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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting (“AGM”) of Advanced Packaging Technology (M) Bhd (“the Company”) will be convened and held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 30 May 2019 at 12.30 p.m to transact the following items of business :-

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the year ended 31 December 2018 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of a final single tier tax exempt dividend of 2% net per share for the year ended 31 December 2018. **Ordinary Resolution 1**
3. To approve the payment of Directors’ Fees of RM215,600 for the year ended 31 December 2018. **Ordinary Resolution 2**
4. To approve the payments of Directors’ Benefit (excluding Directors’ Fees) up to an amount of RM80,000 from 31 May 2019 until the next AGM of the Company. **Ordinary Resolution 3**
5. To re-elect the following Directors who retire in accordance with Article 80 of the Company’s Constitution:-
 - a) Mr Tjin Kiat @ Tan Cheng Keat; and **Ordinary Resolution 4**
 - b) Mr Yeo Tek Ling. **Ordinary Resolution 5**
6. To re-elect Mr Chee Chin Hung who retires in accordance with Article 87 of the Company’s Constitution. **Ordinary Resolution 6**
7. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

As Special Business

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

Ordinary Resolutions

8. Proposed Retention of Independent Directors in accordance with the Malaysian Code on Corporate Governance 2017:-
 - (a) “THAT authority be and is hereby given to Dato’ Haji Ghazali B. Mat Ariff who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 8**
 - (b) “THAT authority be and is hereby given to Mr Mah Siew Seng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 9**

Notice of Annual General Meeting (cont'd)

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

**Ordinary
Resolution 10**

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

**Ordinary
Resolution 11**

"THAT subject to the Companies Act, 2016 ("the Act"), the Company Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Thirty-Sixth Annual General Meeting of the Company held on 31 May 2018, authorising the directors of the Company to purchase and/or hold up to 10% of the total number of issued share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy Back. The audited retained profits of the Company as at 31 December 2018 amounted to RM10,329,257.

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

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

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

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

Notice of Annual General Meeting (cont'd)

Special Resolution

10. Proposed Adoption of New Constitution of the Company

**Special
Resolution 1**

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix III to the Circular to Shareholders dated 26 April 2019 accompanying the Company's Annual Report 2018 for the financial year ended 31 December 2018 be and is hereby adopted as the Constitution of the Company **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders, a final single tier tax exempt dividend of 2% net per share in respect of the financial year ended 31 December 2018 will be paid on 25 July 2019 to shareholders whose names appear in the Company's Record of Depositors on 28 June 2019.

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

- a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 28 June 2019 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

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

Petaling Jaya
26 April 2019

NOTES:

1. Proxy

- 1.1 *A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.*
- 1.2 *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
- 1.3 *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 1.4 *An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- 1.5 *The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.*
- 1.6 *The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eighth (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- 1.7 *Only members whose names appear in the Record of Depositors on 23 May 2019 shall be entitled to attend, speak and vote at the AGM.*
- 1.8 *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Thirty-Seventh AGM will be put to vote by poll.*

Notice of Annual General Meeting (cont'd)

2. Audited Financial Statements for financial year ended 31 December 2018

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

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

3.1 *Article 80 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company. Pursuant to Paragraph 7.26 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Mr Tjin Kiat @ Tan Cheng Keat and Mr Yeo Tek Ling are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election.*

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

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

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

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

5. Ordinary Resolution 11: Proposed Shareholders Mandate

5.1 *The Ordinary Resolution 11, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the total number of issued share capital of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. Further information on this proposed Ordinary Resolution is set out in the Statement Accompanying Notice of AGM enclosed in the Annual Report 2018 of the Company on pages 7 to 12.*

6. Proposed Adoption of New Constitution of the Company

6.1 *The proposed Special Resolution 1, if passed, will streamline the Company's Constitution with the new provisions of the Companies Act 2016, amendments made to Main Market Listing Requirements of Bursa Malaysia Securities Berhad and enhance administrative efficiency. The Board proposed that the existing Memorandum and Articles of Association be revoked in its entirety and the proposed new Constitution of the Company as set out in Appendix III of the Circular to Shareholders dated 26 April 2019 be adopted as the new Constitution of the Company. The Proposed Adoption shall take effect once it has been passed by a majority of not less than seventy-five (75) percent of such members who are entitled to attend and vote and do vote in person or by proxy at the Thirty-Seventh AGM of the Company.*

7. Abstention from Voting

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

Statement Accompanying Notice of Annual General Meeting

PART I : GENERAL INFORMATION

1) NAMES OF DIRECTORS STANDING FOR RE-ELECTION

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

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

- a) Mr Tjin Kiat @ Tan Cheng Keat
- b) Mr Yeo Tek Ling

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

- a) Mr Chee Chin Hung

2) DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2018 are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Datuk Ismail bin Haji Ahmad	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	4	4
Dato' Haji Ghazali B. Mat Ariff	4	4
Ng Choo Tim	4	4
Mah Siew Seng	4	4
Law Mong Yong	4	4
Chee Chin Hung (Appointed on 1 June, 2018)	2	2

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

The Thirty-Seventh Annual General Meeting of the Company will be held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 30 May 2019 at 12.30 p.m.

4) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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

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

PART II : SHARE BUY-BACK STATEMENT

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

1.0 IMPORTANCE

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

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

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

2.1 Introduction

At the Thirty-Sixth Annual General Meeting ("AGM") held on 31 May 2018, Advanced Packaging Technology (M) Bhd ("APT or the Company") obtained shareholders' approval for the purchase of up to a maximum of ten percent (10%) of the issued and paid up share capital of the Company on Bursa Securities.

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

On 28 February 2019, the Board of Directors of APT announced to Bursa Securities that APT proposed to seek shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming Thirty-Seventh AGM to allow the Directors to exercise the power of the Company to purchase its own shares up to a maximum of ten percent (10%) of the total number of issued shares of APT at any point in time through Bursa Securities ("Proposed Shareholders' Mandate for Share Buy-Back" or "Proposed Share Buy-Back").

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

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

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

whichever occurs first.

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

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

2.2 The maximum number or percentage of share to be acquired

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

2.3 Funding

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of APT for the purchase of its own Shares. As at 31 December 2018, the audited retained profits of the Company amounted to RM10,329,257.

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

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

As at 16 April 2019, being the latest practicable date prior to printing of this Statement ("LPD") and assuming that APT purchases shares of up to ten percent (10%) of its total number of issued shares and that the Purchased Shares are from public shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors, Major/Substantial Shareholders and persons connected with the Directors and/or Major Shareholders are as follows:-

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

Notes:

negligible

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

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

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

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

4.1 Potential Advantages

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

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

4.2 Potential Disadvantages

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

5. FINANCIAL EFFECTS

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

(a) Share Capital

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

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

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

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

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

(b) Dividends

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

(c) NA Per Share and EPS

The NA per share of the Company may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining Shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share unit, the resultant NA per share should increase accordingly. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back would generally, or else being equal, increase the consolidated EPS of the Company. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company for the financial year ending 31 December 2019.

(d) Working Capital

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

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

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

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

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

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

8. PRICING

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

9. SHARE PRICES

The following table sets out the monthly highest and lowest transacted prices of the Company's Shares on Bursa Securities for the last twelve (12) months from April 2018 to March 2019:

Year		Highest (RM)	Lowest (RM)
2018 -	April	1.92	1.92
	May	2.00	1.92
	June	2.10	1.90
	July	2.05	1.78
	August	2.10	1.98
	September	2.03	1.95
	October	2.00	1.94
	November	2.05	1.97
	December	2.11	1.94
2019 -	January	2.01	1.92
	February	2.00	1.92
	March	1.98	1.80

(Source: shareinvestor.com)

The last transacted price per share unit of the Company on LPD, was RM1.85.

Statement Accompanying The Notice of Annual General Meeting

10. TREATMENT OF SHARES PURCHASED

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

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

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

11. PUBLIC SHAREHOLDING SPREAD

As at 31 December 2018, the public shareholding spread of the Company was 52.11%. Assuming that the Proposed Share Buy-Back is carried out in full and the Shares so purchased are from the public shareholders, the public shareholding of the Company would be reduced to approximately 50.40%.

12. DIRECTORS' RECOMMENDATION

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

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

14. DOCUMENTS FOR INSPECTION

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

- (a) Constitution of APT; and
- (b) Statutory Financial Statements of APT for the past two years ended 31 December 2017 and 31 December 2018.

This Statement was approved by the Board on 16 April, 2019.

Corporate Information

BOARD OF DIRECTORS

Datuk Ismail bin Haji Ahmad
(Re-designated as Chairman on 31 May 2018)
Tjin Kiat @ Tan Cheng Keat (Managing Director)
Yeo Tek Ling (Finance Director)
Dato' Haji Ghazali B. Mat Ariff
Mah Siew Seng
Ng Choo Tim
Law Mong Yong
Chee Chin Hung - (Appointed on 1 June 2018)
Eu Hock Seng - (Retired on 31 May 2018)

SECRETARIES

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

AUDITORS

PKF
AF 0911
Chartered Accountants

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8199

REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8008

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Website : www.advancedpack.com.my

Directors' Profile

DATUK ISMAIL BIN HAJI AHMAD **Age : 82** **Gender : Male**

Malaysian

Chairman (Independent Non-Executive Director).

