# SLP RESOURCES BERHAD

[663862-H]

## Growing With Nature

ANNUAL REPORT 2015


Growing With Nature

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# GROUP PROFILE


## Our History

SLP Resources Berhad ("SLP" or "the Company"), through its three (3) wholly-owned subsidiaries namely Sinliplas Holding Sdn Bhd ("SHSB"), Sinliplas Sdn Bhd ("SSB") and SLP Green Tech Sdn Bhd ("SLPGT") (collectively hereinafter referred to as "the Group") has come a long way since its inception in 1989. SLP made a historic milestone when it was listed on Bursa Malaysia Securities Berhad on 12 March 2008.

From modest beginnings as a manufacturer of ice-tube plastic packaging for the domestic market, the Group has grown to become a niche manufacturer for over 1,000 plastic packaging products and films for domestic and international markets including Japan, Norway, United Kingdom, Australia, Denmark and Germany and other emerging countries such as Indonesia, Thailand and Singapore.

## Our Vision

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

## 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

SLP was incorporated on 25 August 2004 with its principal activities in investment holding. As at 31 December 2015, it has three (3) direct wholly-owned subsidiaries.

**SLP RESOURCES BERHAD**
[663862-H]

**Sinliplas Holding Sdn Bhd**
100%
Manufacture and sale of plastic packaging and its related products for export markets

**Sinliplas Sdn Bhd**
100%
Manufacture and sale of plastic packaging and its related products for domestic markets

**SLP Green Tech Sdn Bhd**
100%
Manufacture and sale of specialised plastic films, plastic packaging and its related products

# 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 Khiang**
*(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 Khiang**
*Member*

**Chan Wah Chong**
*Member*

**Law Cheng Lock**
*Member*

## Nomination Committee

**Mary Geraldine Phipps**
*Chairman*

**Leow Chan Khiang**
*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 (Firm No. AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang, Malaysia

## Internal Auditors

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Garden South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

## Principal Bankers

Hong Leong Bank Berhad
OCBC Bank (Malaysia) 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

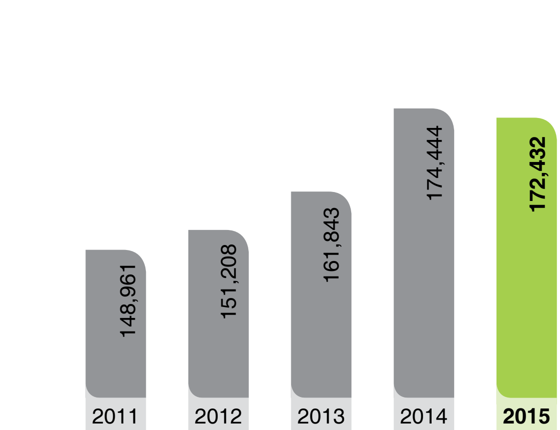
## Investor Relations

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

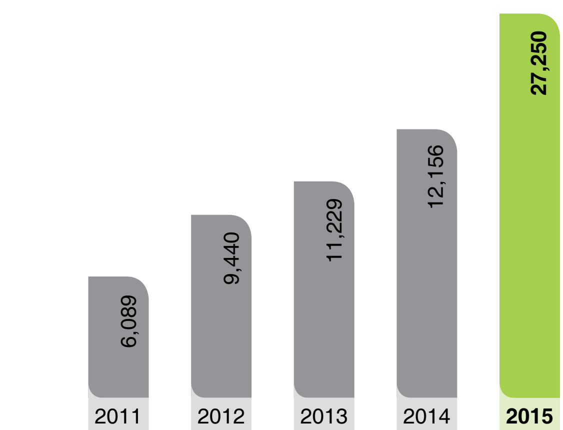
# FINANCIAL HIGHLIGHTS

| 31 December | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| ***Key Operating Results:*** | | | | | |
| Revenue (RM'000) | 148,961 | 151,208 | 161,843 | 174,444 | **172,432** |
| Profit before tax (RM'000) | 8,374 | 12,681 | 14,472 | 14,973 | **34,841** |
| Profit after tax (RM'000) | 6,089 | 9,440 | 11,229 | 12,156 | **27,250** |
| Total Comprehensive Income attributable to equity owners of the Company (RM'000) | 6,103 | 9,444 | 11,240 | 12,127 | **27,286** |
| ***Other Key Financial Data:*** | | | | | |
| Total assets (RM'000) | 100,917 | 112,529 | 117,529 | 120,458 | **140,941** |
| Total liabilities (RM'000) | 22,466 | 29,581 | 28,288 | 24,037 | **27,127** |
| 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) | 78,450 | 82,948 | 89,241 | 96,421 | **113,814** |
| ***Financial Ratio:*** | | | | | |
| Revenue growth (%) | (4.6) | 1.5 | 7.0 | 7.8 | **(1.1)** |
| Profit before tax margin (%) | 5.6 | 8.4 | 8.9 | 8.6 | **20.2** |
| Profit after tax margin (%) | 4.1 | 6.2 | 6.9 | 7.0 | **15.8** |
| Return on equity (%) | 7.8 | 11.4 | 12.6 | 12.6 | **24.0** |
| ***Share Information:*** | | | | | |
| Earnings per share (sen) | 2.47 | 3.82 | 4.54 | 4.91 | **11.02** |
| Net dividend per share (sen) | 2.00 | 2.00 | 2.00 | 2.00 | **4.50** |
| Dividend yield on par value of 25 sen (%) | 8.0 | 8.0 | 8.0 | 8.0 | **18.0** |
| Dividend as % of Net Profit (%) | 81.1 | 52.4 | 44.0 | 40.8 | **40.8** |
| Net assets per share (sen) | 31.72 | 33.54 | 36.08 | 38.99 | **46.02** |

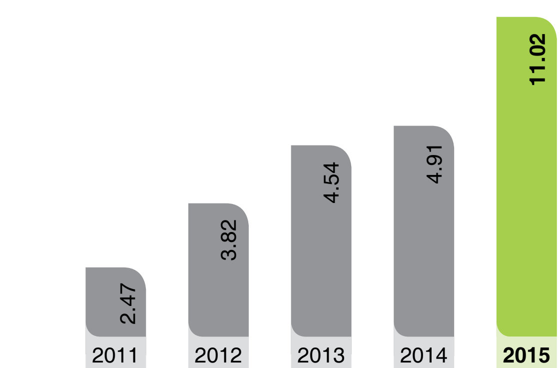
**REVENUE** (RM'000)



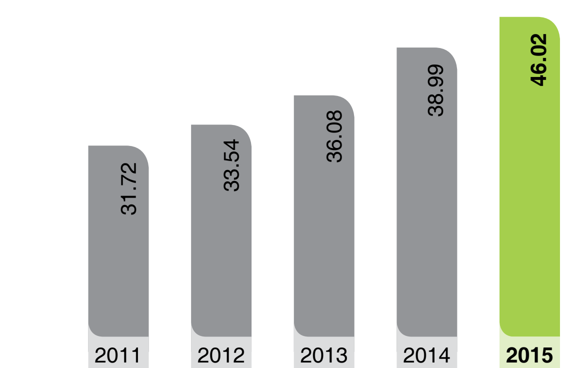

**PROFIT AFTER TAX** (RM'000)




**EARNINGS PER SHARE ("EPS")** (SEN)




**NET ASSETS PER SHARE** (SEN)



# BOARD OF DIRECTORS' PROFILE

**Khaw Khoon Tee**
*Malaysian / Aged 66*

Executive Chairman/ Member of Remuneration Committee

He was appointed to our Board as Managing Director on 26 October 2007 and on 26 August 2009, he was re-designated as our Executive Chairman. 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 had 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 is the founder of our Group and 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. He is instrumental in transforming our Group from a small outfit involved in the manufacturing of plastics packaging products to its current size of operations, in particular, the development of our Group's first export markets to Japan. He also pioneered the development of new products through technology transfer and innovations especially through his close business relationships and rapport with our Group's Japanese customers and associates. He is responsible for the overall business development and formulating our Group's strategic plans and policies.

**Khaw Seang Chuan, Kelvin**
*Malaysian / Aged 46*

Group Managing Director

He was appointed to our Board as Executive Director on 26 October 2007 and on 26 August 2009, he was re-designated as our Group Managing Director. He completed his lower secondary education in Singapore in 1987.

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 has contributed significantly to the growth of our Group particularly to the joint-cooperation projects with the Japanese partners. He pioneered the setting up our Group's new production lines through Technology Transfer Agreement with Maruzen Kako Co Ltd of Japan and Okahata Sangyo Co Ltd of Japan to produce Baran which is artificial decorative leaves placed on Japanese food (e.g. the green leave on a plate of sashimi) in 1998 and Okura Industrial Co Ltd of Japan to acquire advanced technical knowhow in plastic bag manufacturing in 2001. With his technical know-how gained from his working relationships with the Japanese partners, he has later embarked on a few major new products development for our Group such as 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 which is a new substrate to replace CPP film (Cast Polypropylene) for sanitary packaging in 2010/11 and shrink film for food packaging in 2012. He is extensively and directly involved in day-to-day management, decision making and operations of our Group.

**Khaw Choon Hoong, Jasmine**
*Malaysian / Aged 44*
Executive Director

She was appointed to our Board as Executive Director on 26 October 2007. She graduated with a Bachelor Degree in Management from the University of Lethbridge, Canada in 1997.

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. She is responsible for the development and implementation of the marketing strategies and market development functions of our Group.

**Khaw Choon Choon, Jessy**
*Malaysian / Aged 42*
Executive Director

She was appointed to our Board as an Executive Director on 1 July 2010. She completed her lower secondary education in 1983.

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

**Mary Geraldine Phipps**
*Malaysian / Aged 67*

Senior Independent Non-Executive Director/ Chairman of our Audit Committee and Nomination Committee and member of our Remuneration Committee

She was appointed to our Board on 26 October 2007. She is a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysian (CTIM).

In 1982, she was made a partner of KPMG, specializing 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.

Presently, she is also an Independent Non-Executive Director of Oriental Holdings Berhad and of PBA Holdings Berhad, both companies are listed on Main Market of Bursa Securities.

**Leow Chan Khiang**
*Malaysian / Aged 49*

Non-Independent Non-Executive Director/ Member of our Audit Committee and Nomination Committee

He was appointed to our Board on 26 October 2007. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and a Fellow member of the Chartered Association of Certified Accountants, United Kingdom ("FCCA"). He also holds a Master Degree in Business Administration ("MBA") from Northern University of Malaysia and a Bachelor Degree in Economics from University of Malaya. He is also a licensed goods and services tax agent approved by Royal Malaysian Customs.

He began his career in 1991 in Hong Leong Bank Berhad and left in 1995 to join Malaysian International Merchant Bankers Berhad ("MIMB"). In MIMB, he was responsible for various corporate debts and fund raising exercises as well as general advisory works. In 2001, he left MIMB and joined a local logistic company for a short stint of one year. In 2002, he joined CAB Cakaran Corporation Berhad ("CAB") as a Director of Corporate Finance, and subsequently, an executive director on 11 August 2003 where he was responsible for corporate planning, accounting and tax as well as joint-ventures matters. In 2007, he resigned from his position as an executive director of CAB and was subsequently appointed on our board as a Non-Independent Non-Executive Director.

