.53	177,333 ⁽ⁱ⁾	0.07
Khaw Choon Hoong	1,294,666	0.52	-	-

Note: -

- (i) Shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 59(12)(c) of the Companies Act 2016
(ii) Deemed interested by virtue of his/her shareholding in Khoon Tee & Family Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct		Indirect	
	Own	%	Others	%
Khaw Khoon Tee	26,170,121	10.58	2,298,332 ⁽ⁱ⁾	0.93
Khaw Seang Chuan	38,410,770	15.53	177,333 ⁽ⁱ⁾	0.07
Khaw Choon Hoong	1,294,666	0.52	-	-
Khaw Choon Choon	1,414,166	0.57	-	-
Leow Chan Khiang	66,666	0.03	-	-
Mary Geraldine Phipps	46,666	0.02	-	-
Chan Wah Chong	-	-	-	-
Law Cheng Lock	-	-	-	-

Note: -

- (i) Shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 59(11)(c) of the Companies Act 2016.
(ii) Deemed interested by virtue of his/her shareholding in Khoon Tee & Family Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
73	less than 100	2,245	0.00
500	100 - 1,000 shares	143,597	0.06
307	1,001 - 10,000 shares	1,330,526	0.54
143	10,001 - 100,000 shares	4,573,314	1.85
88	100,001 to less than 5% of issued shares	77,769,427	31.44
3	5% and above of issued shares	163,514,224	66.11
1,114	TOTAL	247,333,333	100.00



Shareholdings Statistic (Cont'd)

as at 03 April 2017

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1.	KHOON TEE & FAMILY SDN. BHD.	98,933,333	40.00
2.	KHAW SEANG CHUAN	38,410,770	15.53
3.	KHAW KHOON TEE	17,636,788	7.13
4.	CHEW SHEAU CHING	9,801,200	3.96
5.	KHAW KHOON TEE	8,533,333	3.45
6.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEES BHD. FOR RHB KIDSAVE TRUST	5,326,800	2.15
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN AM B EQ)	3,752,500	1.52
8.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR RHB SMART TREASURE FUND	3,454,300	1.40
9.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	3,098,600	1.25
10.	GOH BEE LENG	2,800,000	1.13
11.	CHUAH CHIN KOK	2,686,166	1.09
12.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR RHB GROWTH AND INCOME FOCUS TRUST	2,400,000	0.97
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	2,106,900	0.85
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	2,028,400	0.82
15.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD CIMB ISLAMIC TRUSTEE BERHAD – KENANGA SYARIAH GROWTH FUND	1,589,400	0.64
16.	KHAW CHOON CHOON	1,414,166	0.57
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8059095)	1,320,000	0.53
18.	JUPITER SECURITIES SDN. BHD. EXEMPT AN CLR FOR PMB INVESTMENT BERHAD (D-81CLR111)	1,305,000	0.53
19.	KHAW CHOON HOONG	1,294,666	0.52
20.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	1,250,000	0.51
21.	DB (MALAYSIA) NOMINEES (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	1,160,800	0.47
22.	KHAW SEANG GHEE	1,149,166	0.46
23.	KHAW SEANG SENG	1,149,166	0.46
24.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB DANA HAZEEM	1,140,000	0.46
25.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-SOFI-I (ADAS-I) (410325)	1,129,600	0.46
26.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BANK SIMPANAN NASIONAL	1,016,700	0.41
27.	ONG SAW KEOK	1,015,433	0.41
28.	YEOH SEW JIN	1,012,700	0.41
29.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB EQUITY TRUST	1,004,600	0.41
30.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB PRIVATE FUND – SERIES 3	1,003,700	0.41
TOTAL :		219,924,187	88.91



List of Properties

held by the Group

Location	Description/ Existing use	Tenure	Age of building	Land area/ Built up area (Sq. ft)	Carrying value RM'000 as at 31 December 2016	Year Acquired / Revaluation
P.T. 1, Lot 57A, Lorong Perusahaan 5, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah/ Lot Nos. 1339 & 1340 held under GRN Nos. 51494 & 51495 respectively, Section 38, both of Bandar Kulim, Daerah Kulim, Kedah Darul Aman.	A three-storey office block annexed with a single-storey detached factory (Plant 1), two single- storey detached factories (Plant 2 & Plant 3), a canteen, a guard house and other buildings and ancillary structures/ office, production and warehouse for industrial use	98 years lease expiring on 30 Jun 2090	1 - 22 years	471,082/ 387,320	30,617	1992 & 1994/ 2006 & 2016
H.S.(M) No. 11813, P.T. 81, Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman	Vacant Industrial Land	98 years lease commencing from 13 December 1989 and expiring on 12 December 2087	Not Applicable	165,528/ Not applicable	2,149	2007/-
PM 788 Lot No. 4820 Section 38 (previously HSM 14113, Lot No. PT 341) Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman	Vacant Industrial Land	98 years lease commencing from 15 May 1989 and expiring on 14 May 2087	Not applicable	77,156/ Not applicable	1,017	2008/-
PM 787 Lot No. 4819 Section 38 (previously HSM 14112, Lot No. PT 340) Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman	Vacant Industrial Land	98 years lease commencing from 15 May 1989 and expiring on 14 May 2087	Not applicable	76,025/ Not applicable	997	2009/-



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PROXY FORM



SLP RESOURCES BERHAD
[663862-H]

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We, _____
(Full name of a member in BLOCK LETTERS as per Identity Card("MYKAD")/Passport/Certificate of Incorporation)

MYKAD/PassportNo./CompanyNo. _____ of _____

(Address in full)

telephone no. _____, being a member of SLP RESOURCES BERHAD ("the Company")

hereby appoint _____
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. _____ of _____

(Address in full)

And/or failing him _____
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. _____ of _____

(Address in full)

or failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company, to be held at **Sunway Hotel, Studio 1 & 2, Level 1A, 11 Lebuhr Tengiri Dua, Pusat Bandar Seberang Jaya, Prai 13700 Penang on Friday, 26 May 2017 at 10.00 a.m.** and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	For	Against
1.	To re-elect Mr. Khaw Seang Chuan as Director		
2.	To re-elect Ms. Khaw Choon Hoong as Director		
3.	To re-elect Mr. Leow Chan Kiang as Director		
4.	To approve payment of Directors' Fees and benefits		
5.	To re-appoint Auditors		
6.	To empower Directors to issue and allot shares pursuant to Section 75 of the Companies Act 2016		
7.	Continuing in Office as Independent Non-Executive Director for Madam Mary Geraldine Phipps		

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this _____ day of _____ 2017

The proportions of my/our holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		100%

Signature(s)/Common Seal of Member(s)

NOTES:

- A member entitled to attend and vote at this meeting may appoint more than one (1) proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
- Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.
- To be valid, the duly completed form of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend this Twelfth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Article 62(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 19 May 2017. Only a depositor whose name appears on the Record of Depositors as at 19 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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THE COMPANY SECRETARY

SLP Resources Berhad (663862-H)
Suite 12-A, Level 12, Menara Northam
No.55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

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www.sinliplas.com.my

SLP RESOURCES BERHAD (663862-H)

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Email: info@sinliplas.com.my