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

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

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

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

TJIN KIAT @ TAN CHENG KEAT # **Age : 80** **Gender : Male**

Malaysian

Managing Director (Non-Independent Executive Director)

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

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

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He is not a director of any other public company. He has not been convicted of any offence in the past ten years. Mr Tan holds 1,565,900 ordinary shares in the Company.

YEOTEK LING # **Age : 60** **Gender : Male**

Malaysian

Finance Director (Non-Independent Executive Director)

Mr. Yeo Tek Ling, a Chartered Global Management Accountant by profession was appointed to the Board on 6 January 1994 and assumed the position of Finance Director in January 1996. He first joined the Company in October 1985 as an Accountant and subsequently became the Finance & Administration Manager and Corporate Planner. He was attached to Associated Pan Malaysia Cement Sdn Bhd as an Assistant Accountant for three years prior to joining the Company.

Directors' Profile (cont'd)

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

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

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

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

NG CHOOTIM Age : 67 Gender : Male

Malaysian

Director (Independent Non-Executive Director)

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

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

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

DATO' HAJI GHAZALI B. MAT ARIFF Age : 78 Gender : Male

Malaysian

Director (Independent Non-Executive Director)

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

Directors' Profile (cont'd)

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

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

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

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

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

MAH SIEW SENG Age : 66 Gender : Male

Malaysian

Director (Independent Non-Executive Director)

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

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

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

Mr Mah is not a director of any other public companies but sits on the Board of several private limited companies. He has not been convicted of any offence within the past ten years. He does not hold any shares in the Company.

LAW MONG YONG Age : 60 Gender : Male

Malaysian

Director (Non-Independent Non-Executive Director)

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

Directors' Profile (cont'd)

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

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

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

CHEE CHIN HUNG# Age : 60 Gender : Male

Singaporean

Director (Non-Independent Non-Executive Director)

Mr Chee Chin Hung was appointed to the board on 01 June, 2018. He holds a Bachelor of Science degree from York University, Toronto, Canada.

Mr Chee has over 20 years seasoned professional experience in sales, operations and general management in telecommunication and IT industry. His career is specializing in IT and once served various Companies/ Government Body in relation to the software such as Computer Engineering Systems, System Software Associates, Inc, Econocom Singapore Pte Ltd, Legend Software Pte Ltd, Motorola Electronic Pte Ltd and currently serves Ntegrated International Limited, a public listed Company in Singapore as a General Manager.

He is the elder brother of Mr Chee Chin Tsai who is a substantial shareholder of the Company. There is no conflict of interest between him and the Company.

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

He holds 966,493 ordinary shares in the Company.

Director standing for re-election

Profile of Key Senior Management

TJIN KIAT @ TAN CHENG KEAT

Age : 80

Gender : Male

Malaysian

Managing Director (Non-Independent Executive Director)

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

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

YEO TEK LING

Age : 60

Gender : Male

Malaysian

Finance Director (Non-Independent Executive Director)

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

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

Teoh Ee Yeong

Age : 49

Gender : Male

Malaysian

Acting General Sales Manager

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

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

Profile of Key Senior Management (cont'd)

Tew Tsoon Leong

Age : 61

Gender : Male

Malaysian

Factory Manager

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

He joined the Company as Factory Manager on 03 February, 2014 and is responsible for the factory operations. He is not a director of any public listed companies. He has not been convicted of any offence within the past five years.

Mohamad Salleh Bin Hawari

Age : 50

Gender : Male

Malaysian

Acting Quality Controller

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

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

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

Sustainability Statement

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

Scope

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

Sustainability Governance

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

The Company manages sustainability issues under the following areas:

Material Sustainability Matters

1) Economic

Sustainable Business Growth

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

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

Good Corporate Governance and Business Practices

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

Product Quality

It works closely with major customers and suppliers for better partnership in order to achieve better value which is beneficial to both organisations in the long run. Product quality is critical to our Company’s performance and reputation. As such, the Company’s Quality Management System is certified to ISO 9001:2015 standard. It helps to manage our products in meeting customers’ quality specifications. Various measures were implemented in checking the product quality during processing. Data and results were recorded for future reference and analysis for problems solving.