Presently, he is also an Independent Non-Executive Director of Ni Hsin Resources Berhad, a company listed on Main Market of Bursa Securities and an Independent Non-Executive Director of Salutica Berhad.

**Chan Wah Chong**

*Malaysian / Aged 52*

Independent Non-Executive Director/ Chairman of our Audit Committee and Member of our Remuneration Committee

He was appointed to our Board on 1 July 2009. He has been a qualified member of Malaysia Association of Certified Public Accountants since 1994.

He started his career in accountancy with Ernst & Young, an international accounting firm for 6 years before joining a local medium size 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.

Presently, he is also an Independent Non-Executive Director and Teo Guan Lee Corporation Berhad and Lii Hen Industries Berhad, both companies are listed on the Main Market of Bursa Securities.

**Law Cheng Lock**

*Malaysian / Aged 57*

Independent Non-Executive Director/ Member of our Audit Committee, Remuneration Committee and Nomination Committee

He was appointed to our Board on 7 August 2014. He is also a member of our Audit Committee.

Prior to his call to the Malaysian Bar, 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 doing legal research on case law and legislations in assisting the legal firm on various litigation matters undertaken by the firm in bankruptcy, winding-up and civil suits and was thereafter gradually absorbed into the aforesaid legal firm's Corporate/ Conveyancing Department to assist the senior partners in the preparation of corporate loan security documents, drafting/giving legal opinions to bank clients in their capacity as the bank's panel lawyer, drafting various commercial/ conveyancing agreements, acting as legal advisers to corporate clients in matters pertaining to sale of shares and company assets and provisions of the Companies Act 1965 and preparation of property financing documents, drafting of tenancy /lease agreements. Presently, he practices law in a legal firm in Kulim.

*from left to right:-*

1 **Chan Wah Chong**
*Independent Non-Executive Director*

2 **Leow Chan Khiang**
*Non-Independent Non-Executive Director*

3 **Khaw Choon Hoong, Jasmine**
*Executive Director*

4 **Mary Geraldine Phipps**
*Senior Independent Non-Executive Director*

5 **Khaw Khoon Tee**
*Executive Chairman*

6 **Khaw Choon Choon, Jessy**
*Executive Director*

7 **Khaw Seang Chuan, Kelvin**
*Group Managing Director*

8 **Law Cheng Lock**
*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 have 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 2015 is disclosed in the Statement of Corporate Governance of this Annual Report.

# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

Global economy in year 2015 was in a moderate growth path with the advanced economies picking up modestly and emerging markets going through moderation in economic growth. The year was also challenging with increased volatility arising from the slowdown in China's economy, plunge of global oil prices, geopolitical tensions, and uncertainty about policy adjustments in several major economies.

In our home market of Malaysia, challenges intensified in year 2015 as the shift in investor sentiment dragged on the ringgit exchange rate that posted the worst annual performance since the Asian Financial Crisis. Consumers saw the cost of living increase as a result of a myriad of factors including the introduction of Goods and Services Tax, further adjustments in subsidies and controlled prices, and the higher cost of imported goods as a result of a weakening Malaysian Ringgit. The year also saw low global commodity prices which affected export earnings.

Against this challenging macro environment, I am pleased to report that SLP Resources Berhad ("SLP" or "the Company") performed commendably in the financial year ended 31 December 2015 ("FY2015") with a new record in net profit in our 26-year history since 1989.

On behalf of the Board of Directors of SLP, I hereby present to you the Annual Report and the Audited Financial Statements of SLP and its subsidiaries ("the Group") for FY2015.

## Financial Performance

The Group has demonstrated its resilience with the achievement of another set of favourable financial results for FY2015. After achieving a record Profit Before Tax ("PBT") of RM15.0 million in the financial year ended 31 December 2014 ("FY2014"), the Group achieved another record PBT of RM34.8 million in FY2015, representing a remarkable growth of approximately 132.7%. Total Comprehensive Income attributable to shareholders recorded at RM27.3 million, an increase of 125.6% from RM12.1 million in FY2014. This resulted in an improvement in earnings per share to 11.02 sen from 4.91 sen and translated into a net return on equity ("ROE") of 24.0% as compared to 12.6% in FY2014.

## Delivering Value to Shareholders

For FY2015, the Company paid a first interim dividend of 1.5 sen on 8 October 2015 and a special dividend of 1.5 sen on 8 January 2016. In conjunction with the announcement of the Group's full year financial results for FY2015, the Board had declared a second interim dividend of 1.5 sen per share and the payment was made on 8 April 2016. There was no proposal for the payment of any final dividend.

The total dividends for FY2015 amounted to approximately RM11.1 million (4.5 sen), equivalent to 40.8% of the Group's Total Comprehensive Income attributable to shareholders, an increase of 125.0% from RM4.9 million (2.0 sen) in FY2014. This translates into a net dividend yield of 18.0% on the par value of 25 sen per ordinary share and 2.37% on the share price of RM1.90 per SLP share as at the end of FY2015.

The Company has consistently paid out annual dividends to shareholders for the past seven (7) 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.

## Economic Outlook and Prospects


Global growth is expected to remain moderate in year 2016 with a modest pickup from 3.1% in year 2015 to 3.6% in year 2016. In advanced economies, GDP growth is expected to increase by 2.2% (2015: 2.0%), primarily led by US. In the emerging markets and developing economies, GDP is expected to increase by 4.5% (2015: 4.0%) on account of global improvement, particularly in Brazil and Russia. However, risk are tilted to the downside, including the impending monetary policy normalisation in the US; continued appreciation of the US Dollar; soft commodity prices; concerns about lower-than-the expected growth in China; and geopolitical tensions, particularly in the Middle East.

The Malaysian economy in year 2016 is expected to grow at a steady pace, mainly supported by domestic demand. However, the challenges confronting the economy in year 2015 are expected to persist in year 2016. In particular, heightened volatility in the financial markets, declining commodity prices, weakening of Malaysian Ringgit, and the slowdown in China, are expected to have direct and indirect impact to the Malaysian economy, primarily through trade and financial channels.

We are mindful of the challenges that lay ahead and have taken pro-active steps to remain focus and adapt to changes in our operating environment and at the same time, to accelerate in delivering our innovative plastic packaging solutions for food & beverages and healthcare sectors where we foresee the demand is the most sustainable and resilient. With the installation of the Group's new extrusion line in October 2015 to boost production capacity and on-going automation in the Group's manufacturing processes for greater operational efficiency coupled with the encouraging response and demand for the Group's MaxInflax range of products for food and hygienic packaging, the Group will continue to be resilient and anticipates the results for the financial year 2016 to be satisfactory.

## 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 implementing business strategies that are in line with the Group's vision and deemed to be value-accretive in nature in order to protect and maximize 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 of Directors of SLP, I wish to convey my heartfelt appreciation to the management team for their dedication, hard work and leadership. The record performance in FY2015 was attributed to the commitment, efforts and the tenacity of the Group's loyal management team and employees. I also wish to sincerely thank my colleagues on the Board for their wise counsel and insights in helping to guide SLP through the challenges and to new avenues of opportunity.

Last but not least, our utmost gratitude to you, our valued shareholders, for your support and trust in us. We look forward to your continued support as we work hard to deliver greater value to you. I trust all our stakeholders will continue to lend us their invaluable support as we work together to take SLP to even greater heights of success.

Thank you.

**KHAW KHOON TEE**
*Executive Chairman*

29 April 2016

# GROUP MANAGING DIRECTOR'S REPORT

FY2015 was an exciting and eventful year for SLP, amidst the volatile economy arising from the slowdown in China's economy, plunge of global oil prices, geopolitical tensions and uncertainty about policy adjustments in several major economies.

Despite all these challenges, the Group accomplished another significant milestone in FY2015 with another outstanding performance with record net profit and delivered sustainable shareholder value while realising its aspiration of becoming the innovative niche player in the global flexible plastic packaging markets.

## REVIEW OF RESULTS

### Revenue

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

| | FY2015 RM'000 | | FY2014 RM'000 | | Increase/ (Decrease) RM'000 | % |
|---|---|---|---|---|---|---|
| Malaysia | 70,449 | 40.9% | 94,177 | 54.0% | (23,728) | (25.2) |
| Japan | 67,370 | 39.1% | 53,630 | 30.7% | 13,740 | 25.6 |
| Australia | 14,761 | 8.6% | 10,140 | 5.8% | 4,621 | 45.6 |
| European countries | 7,686 | 4.4% | 6,018 | 3.5% | 1,668 | 27.7 |
| Other countries | 12,166 | 7.0% | 10,479 | 6.0% | 1,687 | 16.1 |
| **Total** | **172,432** | **100.0%** | **174,444** | **100.0%** | **(2,012)** | **(1.1)** |

In FY2015, the Group recorded slightly lower revenue of RM172.4 million, a marginal decrease of approximately 1.1% from RM174.4 million recorded in FY2014. This was mainly due to lower sales and sales volume in Malaysian markets which recorded a significant decrease of RM23.7 million or 25.2% to RM70.4 million from RM94.2 million in FY2014. Such a significant drop in sales to Malaysian markets in FY2015 due largely to slower demand for the Group's plastic packaging and other polymer products after the implementation of goods and services tax in April 2015. Stricter credit control on the Group's domestic customers in view of higher credit risk had also contributed to lower revenue in FY2015. In term of percentage of revenue contribution, sales to Malaysian markets contributed 40.9% in FY2015, down from 54.0% in FY2014. The Group's major products sold to Malaysian markets comprised largely plastic resins, flexible plastic packaging bags and films for food & beverages, healthcare and industrial sectors.

## Revenue (Cont'd)

Sales to other countries recorded favourable increases in line with the Group's strategies to continue growing its export markets. Japan continued to be the Group's largest export markets which contributed 39.1% of total revenue in FY2015 as compared to 30.7% in FY2014. The Group's major products sold to Japanese markets comprised largely 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 8.6% in FY2015 as compared to 5.8% in FY2014. European countries namely Denmark and United Kingdom contributed 4.4% of total revenue in FY2015 as compared 3.5% in FY2014. Other countries namely Singapore and Indonesia contributed 7.0% of total revenue in FY2015 as compared 6.0% in FY2014. The Group's major products exported to European countries are plastic packaging films for dairy products and major products exported to other countries comprised plastic packaging bags and films for household, industrial and retail use.

## Gross Profit

The Group's gross profit is as follows:

| | FY2015 | FY2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| Gross Profit (RM'000) | 36,383 | 21,434 | 14,949 | 69.7% |
| Gross Profit margin (%) | 21.1% | 12.3% | | |

The Group's gross profit in FY2015 improved by RM14.9 million or 69.7% which translates into a growth in gross profit margin of 8.8% to 21.1% from 12.3% in FY2014. Such a significant improvement in gross profit margin was mainly attributable to more favourable sales mix and the introduction new products range with ultra-thin plastic films and bags for food packaging. The Group's continuous initiatives to further automate its manufacturing processes for greater cost efficiency and higher productivity had also led to gross profit margins expansion in FY2015.

## Other Operating Income

The Group's other operating income is as follows:

| | FY2015 | FY2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Other income | 7,082 | 1,062 | 6,020 | 566.8% |

The Group's other operating income which comprises largely realised and unrealised gain in foreign exchange and interest income increased by RM6.0 million to RM7.1 million in FY2015, a significant jump of 566.8% from RM1.1 million in FY2014. This was primarily attributed to the increase in realised and unrealised foreign currency exchange gain of RM5.9 million in FY2015 due mainly to the strengthening of USD versus Malaysian Ringgit. The Group's export sales are largely denominated in USD.

## Other Operating Expenses

The Group's other operating expenses are as follows:

| | FY2015 | FY2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Administrative expenses | 6,101 | 5,145 | 956 | 18.6% |
| Administrative expenses over Revenue | 3.5% | 2.9% | | |
| Selling and marketing expense | 2,492 | 2,293 | 199 | 8.7% |
| Selling and marketing expense over Revenue | 1.4% | 1.3% | | |

The Group's administrative expenses in FY2015 increased by RM0.9 million or 18.6% to RM6.1 million from RM5.2 million in FY2014. As a percentage of revenue, it increased to 3.5% in FY2015 from 2.9% in FY2014. The increase was mainly attributable to the increase in realised and unrealised loss in foreign currency exchange of approximately RM0.6 million in FY2015.

The Group's selling and distribution expenses in FY2015 increased by RM0.2 million or 8.7% to RM2.5 million in FY2015 from RM2.3 million in FY2014. As a percentage of revenue, it increased to 1.4% in FY2015 from 1.3% in FY2014. The increase in selling and distribution expenses was mainly attributable to the increase in freight charges in line with higher export volume in FY2015.

## Operating Profit

The Group's operating profit is as follows:

| | FY2015 | FY2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| Operating Profit (RM'000) | 34,872 | 15,057 | 19,815 | 131.6% |
| Operating Profit margin (%) | 20.2% | 8.6% | | |

In tandem with higher gross profit and higher other income as mentioned above, the Group's operating profit increased by RM19.8 million or 132.3% to RM34.7 million in FY2015 from RM14.9 million in FY2014.

## Profit Before and After Tax

The Group's profit before and after tax are as follows:

| | FY2015 | FY2014 | Increase/(Decrease) | |
|---|---|---|---|---|
| Profit before tax (RM'000) | 34,841 | 14,973 | 19,868 | 132.7% |
| Profit before tax margin (%) | 20.2% | 8.6% | | |
| Profit after tax (RM'000) | 27,250 | 12,156 | 15,094 | 124.2% |
| Profit after tax margin (%) | 15.8% | 7.0% | | |

The Group's PBT in FY2015 was RM34.8 million, a significant increase of RM19.9 million or 132.7% from RM15.0 million in FY2014. Growth in PBT had translated into higher PBT margin to 20.2% in FY2015 from 8.6% in FY2014. Such a remarkable jump in PBT and PBT margin in FY2015 was mainly driven by growth in gross profit and growth in other operating income as explained above.

# GROUP MANAGING DIRECTOR'S REPORT *(Cont'd)*

## Profit Before and After Tax (Cont'd)

In tandem with higher PBT, the Group's profit after tax rose by RM15.1 million to RM27.3 in FY2015 from RM12.1 million in FY2014. This translated into higher profit after tax margin of 15.8%, in FY2015 from 7.0% in FY2014. When compared with PBT margin, the Group's profit after tax margin recorded a smaller growth in FY2015 due mainly to higher tax expense of RM7.6 million as compared to RM2.8 million in FY2014.

## Liquidity and Financial Resources

The Group mainly financed its operations through internally generated funds in FY2015. As at 31 December 2015, the Group's cash and cash equivalent stood at RM26.7 million, accounting for 30.2% of the Group's current assets. In addition, the Group had also expanded its production capacity by investing in new machinery costing approximately RM7.0 million via internally generated funds in FY2015. The Group paid a total dividend of approximately RM6.2 million in FY2015 and recorded a net increase in cash and cash equivalents of RM13.3 million as at 31 December 2015. When aggregating with the cash and cash equivalents at the beginning of financial year, the Group ended the financial year 2015 with cash and cash equivalents of RM26.7 million.

## Current Year Prospects

Increasing demand for flexible packaging in the healthcare industry is expected to be one of the key factors driving the growth of the flexible packaging market. Several regulations are being introduced and implemented across the world regarding packaging of pharmaceuticals due to various factors such as maintenance of hygiene, reduction of fraudulent drugs in the retail market and to retain the medicinal properties of the drug. Thus, flexible packaging is expected to witness the fastest growth in pharmaceutical within the next few years. Expansion of the food & beverages market, which is the largest application of flexible packaging, is also expected to fuel the growth of the market for flexible packaging. Furthermore, rising consumer preference towards light weight, durable and highly aesthetic flexible packaging is expected to significantly fuel the growth of the market over the next few years.

While we foresee the potential global demand for flexible plastic packaging due to factors as mentioned above, we are also vigilant on the current volatility of crude oil and currency exchange, particularly our Malaysian Ringgit which could bring direct impact on the operational costs and profitability of the Group. Plastic resin, a derivative of oil which makes up almost a major portion of the cost of goods sold of the plastic packaging companies is subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. While recent falling oil prices that have created mayhem for industries like energy, the plastic packaging industry is well positioned to benefit from the situation. Falling oil prices will not only provide a cost tailwind but will also boost demand due to the increasing disposable income at the customer level. Against this backdrop, the Group is looking forward for another year of satisfactory financial results in 2016.

**KELVIN KHAW SEANG CHUAN**
*Group Managing Director*

29 April 2016

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting ("AGM") of the Company will be held at Sunway Hotel, Studio 1 & 2, Level 1A, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Prai, 13700 Penang on Wednesday, 1 June 2016 at 10.30 a.m. for the following purposes:

***ORDINARY BUSINESS: -***

1. To receive the Audited Financial Statements for the year ended 31 December 2015 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 Khoon Tee (Resolution 1)
   (b) Madam Mary Geraldine Phipps (Resolution 2)
   (c) Mr. Chan Wah Chong (Resolution 3)

3. To approve the Directors' fees of RM132,000 for the financial year ending 31 December 2016. (Resolution 4)

4. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Board of Directors to determine their remuneration. (Resolution 5)

**SPECIAL BUSINESS: -**

5. To consider and if thought fit, to pass the following resolution, with or without any modification, as Ordinary Resolution of the Company:

   **AUTHORITY TO ISSUE SHARES**
   "THAT, subject always to the Companies Act, 1965 ("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 132D 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 and that such authority shall continue in force until the conclusion of the next AGM of the Company." (Resolution 6)

6. 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 Eleventh 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 25 May 2016. Only a depositor whose name appears on the Record of Depositors as at 25 May 2016 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
29 April 2016

**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 132D 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 percentum (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 Tenth AGM held on 9 June 2015 and which will lapse at the conclusion of the Eleventh 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 utilization of the proceeds arising from such issue.

# 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 page 5 to page 9 in this Annual Report.

The Board recognises good corporate governance is important to the success of the Group in carrying out its business operations while safeguarding stakeholders' interest and in enhancing its 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 ("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 of Bursa Malaysia Securities Berhad ("Bursa Securities") throughout the financial year ended 31 December 2015. 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 Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of its shareholders' value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The role and function of the Board, which includes the differing roles of Chairman, Managing Director and other directors are clearly defined.

To assist the Board in carrying out its fiduciary duties and to enhance business and operational efficiency, the Board delegates certain duties to its Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC").

All Board Committees have written terms of reference which are approved by the Board. The respective Chairman of the AC, NC and RC reports to the Board accordingly subsequent to their respective committee meetings.

### 1.2 Clear Roles and Responsibilities

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities 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 implementation and performance of the strategy, 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 accounts of the Company and the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

(vii) to ensure that there is in place an appropriate succession plan for members of the Board and senior management;

(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.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.2 Clear Roles and Responsibilities (Cont'd)

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 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 a company.

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 (COI) 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, COI, 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 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 Company's commitment in governance is evidenced through another milestone achievement of ISO22000 for Food Safety Management System on 6 May 2013.

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 is set out in the CSR section on page 29 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, as well as the prerogative to seek independent professional advice, in furtherance of their duties, at the expense of the Group.

### 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 minuted and documented.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.7 Board Charter

The Board has 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. Therefore, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness. A summary of the current Board Charter is published on our website, www.sinliplas.com.my.

## 2. STRENGTHEN COMPOSITION

### 2.1 Nomination Committee ("NC")

The Nomination 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* |

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.

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.

## 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)**

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 has three (3) women representatives out of eight (8) representatives at the boardroom since 2008.

**(c) Annual Assessment**

The NC had on 29 March 2016 reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each Director and effectiveness of the Board, including Independent Non-Executive Directors as well as Chairman and Group Managing Director, and Board Committees. Based on the assessment, the NC was satisfied with the existing Board composition and was of the view that all the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments carried out by the NC in the discharge of all its functions were properly documented.

### 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, *Independent Non-Executive Director* |
| Mary Geraldine Phipps | Member, *Senior Independent Non-Executive Director* |
| Law Cheng Lock | Member, *Independent Non-Executive Director* |
| Khaw Khoon Tee | Member, *Executive Chairman* |

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 stall 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.

## 2. STRENGTHEN COMPOSITION (CONT'D)

### 2.3 Directors' Remuneration (Cont'd)

The amounts of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements. The details of the nature and amount of each major element of the remuneration of each Director of the Company for the financial year ended 31 December 2015 are as follows:

| | Salaries & Bonuses RM | Fees RM | Benefits-in-kind and other emoluments RM | Total RM |
|---|---|---|---|---|
| Executive Directors | 1,516,000 | 43,200 | 196,379 | 1,755,579 |
| Non-Executive Directors | – | 108,800 | 20,000 | 128,800 |
| **Total** | **1,516,000** | **152,000** | **216,379** | **1,884,379** |

A breakdown of Directors' remuneration for the financial year ended 31 December 2015 in successive bands of RM50,000.00 are as follows:

| 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 | |

During the financial year, the RC met once which was attended by all its members. The RC had reviewed and recommended to the Board, the remuneration package for the Chairman, Group 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 Annual General Meeting ("AGM").

## 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.

## 3. REINFORCE INDEPENDENCE (CONT'D)

### 3.2 Tenure of Independent Directors

The Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the director's redesignation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The tenure of all the Independent Directors of the Company does not exceed the cumulative term of nine (9) years and hence, they may continue to serve on the Board in accordance to the Code.

### 3.3 Separation of Positions of the Chairman and Group Managing Director

There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure a balance of authority and power. The Board is led by Mr Khaw Khoon Tee as the Executive Chairman and the executive management is led by Mr Kelvin Khaw Seang Chuan, Group Managing Director.

The roles of the Chairman and the Group 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.

### 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 the Bursa Malaysia Securities Berhad Main Market Listing Requirement ("MMLR"). 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.

The Code states 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.