Customer satisfaction

As customers are important to the success of the Company, regular evaluation of customer satisfaction through a half yearly survey was carried out and the results have shown an average of over 70% overall customer satisfaction across product quality, reliability, delivery, service, pricing and responsiveness. The Company is on a constant look out for continuous improvement to further satisfy customers’ requirements.

Supply Chain Management

We practise and promote a fair and transparent supply chain management through supplier evaluation and selection, price competitiveness comparison and supplier performance review. This has enable us to procure quality products and services at competitive prices. As such, raw materials used in manufacturing will only be sourced from approved suppliers to ensure consistency of quality of supplies and prompt delivery. Supplier performance review was carried out regularly based on performance data collected for a period of time with certain criteria. The results shown over 80% of the suppliers have performed satisfactorily.

2) Environment

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

Compliance

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

Sustainability Statement (cont'd)

Management of Manufacturing Waste

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

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

Conservation of Energy

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

3) Social

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

Human Resources

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

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

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

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

As such, both external and in-house training programmes were provided or conducted on a regular basis to enhance the skill and knowledge as well as job performance of its employees. Targets were set for training for new employees and all employees on a yearly basis. Data recorded once training has taken place, compiled and compared against the set target and results shown that the 2018 target has been achieved.

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

Occupational Health and Safety Management

The Company is committed to comply with the relevant laws and regulations as laid down by the Department of Occupational Health and Safety ("DOSH"). It has in placed a Safety and Health Committee to oversee the safety and occupational health issues in the workplace. Protective gears were given to its factory and production staff/workers for better protection. Preventive measures such as safety briefing and fire drills were conducted on site to enable the employees to better understand certain safety issues and to react quickly in time of emergency.

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

This statement was approved by the Board on 27 February 2019.

Corporate Governance Overview Statement

The Board of Directors (“the Board”) of Advanced Packaging Technology (M) Bhd is committed to having a good corporate governance framework in conducting the business and affairs of the Company in order to protect and enhance shareholders’ value and the financial performance of the Company while taking into account the interest of other stakeholders.

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

Pursuant to Paragraph 15.25 of the Listing requirements of Bursa Malaysia Securities Berhad, the statement below outlines the manner in which the Company has applied the principles and the extent of its compliance of the Code for the financial year ended 31 December 2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVNESS

I. BOARD RESPONSIBILITIES

1.1 Role and Responsibilities of the Board

The Board’s principal roles and responsibilities are establishing goals, setting strategic direction and overseeing investments and conduct of the Company’s business, business and financial performance as well as risk management and integrity of internal control.

It provides leadership, strategic direction and advice to the Company and guides the Company in achieving its objectives and addressing succession planning, sustainability, stakeholder interests and corporate communications.

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

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

1.2 Chairman

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

1.3 Chairman and CEO

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

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

Corporate Governance Overview Statement (cont'd)

1.4 Company Secretary

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

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

1.5 Information and Meeting Papers

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

1.6 Directors' Training

All Directors except Mr. Chee Chin Hung who was appointed on 1 June, 2018 have attended and completed the Mandatory Accreditation Programme (MAP) as required by the Bursa Malaysia Securities Berhad. Mr Chee will be attending the MAP in October 2019. The Directors have also attended various accredited programmes under the Continuous Education Programme (CEP) conducted by various course/training providers and met the prescribed CEP requirements.

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

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

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

Dato' Haji Ghazali B. Mat Ariff

- 1) 28 February, 2018 – Corporate Governance Briefing Session: Malaysian Code on Corporate Governance ("MCCG") Reporting and Corporate Guide organized by Bursa Malaysia.

Mr. Mah Siew Seng

- 1) 29 January, 2018 – MIA Forum with Audit Sole Practitioners organized by Malaysian Institute of Accountants (MIA);
- 2) 05 & 06 April, 2018- Practical Auditing Methodology for SMPs organized by MIA;
- 3) 11 December, 2018 - 2019 Budget Seminar organized by Chartered Tax Institute of Malaysia.

Mr. Yeo Tek Ling

- 1) 28 February, 2018 – Corporate Governance Briefing Session: Malaysian Code on Corporate Governance ("MCCG") Reporting and Corporate Guide organized by Bursa Malaysia;
- 2) 17 & 18 April, 2018 – Malaysian Tax Conference 2018 organised by Malaysian Institute of Accountants (MIA);
- 3) 05 July, 2018 – Sustainability Engagement Series for Directors/ Chief Executive Officers organized by Bursa Malaysia;
- 4) 17 & 18 July, 2018 - Sustainability Reporting Workshops for Practitioners organized by Bursa Malaysia;

Corporate Governance Overview Statement (cont'd)

- 5) 30 August, 2018 - Sustainability Engagement Series for Chief Financial Officers/Chief Sustainability Officers;
- 6) 09 & 10 October, 2018 - MIA International Conference organized by MIA.