## 4. FOSTER COMMITMENT

### 4.1 Time Commitment and Continuing Education Programmes

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.

| Name | Attendance |
|---|---|
| **Executive Directors:** | |
| Khaw Khoon Tee | 5/5 |
| Khaw Seang Chuan | 5/5 |
| Khaw Choon Hoong | 5/5 |
| Khaw Choon Choon | 5/5 |
| | |
| **Non-Executive Directors:** | |
| Mary Geraldine Phipps | 5/5 |
| Leow Chan Khiang | 5/5 |
| Chan Wah Chong | 5/5 |
| Law Cheng Lock | 5/5 |

### 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 2015 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 2015, evaluated their own training needs on a continuous basis and attended the following trainings, conferences and seminars:

- KPMG Tax Summit 2015
- MFRS/FRS Update 2015/2016 by KPMG
- Understanding MPERS by MICPA
- Evening talk on "Current and upcoming accounting issues for Directors" by MICPA
- Roles and responsibilities of the Board and Board Committees by KPMG

## 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 30 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. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

### 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 33 to 35 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 Tenth 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 Board ensures that there is an on-going process of identifying, evaluating and managing the significant risks via the examination of principal business risks in critical areas, assessing the likelihood of material exposures and the identification of measures taken to mitigate, avoid or reduce these risks are undertaken by the Executive Directors and senior management through regular meetings held throughout the financial year. Kindly refer to pages 31 and 32 of the Annual Report on the Statement on Risk Management and Internal Control for more information.

### 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 33 to 35 of the Annual Report. The Statement of Risk Management and Internal Control furnished on pages 31 to 32 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 2015 was RM25,875.

## 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. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

### 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 Encourage Shareholder Participation at General Meetings

The Company recognises the importance of accountability to its shareholders through proper communication with them. The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least twenty-one (21) days prior to the scheduled AGM.

All shareholders are encouraged to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions on the resolutions being proposed and seek clarification on the business and performance of the Group.

### 8.2 Poll Voting

The Chairman of the general meeting would inform the shareholders, proxies and corporate representatives on their rights to demand for a poll vote at the commencement of the general meeting for any resolution in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions.

The voting process at each meeting shall be by way of show of hands unless a poll is demanded or specifically required. The Chairman may demand for a poll for any resolutions put forward for voting at the shareholders' meeting, if so required.

### 8.3 Effective Communication and Proactive Engagement

At the previous AGM, all directors were present in person to engage directly with the shareholders. The Chairman invited shareholders to raise questions before putting a resolution to vote. The Directors, management and external auditors were in attendance to respond to the shareholders' queries.

This Statement on Corporate Governance was approved in accordance with the resolution of the Board on 29 March 2016.

# CORPORATE SOCIAL RESPONSIBILITY

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.

## EMPLOYEE HEALTH AND SAFETY

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.

## ENVIRONMENTAL MANAGEMENT

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 our plastic packaging materials. The Group aims to produce plastic bags that serve multi-uses and support the environment friendly initiatives to reduce, reuse and recycle. The Group's internationally accredited food safety management system of ISO22000 demonstrates the Group's continuous commitments towards food safety management system for the manufacture of plastic films, printing and converting flexible packaging products for food, sanitary and hygiene bags.

## HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE WELFARE

One of the Group's key corporate responsibility initiatives is the development of human capital as our employees are our greatest asset. 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.

## 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 5,000 copies of newspapers distributed to selected destination (eg: 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 second 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.

# DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the requirement of the Companies Act, 1965 have been adhered to.

In preparing the financial statements, the Directors have applied consistently suitable accounting policies and have made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent fraud and other irregularities.

The Malaysian Code on Corporate Governance 2012 ("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 of Directors ("Board") continues with its commitment to maintain sound systems of risk management and internal control throughout SLP Resources Berhad and its subsidiaries ("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 Groups' 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.

## 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 UHY 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 2015, 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 29 March 2016.

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 be 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 with 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.

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.

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

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:

(a) changes in or implementation of major accounting policies;
(b) significant and unusual events;
(c) significant adjustments arising from the audit;
(d) the going concern assumption; and
(e) compliance with accounting standards and other legal requirements.

(x) 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.
(xi) any such other functions as may be authorised by the Board.

**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 summarizing 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 2015, a total of five (5) Audit Committee meetings were held. The details of attendance of each member of the Committee were as follows:

| Name | Attendance |
|---|---|
| Mary Geraldine Phipps | 5/5 |
| Leow Chan Khiang | 5/5 |
| Chan Wah Chong | 5/5 |
| Law Cheng Lock | 5/5 |

**Summary of Audit Committee Activities**

During the financial year ended 31 December 2015, the activities undertaken by the Committee included the following:

(i) reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December 2015 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 2015;
(iii) reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2015;
(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 2015;
(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 2015; and
(vii) reviewed of the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

**Internal Audit Function**

The Group has engaged the services of an independent professional accounting and consulting firm, Messrs UHY 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 UHY 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 29 March 2016.

# 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. **Share Buybacks**
   The Company does not have a share buy-back programme in place.

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

3. **Options or Convertible Securities**
   The Company does not have these schemes in place during the financial year.

4. **Depository Receipt Programme**
   The Company did not sponsor any Depository Receipt Programme during the financial year.

5. **Sanctions and/or Penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by relevant regulatory bodies during the financial year.

6. **Non-Audit Fees**
   During the financial year, the Group paid RM21,800 to a company related to the external auditors, Messrs KPMG for tax services rendered to the Group.

7. **Profit Estimate, Forecast, Projections**
   The Company did not release any profit estimate, forecast or projections for the financial year.

8. **Variation in results**
   There is no material variance (10% or more) between the audited results for the financial year and the unaudited results previously announced.

9. **Profit Guarantee**
   There were no profit guarantee received/given by the Company and its subsidiaries during the financial year.

10. **Recurrent Related Party Transactions of a Revenue or Trading Nature**
    During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

11. **Utilisation of Proceeds Raised from Proposal**
    During the financial year under review, there were no proceeds raised from corporate proposals.

12. **Employees Share Options Scheme**
    The Group did not offer any share scheme for employees during the financial year under review.

13. **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 RM25,875.

14. **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 page 26 of this Annual Report.

# Financial STATEMENTS

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 2015.

## 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.

## Results

| | Group RM | Company RM |
|---|---|---|
| Profit for the year attributable to owners of the Company | 27,249,559 | 11,090,441 |

## 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 Company:

i) paid a second interim dividend of 1 sen per ordinary share totalling RM2,473,333 in respect of the financial year ended 31 December 2014 on 3 April 2015;

ii) paid a first interim dividend of 1.5 sen per ordinary share totalling RM3,709,999 in respect of the financial year ended 31 December 2015 on 8 October 2015;

iii) paid a special dividend of 1.5 sen per ordinary share totalling RM3,709,999 in respect of the financial year ended 31 December 2015 on 8 January 2016; and

iv) declared a second interim dividend of 1.5 sen per ordinary share totalling RM3,709,999 in respect of the financial year ended 31 December 2015 on 23 February 2016.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2015.

## Directors of the Company

Directors who served since the date of the last report are:

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

## 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:

| | Number of ordinary shares of RM0.25 each | | | |
|---|---|---|---|---|
| | **At 1.1.2015** | **Bought** | **(Sold)** | **At 31.12.2015** |
| **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 | 37,990,170 | 173,000 | – | 38,163,170 |
| - 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 | 1,096,666 | 50,000 | – | 1,146,666 |
| Deemed interest in the Company: | | | | |
| - own | 98,933,333 | – | – | 98,933,333 |
| **Khaw Choon Choon** | | | | |
| Interest in the Company: | | | | |
| - own | 1,149,166 | 10,000 | – | 1,159,166 |
| **Leow Chan Khiang** | | | | |
| Interest in the Company: | | | | |
| - own | 116,666 | – | – | 116,666 |
| **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 134(12)(c) of the Companies Act, 1965.

### Directors' interests in shares (Cont'd)

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 2015 had any interest in the ordinary shares of the Company during the financial year.

### 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 emoluments received or due and receivable by Directors as shown in Notes 18 and 19 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.

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.

### 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.

## Other statutory information (Cont'd)

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.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

.......................................................
**Khaw Khoon Tee**

.......................................................
**Khaw Seang Chuan**

Penang,

Date : 29 March 2016

# STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

| | Note | Group 2015 RM | Group 2014 RM | Company 2015 RM | Company 2014 RM |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 3 | **52,253,811** | 49,070,116 | **–** | – |
| Intangible assets | 4 | **22,235** | 22,235 | **–** | – |
| Investments | 5 | **254,958** | 218,558 | **58,985,373** | 58,985,373 |
| **Total non-current assets** | | **52,531,004** | 49,310,909 | **58,985,373** | 58,985,373 |
| Inventories | 6 | **25,512,732** | 24,475,190 | **–** | – |
| Current tax assets | | **6,000** | 184,256 | **6,000** | 4,202 |
| Trade and other receivables | 7 | **36,116,704** | 33,100,739 | **6,528,000** | 5,353,000 |
| Derivative financial assets | 8 | **54,319** | – | **–** | – |
| Cash and cash equivalents | 9 | **26,719,558** | 13,386,766 | **4,021,957** | 337,483 |
| **Total current assets** | | **88,409,313** | 71,146,951 | **10,555,957** | 5,694,685 |
| **Total assets** | | **140,940,317** | 120,457,860 | **69,541,330** | 64,680,058 |
| **Equity** | | | | | |
| Share capital | 10 | **61,833,333** | 61,833,333 | **61,833,333** | 61,833,333 |
| Reserves | 11 | **51,980,092** | 34,587,464 | **3,936,297** | 2,739,187 |
| **Total equity attributable to owners of the Company** | | **113,813,425** | 96,420,797 | **65,769,630** | 64,572,520 |
| **Liabilities** | | | | | |
| Loans and borrowings | 12 | **–** | 758,184 | **–** | – |
| Deferred tax liabilities | 13 | **6,770,000** | 5,876,000 | **–** | – |
| **Total non-current liabilities** | | **6,770,000** | 6,634,184 | **–** | – |
| Loans and borrowings | 12 | **2,111,006** | 2,449,900 | **–** | – |
| Current tax liabilities | | **3,404,637** | 1,006,104 | **–** | – |
| Trade and other payables | 14 | **14,841,249** | 13,277,085 | **3,771,700** | 107,538 |
| Derivative financial liabilities | 8 | **–** | 669,790 | **–** | – |
| **Total current liabilities** | | **20,356,892** | 17,402,879 | **3,771,700** | 107,538 |
| **Total liabilities** | | **27,126,892** | 24,037,063 | **3,771,700** | 107,538 |
| **Total equity and liabilities** | | **140,940,317** | 120,457,860 | **69,541,330** | 64,680,058 |

The notes on pages 48 to 92 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2015 RM | 2014 RM | 2015 RM | 2014 RM |
| Revenue | 15 | **172,431,760** | 174,443,968 | **11,375,000** | 5,350,000 |
| Changes in work-in- progress and manufactured inventories | | **(893,614)** | (840,806) | **–** | – |
| Raw materials and consumables used | | **(117,972,565)** | (135,272,064) | **–** | – |
| Employee benefits expenses | 16 | **(9,485,362)** | (9,367,999) | **–** | – |
| Depreciation | 3 | **(3,856,584)** | (4,227,573) | **–** | – |
| Other expenses | | **(12,433,361)** | (10,739,409) | **(296,697)** | (274,193) |
| Other income | | **7,081,979** | 1,061,575 | **16,128** | 44,462 |
| **Results from operating activities** | | **34,872,253** | 15,057,692 | **11,094,431** | 5,120,269 |
| Finance costs | 17 | **(31,319)** | (84,713) | **–** | – |
| **Profit before tax** | 18 | **34,840,934** | 14,972,979 | **11,094,431** | 5,120,269 |
| Tax expense | 20 | **(7,591,375)** | (2,816,734) | **(3,990)** | (11,745) |
| **Profit for the year** | | **27,249,559** | 12,156,245 | **11,090,441** | 5,108,524 |
| **Other comprehensive income/ (expense), net of tax** | | | | | |
| **Item that is or may be reclassified subsequently to profit or loss** | | | | | |
| - Fair value of available -for-sale financial assets | | **36,400** | (29,400) | **–** | – |
| **Total other comprehensive income/(expense) for the year, net of tax** | | **36,400** | (29,400) | **–** | – |
| **Total comprehensive income for the year attributable to owners of the Company** | | **27,285,959** | 12,126,845 | **11,090,441** | 5,108,524 |
| **Basic earnings per ordinary share (sen)** | 21 | **11.02** | 4.91 | **–** | – |

The notes on pages 48 to 92 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUTIY

for the year ended 31 December 2015

| | Note | ← *Attributable to owners of the Company* | | | → |
|---|---|---|---|---|---|
| | | *Non-distributable* | | *Distributable* | |
| | Note | Share capital | Fair value reserve | Retained earnings | Total equity |
| | | RM | RM | RM | RM |
| **Group** | | | | | |
| **At 1 January 2014** | | 61,833,333 | 37,600 | 27,369,685 | 89,240,618 |
| Fair value of available-for-sale financial assets | | – | (29,400) | – | (29,400) |
| Total other comprehensive expense for the year | | – | (29,400) | – | (29,400) |
| Profit for the year | | – | – | 12,156,245 | 12,156,245 |
| **Total comprehensive (expense) /income for the year** | | – | (29,400) | 12,156,245 | 12,126,845 |
| *Distributions to owners of the Company* | | | | | |
| Dividends to owners of the Company | 22 | – | – | (4,946,666) | (4,946,666) |
| **Total transactions with owners of the Company** | | – | – | (4,946,666) | (4,946,666) |
| **At 31 December 2014** | | 61,833,333 | 8,200 | 34,579,264 | 96,420,797 |
| **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** |
| *Distributions to owners of the Company* | | | | | |
| Dividends to owners of the Company | 22 | **–** | **–** | **(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** |

The notes on pages 48 to 92 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUTIY

for the year ended 31 December 2015

| | Note | Share capital RM | *Distributable* Retained earnings RM | Total equity RM |
|---|---|---|---|---|
| **Company** | | | | |
| **At 1 January 2014** | | 61,833,333 | 2,577,329 | 64,410,662 |
| Profit/Total comprehensive income for the year | | – | 5,108,524 | 5,108,524 |
| *Distributions to owners of the Company* | | | | |
| Dividends to owners of the Company | 22 | – | (4,946,666) | (4,946,666) |
| **Total transactions with owners of the Company** | | – | (4,946,666) | (4,946,666) |
| **At 31 December 2014/1 January 2015** | | **61,833,333** | **2,739,187** | **64,572,520** |
| Profit/Total comprehensive income for the year | | **–** | **11,090,441** | **11,090,441** |
| *Distributions to owners of the Company* | | | | |
| Dividends to owners of the Company | 22 | **–** | **(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** | **3,936,297** | **65,769,630** |

The notes on pages 48 to 92 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

| | Note | Group 2015 RM | Group 2014 RM | Company 2015 RM | Company 2014 RM |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before tax | | **34,840,934** | 14,972,979 | **11,094,431** | 5,120,269 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 3 | **3,856,584** | 4,227,573 | **–** | – |
| Gain on disposal of plant and equipment | | **(10,999)** | (67,999) | **–** | – |
| Plant and equipment written off | | **10** | 25 | **–** | – |
| Dividend income | | **(3,200)** | (4,000) | **(11,375,000)** | (5,350,000) |
| Finance costs | 17 | **31,319** | 84,713 | **–** | – |
| Finance income | | **(124,771)** | (101,299) | **(16,128)** | (44,462) |
| **Operating profit/(loss) before changes in working capital** | | **38,589,877** | 19,111,992 | **(296,697)** | (274,193) |
| Changes in working capital: | | | | | |
| Inventories | | **(1,037,542)** | (1,301,454) | **–** | – |
| Trade and other receivables and other financial assets | | **(3,070,284)** | (13,020) | **–** | 7,140 |
| Trade and other payables and other financial liabilities | | **(2,815,625)** | (1,042,893) | **(45,837)** | 39,486 |
| **Cash generated from/(used in) operations** | | **31,666,426** | 16,754,625 | **(342,534)** | (227,567) |
| Dividends received | | **–** | – | **10,200,000** | 2,850,000 |
| Tax paid | | **(4,120,586)** | (2,954,109) | **(5,788)** | (10,000) |
| **Net cash from operating activities** | | **27,545,840** | 13,800,516 | **9,851,678** | 2,612,433 |
| **Cash flows from investing activities** | | | | | |
| Acquisition of property, plant and equipment | 3 | **(7,040,290)** | (1,029,367) | **–** | – |
| Proceeds from disposal of plant and equipment | | **11,000** | 68,000 | **–** | – |
| Dividend received | | **3,200** | 4,000 | **–** | – |
| Interest received | | **124,771** | 101,299 | **16,128** | 44,462 |
| **Net cash (used in)/from investing activities** | | **(6,901,319)** | (856,068) | **16,128** | 44,462 |

| | Note | Group 2015 RM | Group 2014 RM | Company 2015 RM | Company 2014 RM |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| (Repayment)/Drawdown of: | | | | | |
| - bank loans, net | | **(1,277,078)** | (3,205,385) | **–** | – |
| - other bank borrowings, net | | **180,000** | 200,000 | **–** | – |
| Dividends paid to owners of the Company | | **(6,183,332)** | (4,946,666) | **(6,183,332)** | (4,946,666) |
| Interest paid | | **(31,319)** | (84,713) | **–** | – |
| **Net cash used in financing activities** | | **(7,311,729)** | (8,036,764) | **(6,183,332)** | (4,946,666) |
| Net increase/(decrease) in cash and cash equivalents | | **13,332,792** | 4,907,684 | **3,684,474** | (2,289,771) |
| Cash and cash equivalents at 1 January | | **13,386,766** | 8,479,082 | **337,483** | 2,627,254 |
| **Cash and cash equivalents at 31 December** | A | **26,719,558** | 13,386,766 | **4,021,957** | 337,483 |

**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 :

| | Note | Group 2015 RM | Group 2014 RM | Company 2015 RM | Company 2014 RM |
|---|---|---|---|---|---|
| Short term deposits with licensed banks | 9 | **7,000,000** | 5,037,760 | **2,000,000** | 300,000 |
| Cash and bank balances | 9 | **19,719,558** | 8,349,006 | **2,021,957** | 37,483 |
| | | **26,719,558** | 13,386,766 | **4,021,957** | 337,483 |

The notes on pages 48 to 92 are an integral part of these financial statements.

# 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 2015 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 29 March 2016.

## 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 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

***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*

## 1. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

***MFRSs, Interpretations and amendments effective for 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*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 as applicable.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018 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.

### (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.

### (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.

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.

## 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 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.

### (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 at 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.

## 2. Significant accounting policies (Cont'd)

### (c) Financial instruments (Cont'd)

#### *(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)).

***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.

## 2. Significant accounting policies (Cont'd)

### (c) Financial instruments (Cont'd)

#### *(ii) Financial instrument categories and subsequent measurement (Cont'd)*

***Financial liabilities (Cont'd)***

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.

## 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.

## 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.

## 2. Significant accounting policies (Cont'd)

### (f) Intangible assets (Cont'd)

***(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.

***(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.

## 2. Significant accounting policies (Cont'd)

### (i) Impairment (Cont'd)

#### *(i) Financial assets (Cont'd)*

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.

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.

## 2. Significant accounting policies (Cont'd)

### (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.

### (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.

## 2. Significant accounting policies (Cont'd)

### (m) Revenue and other income (Cont'd)

#### *(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.

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.

## 2. Significant accounting policies (Cont'd)

### (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.

#### *(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.

## 3. Property, plant and equipment – Group

| | 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 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2014 | | 13,934,476 | 18,754,429 | 119,000 | 75,064,170 | 1,311,123 | 3,758,639 | 112,941,837 |
| Additions | | – | – | – | 1,022,417 | 6,950 | – | 1,029,367 |
| Written off | | – | – | – | – | (35,662) | – | (35,662) |
| Disposal | | – | – | – | – | – | (462,558) | (462,558) |
| At 31 December 2014/ 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 | | **13,144,685** | **18,754,429** | **119,000** | **83,652,388** | **1,347,567** | **3,260,879** | **120,278,948** |

## 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 2014 | | 1,306,496 | 2,811,132 | 12,894 | 53,044,028 | 1,181,673 | 2,317,266 | 60,673,489 |
| Depreciation for the year | | 181,146 | 417,229 | 2,380 | 3,101,977 | 64,490 | 460,351 | 4,227,573 |
| Written off | | – | – | – | – | (35,637) | – | (35,637) |
| Disposal | | – | – | – | – | – | (462,557) | (462,557) |
| At 31 December 2014/ 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 | | **1,648,184** | **3,645,590** | **17,654** | **58,886,223** | **1,248,353** | **2,579,133** | **68,025,137** |
| **Carrying amounts** | | | | | | | | |
| At 1 January 2014 | | 12,627,980 | 15,943,297 | 106,106 | 22,020,142 | 129,450 | 1,441,373 | 52,268,348 |
| At 31 December 2014/ 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 | | **11,496,501** | **15,108,839** | **101,346** | **24,766,165** | **99,214** | **681,746** | **52,253,811** |

## 3. Property, plant and equipment – Group (Cont'd)

### *3.1 Long term leasehold land*

In 2015, 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 RM3,748,926 as of 31 December 2015 (2014 : RM4,126,969) are charged to banks as security for loans granted to the subsidiaries of the Company (see Note 12).

## 4. Intangible assets – Group

| | Goodwill RM | Development costs RM | Total RM |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2014/31 December 2014/ 1 January 2015/31 December 2015 | 11,330 | 996,882 | 1,008,212 |
| **Amortisation and impairment loss** | | | |
| At 1 January 2014/31 December 2014/ 1 January 2015/31 December 2015 | – | **985,977** | **985,977** |
| **Carrying amounts** | | | |
| At 1 January 2014 | 11,330 | 10,905 | 22,235 |
| At 31 December 2014/1 January 2015 | 11,330 | 10,905 | 22,235 |
| At 31 December 2015 | **11,330** | **10,905** | **22,235** |

***Development costs***

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

## 5. Investments

Investments comprise the following:

### *(i) Investment in subsidiaries*

| | Company 2015 RM | 2014 RM |
|---|---|---|
| Unquoted shares, at cost | **58,985,373** | 58,985,373 |

## 5. Investments (Cont'd)

Details of the subsidiaries are as follows:

| Name of subsidiaries | Effective ownership interest and voting interest | | Principal activities |
|---|---|---|---|
| | 2015 | 2014 | |
| | % | % | |
| 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 |

All the subsidiaries are incorporated in Malaysia.