2.1 Board Charter

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

3.1 Code of Conduct and Ethics

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

3.2 Whistle-blowing

A whistle-blowing policy has yet to be implemented as the Board views the current control procedures are adequate for the operations for the time being.

II BOARD COMPOSITION

4.1 Independent Directors

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

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

4.2 Tenure of Independent Directors

There are three Independent Directors who have served more than twelve years, namely Dato' Haji Ghazali B. Mat Ariff, Mr. Mah Siew Seng, and Mr Ng Choo Tim. Another one is still under the nine-year tenure. The Board recognises the importance of independence and objectivity in the decision making process by the independent directors. They expressed their views and opinions freely on subject matter without constraint.

The Board through the Nomination Committee has assessed the independent directors annually and is of the opinion that all the four Independent Directors continue to demonstrate conduct and behavior that are essential indicators of independence.

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

Corporate Governance Overview Statement (cont'd)

4.3 Policy on Tenure of Independent Directors

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

4.4 Appointment of Board Members and Senior Management

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

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

4.5 Policy on Gender Diversity

No official policy has been set so far by the Board in regards to gender diversity for appointment of Director. The Nomination Committee and the Board had deliberated before and concluded that the selection of candidate for directorship of the Company should preferably be based on capability and experience of a person instead of just on gender.

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

4.6 Candidates for Appointment of Director

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

4.7 Chairman of Nomination Committee

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

4.7.1 Nomination Committee

The Nomination Committee was established on 27 February 2002 by the Board and it currently comprises of two independent non-executive directors as below after Mr Eu Hock Seng retired on 31 May, 2018:-

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

The terms of reference of the Nomination Committee are:-

1. Constitution

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

Corporate Governance Overview Statement (cont'd)

2. Frequency of meeting

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

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

3. Duties and Responsibilities

The Nomination Committee shall be responsible for the following:-

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

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

5.1 Annual Assessment

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

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

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

Corporate Governance Overview Statement (cont'd)

III REMUNERATION

6.1 Policy on Remuneration

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

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

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

6.2 Remuneration Committee

The Remuneration Committee was set up on 27 February 2002 and it currently has two independent non-executive directors after Mr Chee Sam Fatt (non-independent non-executive director) resigned on 01 March, 2018.

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

Members of the Remuneration Committee are :-

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

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

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

7.1 Directors' Remuneration

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

However, set out below are the details of the Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2018, distinguishing between Executive and Non-Executive Directors of the Company:-

Corporate Governance Overview Statement (cont'd)

Category of Remuneration	Executive Director	Non-Executive Director
	(RM)	(RM)
Salary	471,240.00	-
Fees	52,800.00	162,800.00
Bonus	80,786.00	-
Benefits-in-kind	26,552.00	-
EPF & Socso	122,898.00	-
Others	18,000.00	-
Meeting allowances	11,000.00	51,700.00
Total	783,276.00	214,500.00
Band of Remuneration (RM)	Executive Director	Non-Executive Director
Below 50,000	-	6
50,001 to 100,000	-	-
100,001 to 150,000	-	-
150,001 to 200,000	-	-
200,001 to 250,000	-	-
250,001 to 300,000	1	-
300,001 to 350,000	-	-
350,001 to 400,000	-	-
400,001 to 450,000	-	-
450,001 to 500,000	-	-
500,001 to 550,000	1	-

7.2 Remuneration of Senior Management

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

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

Corporate Governance Overview Statement (cont'd)

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

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

8.1 Chairman of Audit Committee

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

8.2 Former Audit Partner

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

8.3 Assessment of Auditors

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

8.4 Independence of Audit Committee

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

8.5 Diversity of Skill and Experience

All the Audit Committee Members possess different qualification, expertise and experience. One is a qualified lawyer, another one is a qualified professional accountant/auditor and third one is an ex-senior government officer and turned corporate director.

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

II Risk Management and Internal Control Framework

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

The Company has appointed an independent consulting firm to conduct a review to update the risk profile of the Company and to assess whether there are any significant changes to the key risks identified previously by another consulting firm and proposed an appropriate internal audit scope of review to assess the effectiveness of controls in managing risks. The consulting firm was again engaged in 2018 to carry out another round of review. The Board had considered and accepted the review and the updated risk profile of the Company. The management has since followed up with the updates and reviews.