***(ii) Other investments***

| | Group Investment in shares | | |
|---|---|---|---|
| | Unquoted RM | Quoted RM | Total RM |
| **2015** | | | |
| Available-for-sale financial assets | **109,558** | **145,400** | **254,958** |
| Representing items: | | | |
| At cost | **109,558** | **–** | **109,558** |
| At fair value | **–** | **145,400** | **145,400** |
| | **109,558** | **145,400** | **254,958** |
| Market value of quoted shares | **–** | **145,400** | **145,400** |
| **2014** | | | |
| Available-for-sale financial assets | 109,558 | 109,000 | 218,558 |
| Representing items: | | | |
| At cost | 109,558 | – | 109,558 |
| At fair value | – | 109,000 | 109,000 |
| | 109,558 | 109,000 | 218,558 |
| Market value of quoted shares | – | 109,000 | 109,000 |

## 6. Inventories – Group

| | Note | 2015 RM | 2014 RM |
|---|---|---|---|
| Raw materials | | **15,778,884** | 13,847,728 |
| Work-in-progress | | **5,762,879** | 7,654,140 |
| Manufactured inventories | | **3,970,969** | 2,973,322 |
| | | **25,512,732** | 24,475,190 |
| Recognised in profit or loss: | | | |
| Write-down to net realisable value | 6.1 | **181,000** | 176,000 |

6.1 The write-down is included in cost of sales.

## 7. Trade and other receivables

| | Note | 2015 RM | 2014 RM |
|---|---|---|---|
| **Group** | | | |
| **Trade** | | | |
| Trade receivables | | **34,853,488** | 32,762,432 |
| **Non-trade** | | | |
| Other receivables | 7.1 | **1,154,097** | 193,437 |
| Deposits | | **62,174** | 55,125 |
| Prepayments | | **46,945** | 89,745 |
| | | **1,263,216** | 338,307 |
| | | **36,116,704** | 33,100,739 |
| **Company** | | | |
| **Non-trade** | | | |
| Deposits | | **3,000** | 3,000 |
| Dividends receivable from subsidiaries | | **6,525,000** | 5,350,000 |
| | | **6,528,000** | 5,353,000 |

### *7.1 Other receivables*

Included in other receivables of the Group is goods and services tax ("GST") receivables amounting to RM866,571 (2014 : RM Nil).

## 8. Derivative financial assets/(liabilities) – Group

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Nominal value RM | Assets RM | Nominal value RM | Liabilities RM |
| Derivatives held for trading at fair value through profit or loss | | | | |
| - Forward exchange contracts | **13,739,200** | **54,319** | 9,440,550 | (669,790) |

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies 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.

## 9. Cash and cash equivalents

| | 2015 RM | 2014 RM |
|---|---|---|
| **Group** | | |
| Short term deposits with licensed banks | **7,000,000** | 5,037,760 |
| Cash and bank balances | **19,719,558** | 8,349,006 |
| | **26,719,558** | 13,386,766 |
| **Company** | | |
| Short term deposits with a licensed bank | **2,000,000** | 300,000 |
| Cash and bank balances | **2,021,957** | 37,483 |
| | **4,021,957** | 337,483 |

## 10. Share capital – Group/Company

| | Amount RM | Number of shares |
|---|---|---|
| Ordinary shares of RM0.25 each | | |
| Authorised: | | |
| Balance at 1 January 2014/31 December 2014/ 1 January 2015/31 December 2015 | 100,000,000 | 400,000,000 |
| Issued and fully paid classified as equity instruments : | | |
| Balance at 1 January 2014/31 December 2014/ 1 January 2015/31 December 2015 | 61,833,333 | 247,333,333 |

## 11. Reserves

| | Note | 2015 RM | 2014 RM |
|---|---|---|---|
| **Group** | | | |
| ***Non-distributable*** | | | |
| Fair value reserve | 11.1 | **44,600** | 8,200 |
| ***Distributable*** | | | |
| Retained earnings | | **51,935,492** | 34,579,264 |
| | | **51,980,092** | 34,587,464 |
| **Company** | | | |
| ***Distributable*** | | | |
| Retained earnings | | **3,936,297** | 2,739,187 |

Movements in reserves are shown in statements of changes in equity.

***11.1 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. Loans and borrowings – Group

| | 2015 RM | 2014 RM |
|---|---|---|
| **Non-current:** | | |
| Secured: | | |
| Bank loan | **–** | 758,184 |
| **Current:** | | |
| Secured: | | |
| Bank loan | **931,006** | 1,449,900 |
| Bankers' acceptance | **1,180,000** | 1,000,000 |
| | **2,111,006** | 2,449,900 |

***12.1 Securities***

The loans and borrowings are secured against the debentures or fixed charges over certain machineries of the Group (Note 3.1).

## 13. Deferred tax liabilities – Group

The recognised deferred tax liabilities are as following:

| | 2015<br>RM | 2014<br>RM |
|---|---|---|
| Property, plant and equipment | **6,136,000** | 5,758,000 |
| Others | **634,000** | 118,000 |
| | **6,770,000** | 5,876,000 |

Movement in temporary differences during the year are as follows:

| | At 1 January 2014<br>RM | Recognised in profit or loss (Note 20)<br>RM | At 31 December 2014/ 1 January 2015<br>RM | Recognised in profit or loss (Note 20)<br>RM | At 31 December 2015<br>RM |
|---|---|---|---|---|---|
| Unutilised reinvestment allowances | 528,000 | (528,000) | – | – | **–** |
| Property, plant and equipment - capital allowances | (6,158,100) | 400,100 | (5,758,000) | (378,000) | **(6,136,000)** |
| Others | (71,900) | (46,100) | (118,000) | (516,000) | **(634,000)** |
| | (5,702,000) | (174,000) | (5,876,000) | (894,000) | **(6,770,000)** |

## 14. Trade and other payables

| | Note | 2015<br>RM | 2014<br>RM |
|---|---|---|---|
| **Group** | | | |
| **Trade** | | | |
| Trade payables | | **9,179,057** | 9,417,487 |
| **Non-trade** | | | |
| Other payables | | **1,078,077** | 2,951,531 |
| Accrued expenses | | **874,116** | 908,067 |
| Dividend payable | | **3,709,999** | – |
| | | **5,662,192** | 3,859,598 |
| | | **14,841,249** | 13,277,085 |

## 14. Trade and other payables (Cont'd)

| | Note | 2015 RM | 2014 RM |
|---|---|---|---|
| **Company** | | | |
| **Non-trade** | | | |
| Amount due to a subsidiary | 14.1 | **–** | 43,338 |
| Accrued expenses | | **61,701** | 64,200 |
| Dividend payable | | **3,709,999** | – |
| | | **3,771,700** | 107,538 |

### 14.1 Amount due to a subsidiary

The non-trade amount due to a subsidiary was unsecured, interest free and repayable on demand.

## 15. Revenue

**Group**

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

**Company**

Revenue represents dividend income received from its subsidiaries.

## 16. Employee benefits expenses – Group

Employee benefits expenses of the Group include contributions to the Employees' Provident Fund of RM423,728 (2014 : RM411,728).

Included in employee benefits expenses of the Group is Executive Directors' remuneration as disclosed in Note 19.

## 17. Finance costs – Group

| | 2015 RM | 2014 RM |
|---|---|---|
| Interest paid and payable: | | |
| Term loan | **26,153** | 44,772 |
| Bankers' acceptance | **5,166** | 21,492 |
| Onshore foreign currency loan | **–** | 18,449 |
| | **31,319** | 84,713 |

## 18. Profit before tax

Profit before tax has been arrived at:

| | Group 2015 RM | Group 2014 RM | Company 2015 RM | Company 2014 RM |
|---|---|---|---|---|
| After charging: | | | | |
| Auditors' remuneration | | | | |
| - statutory audit fees | **82,000** | 78,000 | **21,000** | 21,000 |
| - non-audit fees | | | | |
| - KPMG Malaysia | **6,000** | 5,000 | **5,000** | 5,000 |
| - Local affiliate of KPMG Malaysia | **21,800** | 131,800 | **2,500** | 2,500 |
| - under provision in prior year | **6,000** | – | **–** | – |
| Directors' emoluments | | | | |
| - Directors of the Company | | | | |
| - fees | **152,000** | 140,333 | **108,800** | 97,133 |
| - remuneration | **1,676,780** | 1,618,360 | **25,000** | 14,080 |
| Rental of premises | **3,000** | 3,900 | **–** | – |
| Impairment loss on trade receivable | **90,419** | – | **–** | – |
| Plant and equipment written off | **10** | 25 | **–** | – |
| Inventories written down (Note 6) | **181,000** | 176,000 | **–** | – |
| and after crediting: | | | | |
| Rental income from premises | **57,136** | 40,004 | **–** | – |
| Dividend income from: | | | | |
| - quoted shares in Malaysia | **3,200** | 4,000 | **–** | – |
| - subsidiaries (unquoted) | **–** | – | **11,375,000** | 5,350,000 |
| Gain on foreign exchange | | | | |
| - realised (net) | **3,568,751** | 479,744 | **–** | – |
| - unrealised (net) | **2,392,616** | 355,487 | **–** | – |
| Finance income | **124,771** | 101,299 | **16,128** | 44,462 |
| Gain on disposal of plant and equipment | **10,999** | 67,999 | **–** | – |

## 19. Key management personnel compensations

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM | RM | RM | RM |
| Directors of the Company | | | | |
| - fees | **152,000** | 140,333 | **108,800** | 97,133 |
| - remunerations | **1,676,780** | 1,618,360 | **25,000** | 14,080 |
| Total short-term employee benefits | **1,828,780** | 1,758,693 | **133,800** | 111,213 |

The estimated monetary value of Directors' benefits-in-kind of the Group is RM55,600 (2014 : RM59,100).

## 20. Tax expense

**Recognised in profit or loss**

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM | RM | RM | RM |
| Income tax expense on continuing operations | **7,591,375** | 2,816,734 | **3,990** | 11,745 |

Major components of income tax expense include:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM | RM | RM | RM |
| **Current tax expense** | | | | |
| - Current year | **6,737,000** | 3,118,624 | **4,000** | 10,624 |
| - Prior year | **(39,625)** | (475,890) | **(10)** | 1,121 |
| Total current tax recognised in profit or loss | **6,697,375** | 2,642,734 | **3,990** | 11,745 |
| **Deferred tax expense** | | | | |
| - Origination and reversal of temporary differences | **1,103,000** | 206,000 | **–** | – |
| - Prior year | **(209,000)** | (32,000) | **–** | – |
| Total deferred tax recognised in profit or loss | **894,000** | 174,000 | **–** | – |
| Total income tax expense | **7,591,375** | 2,816,734 | **3,990** | 11,745 |

## 20. Tax expense (Cont'd)

**Reconciliation of tax expense**

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **RM** | **RM** | **RM** | **RM** |
| Profit for the year | **27,249,559** | 12,156,245 | **11,090,441** | 5,108,524 |
| Total income tax expense | **7,591,375** | 2,816,734 | **3,990** | 11,745 |
| Profit excluding tax | **34,840,934** | 14,972,979 | **11,094,431** | 5,120,269 |
| Income tax calculated using Malaysian tax rate of 25% (2014 : 25%) | **8,710,234** | 3,743,245 | **2,773,608** | 1,280,067 |
| Non-deductible expenses | **311,040** | 81,515 | **74,142** | 68,057 |
| Tax incentives | **(1,132,852)** | (363,518) | **–** | – |
| Non-taxable income | **(800)** | (1,000) | **(2,843,750)** | (1,337,500) |
| Effect of changes in tax rates | **(47,339)** | (165,350) | **–** | – |
| Other items | **(283)** | 29,732 | **–** | – |
| (Over)/Under provided in prior year | **(248,625)** | (507,890) | **(10)** | 1,121 |
| Income tax expense | **7,591,375** | 2,816,734 | **3,990** | 11,745 |

## 21. 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 RM27,249,559 (2014 : RM12,156,245) and on the weighted average number of ordinary shares outstanding during the financial year of 247,333,333 (2014 : 247,333,333).