Corporate Governance Overview Statement (cont'd)

9.1 Effective Risk Management and Internal Control Framework

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

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

9.2 Features of Risk Management Framework

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

9.3 Risk Management Committee

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

10.1 Internal Audit Function

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

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This approach assists the Board /Audit Committee in obtaining assurance of a regular review and appraisal of the adequacy, integrity and effectiveness of the system of internal control.

In view of the limitations inherent in any internal control system, it can only provide reasonable but not absolute assurance against material misstatement, fraud, loss or breaches of laws.

10.2 Details on Internal Audit Personnel

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

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

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

I. Communication with Stakeholders

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

Corporate Governance Overview Statement (cont'd)

11.1 Effective Communication

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

Shareholders and members of the public can obtain online information in respect of the full Annual Report, financial statements and announcements from both the websites of Bursa Malaysia Securities Berhad and the Company. The Company's website at www.advancedpack.com.my also provides more information to the public for better understanding of the Company and its business. The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

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

11.2 Integrated Reporting

Currently, the Company has no intention to adopt integrated reporting. However, it may consider in do so in the future.

II. Conduct of General Meeting

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

12.1 Notice for Annual General Meeting

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

12.2 Attendance at Annual General Meeting

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

12.3 Leverage on Technology in Annual General Meeting

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

Corporate Governance Report

The Corporate Governance Report can be viewed or downloaded at www.advancedpack.com.my

This Statement was approved by the Board on 27 February 2019.

Other Information

Status of Utilisation of Proceeds

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

Audit and Non-Audit Fees

The amount of Audit and non-audit fees paid or payable by the Company to its Auditors, PKF and its affiliated company for the financial year ended 31 December 2018 are as follows:-

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

Non-audit fees to the affiliated company of PKF: RM8,000.00 for taxation services.

Material Contracts

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

Recurrent Related Party Transaction of a Revenue or Trading Nature

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

Employee's Share Option Scheme (ESOS)

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

Accounts

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

Statement on Risk Management and Internal Control

Introduction

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

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

Responsibility

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

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

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

Risk Management

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

Management is led by the Managing Director who is tasked and is responsible for creating a risk awareness culture within the organisation with a view to mitigate risks that may impede the achievement of the Company's goals. The management has also been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Company for the Board's consideration, formulate action plans, implement appropriate internal controls and ensure compliance with applicable laws, regulations, standards and guidelines and in implementing policies adopted by the Board. The Managing Director and all heads of department are involved in the identification and management of significant risks. The deliberations on risks and related mitigating measures are carried out at regular meetings or with the relevant personnel and reported to the Managing Director for further action and who then reports directly to the Board on matters of significance.

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

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

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

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

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

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

Internal Control Structure

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

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

Organisational Structure

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

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

Policies and Procedures

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

Audit Committee

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

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

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

Internal Audit Function

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

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

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

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

A sum of RM15,000.00 was spent on internal audit activities in 2018.

External Audit In the course of conducting the annual statutory audit

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

Quality Assurance System

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

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

Operational Meeting

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

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

Budget and Financial Reporting

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

Management information, which includes costing reports and management accounts with detailed analysis, are prepared and reported to the top management on a monthly basis.

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

Human Capital / Training

The company acknowledges the important of its human capital, hence, enhancement and improvement of employee competencies and proficiencies are carried out through continuous training and development.

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

Conclusion by the Board

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

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

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

Review of the Statement by External Auditors

The external auditors, PKF, have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Company's annual report for the financial year ended 31 December, 2018. The external auditors reported the results thereof to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

This Statement was approved by the Board on 27 February 2019.

Directors' Responsibility Statement

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

The directors have, through the Statement by Directors on page 50 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved financial reporting / accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2018.

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

This statement was approved by the Board on 27 February 2019.

Audit Committee Report

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors (“the Board”) is pleased to present the report of the Audit Committee for the financial year ended 31 December 2018.

Composition

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

Membership, Meetings and Attendance

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

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

Key Functions, Roles and Responsibilities of the Audit Committee

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

Audit Committee Report (cont'd)

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

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

Summary of work of Audit Committee

The Audit Committee carried out the following works during the financial year ended 31 December 2018:-

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

Audit Committee Report (cont'd)

- (b) reviewed the nature and scope of audit plan and audit fees with external auditors prior to the audit of the year- end financial statements and accounts.
- (c) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad. The Audit Committee has reviewed with Auditors changes in major accounting policy, compliance with accounting standards and significant financial reporting issues in order to discharge its oversight role in financial reporting.
- (d) reviewed with external auditors the assistance given to them by the staff of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year- end financial statement and accounts.
- (e) met and discussed with external auditors in the absence of management on matters arising from the interim and final audits.
- (f) discussed and considered the proposals from Wensen Consulting Asia (M) Sdn. Bhd to provide internal audit services for 2018 and recommended the internal audit scope and plan for approval of the Board.
- (g) reviewed the internal audit plan and reports prepared by Wensen Consulting Asia (M) Sdn. Bhd and management's response to its findings and recommendations.
- (h) enquired on the existence of any significant related party transactions and the management confirmed there is none during the year.
- (i) reviewed the Statement on Risk Management and Internal Control and Sustainability Statement.

Summary of work of Internal Audit Function

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

WCA had in 2018 performed internal audit on certain key risk areas and business processes in production management to ensure best practices are adopted in the system of internal control by the Company. WCA also followed up with previous audit's recommendations and actions taken by management. Internal audit report incorporating findings, audit issues, root cause, risk and implications, recommendations and management's response was issued to the Company after the internal audit.

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

Conclusion

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

This statement was made in accordance with a Board resolution passed on 27 February 2019.

Chairman's Statement

Dear Shareholders,

I have great pleasure to present to you on behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2018.

OVERVIEW

The global economic growth has remained quite steady and sustained even though the economy was still faced with major challenges and uncertainties in 2018. However, business environment was generally cautious because of sluggish economy of the euro zone, the continued slowdown in certain large developing countries like China and the escalation of trade tensions particularly between United States of America and China. Moreover, higher crude oil and major raw materials prices as well as currency fluctuations had added more pressure to the operation of the Company. The Company continued to be affected by the competitive business environment in 2018 due mainly to more players and increased production capacity in the domestic flexible plastic packaging industry.

FINANCIAL PERFORMANCE

The Company achieved a revenue of RM25.42 million for the year ended 31 December 2018 which was RM0.51 million or 2.05% higher compared to RM24.91 million recorded in the preceding financial year. Net profit after tax of RM 1.05 million was achieved for the year under review against RM1.18 million recorded in the previous financial year ended 31 December 2017 which showed a decrease of RM 0.13 million or 11.02 %.

DIVIDEND

An interim single tier tax exempt dividend of 4.00 sen per share (2017: 6.00 sen per share single tier tax exempt) was paid on 23 January 2019 for the financial year ended 31 December 2018.

The Board of Directors has recommended a final single tier tax exempt dividend of 2.00 sen per share for the financial year ended 31 December 2018 compared to 4.00 sen per share single tier tax exempt dividend in 2017. The proposed dividend is subject to the approval of the shareholders at this Annual General Meeting to be held on 30 May 2019.

CORPORATE DEVELOPMENT

The shareholders of the Company approved the buy-back of up to 10% of its total issued and paid up capital at the Extraordinary General Meeting held on 26 June 2008. The Company had also obtained its shareholders' approval for the renewal of the existing shareholders mandate for the share buy-back exercise since 2009 until 2018.

PROSPECTS

The outlook of both the global and Malaysian economy is expected to be more challenging in 2019. The worsening global conditions as a result of trade tension and protectionism may affect the world economic growth. The uncertainty of the global market may result in a more challenging market environment for the flexible plastics packaging material industry. Higher crude oil price and currency fluctuations will have an impact on the price of major raw materials like resin and imported goods and services which will affect the profitability of the flexible plastic packaging material industry.

However, in view of the growing demand for better packaging materials, the Board is confident that the prospect of the flexible plastics packaging materials converting industry is still promising even though the market conditions are getting more competitive. Barring unforeseen circumstances, the Board expects the Company to achieve a satisfactory result for the financial year ending 31 December 2019.

Chairman's Statement (cont'd)

ACKNOWLEDGEMENT

I would like to take this opportunity to say a big thank you to our former Director, Mr. Eu Hock Seng who had retired on 31 May 2018 for his contribution to the Company during his tenure of office as Director of the company.

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

Yours sincerely,

Datuk Ismail bin Haji Ahmad
08 April 2019

Management Discussion and Analysis

OVERVIEW OF BUSINESS AND OPERATIONS

The Company is principally involved in the manufacturing and sale of flexible packaging materials. Its products are catered to a wide cross-section of industries in both local and overseas markets such as foods, beverages, household, medical/surgical and pharmaceutical, among others.

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

Currently, the Company has a manufacturing plant in Bandar Baru Bangi, Selangor. It manufactures and sells high quality flexible packaging materials to reliable and reputable companies in the industries mentioned above.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

REVENUE

The Company achieved a revenue of RM25.42 million for the year ended 31 December, 2018 against RM24.91 million recorded in 2017 which showed a slight increase of RM0.51 million or 2.05%. The competitive market condition was the main reason that the Company was unable to achieve a higher sales turnover for the year under review even though it has increased its production capacity.