***Diluted earnings per ordinary shares***

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

## 22. Dividends – Group and Company

Dividends recognised by the Company are:

| | Sen per share | Total amount RM | Date of payment |
|---|---|---|---|
| **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 | | **9,893,331** | |

## 22. Dividends – Group and Company (Cont'd)

| | Sen per share | Total amount RM | Date of payment |
|---|---|---|---|
| **2014** | | | |
| Final 2013 ordinary | 1.00 | 2,473,333 | 18 July 2014 |
| First interim 2014 ordinary | 1.00 | 2,473,333 | 17 October 2014 |
| Total amount | | 4,946,666 | |

After the end of the reporting period, the following dividend was declared on 23 February 2016 and will be recognised in subsequent financial period.

| | Sen per share | Total amount RM |
|---|---|---|
| Second interim 2015 ordinary | 1.50 | 3,709,999 |

## 23. 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.

**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 |
|---|---|---|
| **Geographical information** | | |
| **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** | **–** |
| | **172,431,760** | **52,276,046** |

## 23. Operating segments – Group (Cont'd)

**Geographical segments (Cont'd)**

| | Revenue<br>RM | Non-current assets<br>RM |
|---|---|---|
| **Geographical information (Cont'd)** | | |
| **2014** | | |
| Malaysia | 94,176,993 | 49,092,351 |
| Japan | 53,629,621 | – |
| European countries | 6,017,830 | – |
| Australia | 10,140,021 | – |
| Other countries | 10,479,503 | – |
| | 174,443,968 | 49,092,351 |

**Major customer**

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

| | Revenue<br>2015<br>RM | <br>2014<br>RM |
|---|---|---|
| Customer A | **24,624,201** | 19,760,999 |

## 24. Contingent liabilities, unsecured – Company

**Continuing financial support**

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their financial obligation as and when they fall due.

**Corporate guarantees**

The Company has issued corporate guarantees to financial institutions for banking facilities granted to its subsidiaries up to a limit of RM85,400,000 (2014 : RM79,800,000) of which RM8,300,000 (2014 : RM6,900,000) were utilised as at the end of the reporting period.

## 25. 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.

## 25. Related parties (Cont'd)

**Identity of related parties (Cont'd)**

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 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 19 to the financial statements, are shown below. The balances related to the below transactions are disclosed in Note 7 to the financial statements.

| | Company | |
|---|---|---|
| | 2015 | 2014 |
| | RM | RM |
| **Subsidiaries** | | |
| Dividends received/receivable | **11,375,000** | 5,350,000 |

## 26. Financial instruments

### 26.1 Categories of financial instruments

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

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

| | Carrying amount | L&R | FVTPL -HFT | AFS |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| **Group** | | | | |
| **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** | – | – |
| | **62,232,023** | **61,922,746** | **54,319** | **254,958** |

## 26. Financial instruments (Cont'd)

### 26.1 Categories of financial instruments (Cont'd)

| | Carrying amount RM | L&R RM | FVTPL -HFT RM | AFS RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2014** | | | | |
| **Financial assets** | | | | |
| Other investments | 218,558 | – | – | 218,558 |
| Trade and other receivables, excluding prepayments | 33,010,994 | 33,010,994 | – | – |
| Cash and cash equivalents | 13,386,766 | 13,386,766 | – | – |
| | 46,616,318 | 46,397,760 | – | 218,558 |

| | Carrying amount RM | L&R RM | AFS RM |
|---|---|---|---|
| **Company** | | | |
| **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** | **–** |
| | **10,549,957** | **10,549,957** | **–** |
| **2014** | | | |
| **Financial assets** | | | |
| Trade and other receivables, excluding prepayments | 5,353,000 | 5,353,000 | – |
| Cash and cash equivalents | 337,483 | 337,483 | – |
| | 5,690,483 | 5,690,483 | – |

## 26. Financial instruments (Cont'd)

### 26.1 Categories of financial instruments (Cont'd)

| | Carrying amount RM | FL RM | FVTPL - HFT RM |
|---|---|---|---|
| **Group** | | | |
| **2015** | | | |
| **Financial liabilities** | | | |
| Loans and borrowings | **2,111,006** | **2,111,006** | **–** |
| Trade and other payables | **14,841,249** | **14,841,249** | **–** |
| | **16,952,255** | **16,952,255** | **–** |
| **2014** | | | |
| **Financial liabilities** | | | |
| Loans and borrowings | 3,208,084 | 3,208,084 | – |
| Trade and other payables | 13,277,085 | 13,277,085 | – |
| Derivative financial liabilities | 669,790 | – | 669,790 |
| | 17,154,959 | 16,485,169 | 669,790 |

| | Carrying amount RM | FL RM |
|---|---|---|
| **Company** | | |
| **2015** | | |
| **Financial liabilities** | | |
| Trade and other payables | **3,771,700** | **3,771,700** |
| **2014** | | |
| **Financial liabilities** | | |
| Trade and other payables | 107,538 | 107,538 |

## 26. Financial instruments (Cont'd)

### 26.2 Net gains and losses arising from financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM | RM | RM | RM |
| Net gains/(losses) on: | | | | |
| Fair value through profit or loss: | | | | |
| - held for trading | **724,109** | (489,843) | **–** | – |
| Available-for-sale financial assets | | | | |
| - recognised in other comprehensive income/(expense) | **36,400** | (29,400) | **–** | – |
| Loans and receivables | **5,350,623** | 1,544,515 | **16,128** | 44,462 |
| Financial liabilities measured at amortised cost | **(110,332)** | (202,855) | **–** | – |
| | **6,000,800** | 822,417 | **16,128** | 44,462 |

### 26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

### 26.4 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.

## 26. Financial instruments (Cont'd)

### 26.4 Credit risk (Cont'd)

**Trade receivables (Cont'd)**

*Exposure to credit risk, credit quality and collateral (Cont'd)*

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

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **RM** | **RM** |
| Domestic | **13,821,561** | 16,847,750 |
| Japan | **12,577,929** | 11,445,913 |
| Australia | **5,729,640** | 2,096,020 |
| European countries | **822,604** | 1,048,923 |
| Others | **1,901,754** | 1,323,826 |
| | **34,853,488** | 32,762,432 |

*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 | Individual impairment | Net |
|---|---|---|---|
| | **RM** | **RM** | **RM** |
| **Group** | | | |
| **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** |
| **2014** | | | |
| Not past due | 19,288,153 | – | 19,288,153 |
| Past due 0 - 30 days | 8,418,257 | – | 8,418,257 |
| Past due 31 - 120 days | 2,130,120 | – | 2,130,120 |
| Past due more than 120 days | 2,925,902 | – | 2,925,902 |
| | 32,762,432 | – | 32,762,432 |

## 26. Financial instruments (Cont'd)

### 26.4 Credit risk (Cont'd)

**Trade receivables (Cont'd)**

*Impairment losses (Cont'd)*

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

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **RM** | **RM** |
| At 1 January | **–** | – |
| Impairment loss recognised | **90,419** | – |
| At 31 December | **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.

*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 RM8,300,000 (2014 : RM6,900,000) 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.

## 26. Financial instruments (Cont'd)

### 26.5 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.

## 26. Financial instruments (Cont'd)

### 26.5 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:

| | 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 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2015** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| 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 | – | – | – |
| *Derivative financial liabilities/(assets)* | | | | | | | |
| 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 | – | – | – |

## 26. Financial instruments (Cont'd)

### 26.5 Liquidity risk (Cont'd)

**Maturity analysis (Cont'd)**

| | 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 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2014** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Secured bankers' acceptance | 1,000,000 | 3.91 | 1,022,754 | 1,022,754 | – | – | – |
| Secured bank loan - USD | 2,208,084 | 1.60 | 2,236,430 | 1,474,597 | 761,833 | – | – |
| Trade and other payables | 13,277,085 | – | 13,277,085 | 13,277,085 | – | – | – |
| | 16,485,169 | | 16,536,269 | 15,774,436 | 761,833 | – | – |
| *Derivative financial liabilities* | | | | | | | |
| Forward exchange contracts (gross settled): | | | | | | | |
| - outflow | 669,790 | – | 10,110,340 | 10,110,340 | – | – | – |
| - inflow | – | – | (9,440,550) | (9,440,550) | – | – | – |
| | 17,154,959 | | 17,206,059 | 16,444,226 | 761,833 | – | – |

## 26. Financial instruments (Cont'd)

### 26.5 Liquidity risk (Cont'd)

**Maturity analysis (Cont'd)**

| | 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 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2015** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Other payables | **3,771,700** | **–** | **3,771,700** | **3,771,700** | **–** | **–** | **–** |
| Financial guarantees | **–** | **–** | **8,300,000** | **8,300,000** | **–** | **–** | **–** |
| | **3,771,700** | | **12,071,700** | **12,071,700** | **–** | **–** | **–** |
| **2014** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Other payables | 107,538 | – | 107,538 | 107,538 | – | – | – |
| Financial guarantees | – | – | 6,900,000 | 6,900,000 | – | – | – |
| | 107,538 | | 7,007,538 | 7,007,538 | – | – | – |

## 26. Financial instruments (Cont'd)

### 26.6 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.

### 26.6.1 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 U.S. Dollar (USD), Japanese Yen (JPY), European Dollar (EURO) and Thai Baht (THB).

*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 | |
|---|---|---|
| | USD<br>RM | JPY<br>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** |

## 26. Financial instruments (Cont'd)

### 26.6 Market risk (Cont'd)

### 26.6.1 Currency risk (Cont'd)

*Exposure to foreign currency risk (Cont'd)*

| | Denominated in | | | |
|---|---|---|---|---|
| | **USD** | **JPY** | **EURO** | **THB** |
| | **RM** | **RM** | **RM** | **RM** |
| **Group** | | | | |
| **2014** | | | | |
| Trade receivables | 15,914,682 | – | – | – |
| Cash and cash equivalents | 7,833,840 | 250,133 | – | 83 |
| Forward exchange contracts | 10,110,340 | – | – | – |
| Secured bank loans | (2,208,084) | – | – | – |
| Trade and other payables | (930,502) | – | (21,978) | – |
| **Net exposure** | 30,720,276 | 250,133 | (21,978) | 83 |

*Currency risk sensitivity analysis*

A 10% (2014 : 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 | |
|---|---|---|
| | **2015** | **2014** |
| | **RM** | **RM** |
| **Group** | | |
| USD | **(4,038,056)** | (2,304,021) |
| JPY | **(21,295)** | (18,760) |
| EURO | **–** | 1,648 |
| THB | **–** | (6) |

A 10% (2014 : 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.

## 26. Financial instruments (Cont'd)

### 26.6 Market risk (Cont'd)

### 26.6.2 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-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

| | 2015<br>RM | 2014<br>RM |
|---|---|---|
| **Group** | | |
| **Fixed rate instruments** | | |
| Financial assets | **7,000,000** | 5,037,760 |
| Financial liabilities | **(1,180,000)** | (1,000,000) |
| | **5,820,000** | 4,037,760 |
| **Floating rate instruments** | | |
| Financial liabilities | **(931,006)** | (2,208,084) |
| **Company** | | |
| **Fixed rate instruments** | | |
| Financial assets | **2,000,000** | 300,000 |

## 26. Financial instruments (Cont'd)

### 26.6 Market risk (Cont'd)

### 26.6.2 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** | **100 bp decrease** |
| | **RM** | **RM** |
| **Group** | | |
| **2015** | | |
| Floating rate instruments | **(6,983)** | **6,983** |
| **2014** | | |
| Floating rate instruments | (16,561) | 16,561 |

## 26. Financial instruments (Cont'd)

### 26.7 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 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Group** | | | | | | | | | | |
| **2015** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Quoted shares | 145 | – | – | 145 | – | – | – | – | 145 | 145 |
| Unquoted shares | – | – | – | – | – | – | – | – | # | 110 |
| Forward exchange contracts | – | 54 | – | 54 | – | – | – | – | 54 | 54 |
| | 145 | 54 | – | 199 | – | – | – | – | 199 | 309 |
| **Financial liabilities** | | | | | | | | | | |
| Bank loans | – | – | – | – | – | – | (931) | (931) | (931) | (931) |
| | – | – | – | – | – | – | (931) | (931) | (931) | (931) |

## 26. Financial instruments (Cont'd)

### 26.7 Fair value information (Cont'd)

| | 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 | RM'000 |
| **Group** | | | | | | | | | | |
| **2014** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Quoted shares | 109 | – | – | 109 | – | – | – | – | 109 | 109 |
| Unquoted shares | – | – | – | – | – | – | – | – | # | 110 |
| | 109 | – | – | 109 | – | – | – | – | 109 | 219 |
| **Financial liabilities** | | | | | | | | | | |
| Forward exchange contracts | – | (670) | – | (670) | – | – | – | – | (670) | (670) |
| Bank loans | – | – | – | – | – | – | (2,208) | (2,208) | (2,208) | (2,208) |
| | – | (670) | – | (670) | – | – | (2,208) | (2,208) | (2,878) | (2,878) |

# 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.

## 26. Financial instruments (Cont'd)

### 26.7 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 (2014 : 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.

## 27. 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 2015 and 31 December 2014 were as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **RM'000** | **RM'000** |
| Total loans and borrowings (Note 12) | **2,111** | 3,208 |
| Less : Cash and cash equivalents (Note 9) | **(26,720)** | (13,387) |
| Net debt | **#** | # |
| Total equity | **113,813** | 96,421 |
| 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.

## 28. 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 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Total retained earnings of the Company and its subsidiaries | | | | |
| - realised | **56,313** | 39,898 | **3,936** | 2,739 |
| - unrealised | **1,974** | 1,036 | **–** | – |
| | **58,287** | 40,934 | **3,936** | 2,739 |
| Less: Consolidation adjustments | **(6,352)** | (6,355) | **–** | – |
| Total retained earnings | **51,935** | 34,579 | **3,936** | 2,739 |

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 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 42 to 91 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 2015 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 28 on page 92 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**

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

**Khaw Seang Chuan**

Penang,

Date : 29 March 2016

# STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

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 42 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 29 March 2016.

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

**Khaw Khoon Tee**

Before me:

# INDEPENDENT AUDITORS' REPORT

to the members of SLP Resources Berhad

(Company No. 663862 - H) (Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of SLP Resources Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 91.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to 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 that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and 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.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 on page 92 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, 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.

## Other Matters

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

**KPMG**
Firm Number: AF 0758
Chartered Accountants

**Thong Foo Vung**
Approval Number: 2867/08/16 (J)
Chartered Accountant

Date : 29 March 2016

Petaling Jaya

# SHAREHOLDINGS STATISTIC
as at 5 April 2016

| | | |
|---|---|---|
| Authorised Share Capital | : | RM100,000,000 |
| Issued and fully paid-up Share Capital | : | RM61,833,333.25 |
| Class of Shares | : | Ordinary shares of RM0.25 each |
| Voting Rights | : | One vote per RM0.25 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 | 98,933,333 (ii) | 40.00 |
| Khaw Seang Chuan | 38,163,170 | 15.43 | 177,333 (i) | 0.07 | 98,933,333 (ii) | 40.00 |
| Khaw Choon Hoong | 1,146,666 | 0.46 | – | – | 98,933,333 (ii) | 40.00 |

*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 134(12)(c) of the Companies Act 1965*
*(ii) Deemed interested by virtue of his/her shareholding of not less than 15% in Khoon Tee & Family Sdn Bhd pursuant to Section 6A of the Companies Act 1965*

## DIRECTORS' SHAREHOLDINGS IN THE COMPANY

| Name | Direct | | | | Indirect | % |
|---|---|---|---|---|---|---|
| | Own | % | Others | % | | |
| Khaw Khoon Tee | 26,170,121 | 10.58 | 2,298,332 (i) | 0.93 | 98,933,333 (ii) | 40.00 |
| Khaw Seang Chuan | 38,163,170 | 15.43 | 177,333 (i) | 0.07 | 98,933,333 (ii) | 40.00 |
| Khaw Choon Hoong | 1,146,666 | 0.46 | – | – | 98,933,333 (ii) | 40.00 |
| Khaw Choon Choon | 1,159,166 | 0.47 | – | – | – | – |
| Leow Chan Khiang | 116,666 | 0.05 | – | – | – | – |
| 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 134(12)(c) of the Companies Act 1965*
*(ii) Deemed interested by virtue of his/her shareholding of not less than 15% in Khoon Tee & Family Sdn Bhd pursuant to Section 6A of the Companies Act 1965*

## DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

| No. of Holders | Size of Holdings | Total Holdings | % |
|---|---|---|---|
| 66 | less than 100 | 2,143 | 0.00 |
| 523 | 100 - 1,000 shares | 152,867 | 0.06 |
| 325 | 1,001 - 10,000 shares | 1,495,892 | 0.61 |
| 149 | 10,001 - 100,000 shares | 4,994,581 | 2.02 |
| 98 | 100,001 to less than 5% of issued shares | 77,421,226 | 31.30 |
| 3 | 5% and above of issued shares | 163,266,624 | 66.01 |
| 1,164 | TOTAL | 247,333,333 | 100.00 |

# SHAREHOLDINGS STATISTIC *(Cont'd)*

as at 5 April 2016

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

| NO. | NAMES | NO. OF SHARES HELD | % |
|---|---|---|---|
| 1. | KHOON TEE & FAMILY SDN. BHD. | 98,933,333 | 40.00 |
| 2. | KHAW SEANG CHUAN | 38,163,170 | 15.43 |
| 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. | CHUAH CHIN KOK | 4,686,166 | 1.89 |
| 7. | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND | 4,522,000 | 1.83 |
| 8. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (RHB INV) | 3,803,000 | 1.54 |
| 9. | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR RHB GROWTH AND INCOME FOCUS TRUST | 3,300,000 | 1.33 |
| 10. | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082) | 2,951,100 | 1.19 |
| 11. | GOH BEE LENG | 2,800,000 | 1.13 |
| 12. | YEOH KHENG HOE | 2,630,133 | 1.06 |
| 13. | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR RHB SMART TREASURE FUND | 2,150,000 | 0.87 |
| 14. | HSBC NOMINEES (TEMPATAN) SDN. BHD.<br>HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND | 1,501,300 | 0.61 |
| 15. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD (RHB INV) | 1,500,000 | 0.61 |
| 16. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES<br>ACCOUNT FOR TING SIEW PIN (8059095) | 1,320,000 | 0.53 |
| 17. | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST | 1,250,000 | 0.51 |
| 18. | DB (MALAYSIA) NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING<br>INVESTMENTSSMALL-CAP FUND | 1,219,700 | 0.49 |
| 19. | KHAW CHOON CHOON | 1,159,166 | 0.47 |
| 20. | KHAW SEANG GHEE | 1,149,166 | 0.46 |
| 21. | KHAW SEANG SENG | 1,149,166 | 0.46 |
| 22. | KHAW CHOON HOONG | 1,146,666 | 0.46 |
| 23. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND | 1,131,500 | 0.46 |
| 24. | CITIGROUP NOMNIEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR CITIBANK NEW YORK<br>(NORGES BANK 14) | 1,024,500 | 0.41 |
| 25. | ONG SAW KEOK | 999,933 | 0.40 |
| 26. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>MAYBANK TRUSTEES BERHAD FOR CIMB ISLAMIC BALANCED<br>GROWTH FUND (230122) | 993,800 | 0.40 |
| 27. | CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD<br>CIMB ISLAMIC TRUSTEE BERHAD – KENANGA SYARIAH GROWTH FUND | 984,500 | 0.40 |
| 28. | HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR RHB MALAYSIA DIVIDEND FUND | 922,400 | 0.37 |
| 29. | YEOH SEW JIN | 817,500 | 0.33 |
| 30. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC<br>BALANCED FUND | 781,900 | 0.32 |
| | **TOTAL :** | **218,961,420** | **88.53** |

# LIST OF PROPERTIES

held by the Group as at 31 December 2015

| Location | Description/ Existing use | Tenure | Age of building | Land area/ Built up area (Sq. ft) | Carrying value RM'000 | 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), a single-storey detached factory (Plant 2), 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 | 9 - 21 years | 471,082/ 303,320 | 22,565 | 1992 & 1994/ 2006 |
| 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 | 2,086 | 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 | 987 | 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 | 967 | 2009 / - |

# PROXY FORM

SLP RESOURCES BERHAD
[663862-H]

| No. of Shares held | |
|---|---|

I/We, ______________________________________________
(BLOCK LETTERS)

of ______________________________________________

being a member/members of the above-named company hereby appoint ______________________

______________________________________________

of ______________________________________________

or failing him ______________________________________________

as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting ("AGM") of the Company, to be held at Sunway Hotel, Studio 1 & 2, Level 1A, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Prai, 13700 Penang on Wednesday, 1 June 2016 at 10.30 a.m. and any adjournment thereof.

| | Resolution | For | Against |
|---|---|---|---|
| 1. | To re-elect Mr. Khaw Khoon Tee as Director | | |
| 2. | To re-elect Madam Mary Geraldine Phipps as Director | | |
| 3. | To re-elect Mr. Chan Wah Chong as Director | | |
| 4. | To approve payment of Directors' fees | | |
| 5. | To re-appoint Auditors | | |
| 6. | To empower Directors to issue and allot shares pursuant to Section 132D of the Companies Act 1965 | | |

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

First named Proxy - .................. %
Second named Proxy - __________ %
100.00 %

In case of a vote taken by show of hands, the first named proxy shall vote on *my/our behalf.

Signed this __________ day of ____________ 2016

______________________
Signature of Member(s)

***NOTES:***

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. For the purpose of determining a member who shall be entitled to attend this Eleventh 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 25 May 2016. Only a depositor whose name appears on the Record of Depositors as at 25 May 2016 shall be entitled to the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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STAMP
HERE

THE COMPANY SECRETARY

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

FOLD HERE

www.sinliplas.com.my

**SLP RESOURCES BERHAD** (663862-H)
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