NET PROFIT

A net profit before tax of RM1.20 million was achieved for the financial year ended 31 December, 2018 which was RM0.18 million or 13.04% lower when compared to RM1.38 million last year. The drop in profit was mainly due to higher average raw material cost brought about by higher fuel oil price and higher production cost. Average raw material cost per square meter for the year ended 31 December 2018 was higher by 8.10% than in the preceeding year 2017. However, average selling price per square meter has only increased at a marginal of 0.53%.

Net profit after tax achieved for the year 2018 of RM1.05 million was RM0.13 million or 11.02% lower when compared to RM1.18 recorded in year 2017.

KEY FINANCIAL INDICATOR

Key financial indicators for year 2018, 2017 and 2016 are as follows:-

	2018	2017	2016
Basic earning per share (Sen)	5.47	6.15	15.07
Return on equity (%)	3.52	3.90	9.21
Return on total assets (%)	3.21	3.67	9.21
Net asset per share (RM)	1.56	1.58	1.64
Gearing Ratio (net debt/shareholders' equity)	(0.24)	(0.20)	(0.28)

To get further financial ratios, kindly refer to the "Five Years Financial Highlights and Financial Indicators" contained in this annual report for financial information and indicators for the past five years from 2014 to 2018.

ASSETS

Non-current assets decreased by RM1.10 million or 6.49% were due to depreciation of the plant and machineries during the year.

Inventories remained about the same level as last year and stood at RM3.88 million for the year ended 31 December, 2018.

Trade receivables decreased by RM0.64 million or 11.96% as better collection of amount owing by customers was achieved. Non-trade receivables, deposits and prepayment decreased by RM0.06 million or 25.00%.

Deposits with licence banks and cash and bank balances improved by RM1.30 million or 44.07 % due mainly to improvement in sales collection and lesser payment to trade creditors as amount owing has not yet due for payment as at year end.

Management Discussion and Analysis (cont'd)

LIABILITIES

Trade payables increased by RM0.35 million or 19.55% due primarily to increase in purchases of raw materials from local suppliers where credit terms were given by them and not yet due for payment as at year end.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Company has been financing its operations during the year through internally generated funds. Its liquidity has been very good and it has no bank borrowings. As at 31 December, 2018, cash & bank balances and fixed deposit were amounted to RM11.75 million as compared to RM10.45 million recorded last year, an increase of RM1.30 million. The Company is comfortable with its current capital structure and cash resources to operate its business at current level.

CAPITAL EXPENDITURE

There was no major capital expenditure incurred in 2018.

REVIEW OF OPERATING ACTIVITIES

Sales revenue was marginally higher at RM25.42 million, an increase of RM0.51 million or 2.05% when compared to RM24.91 million achieved in 2017. Local sales accounted for 94.34 % while export sales recorded at 5.66% for the year 2018.

Total volume sold during 2018 was 32.73 million square metres against 33.21 million square metres in 2017. The average selling price was RM0.77 and RM0.75 per square metre for 2018 and 2017 respectively.

On operations, the plant was running at about 70% utilisation rate in 2018. Productivity and quality improvement is an ongoing exercise. The downside is the aging of certain machinery and equipment that may not be running at the most optimum level. However, the company has taken steps over the years by adding new machines or replacing the obsolete one. A new machine was installed and commissioned in the last quarter of 2017 to partly overcome this situation.

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

KEY RISKS

Key factors that the Company considers as main risks that may have a material impact on sales revenue and profitability margin for this year are huge fluctuation in exchange rate and raw material cost, higher cruel oil price, shortage of experienced technical personnel, disruption in operation, rising operating cost as well as single large customer base.

As such, close monitoring of currency fluctuation and production operations, diversification in sourcing of raw materials and better cost control as well as rebalancing customer base are some of the on-going measures that have been implemented to mitigate any severe impact that it may have on the company.

FORWARD LOOKING STATEMENT

For current year 2019, it will continue with challenges from last year that are facing the country and the world. Both global and domestic economic uncertainties will prevail due partly to trade tension between USA and its major trading partners particularly China. Fluctuations in cruel oil price and currency, uncertainties in the global economy, rising operating costs and market competition are the key concerns of the Company for the current year which may have a material impact on sales revenue and profitability.

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

Therefore, barring unforeseen circumstances, the management expects the Company to achieve a moderate result for the current financial year ending 31 December, 2019. The Company will continue to reward shareholders with reasonable dividend distribution as long as the Company continues to make a reasonable profit. The Company does not have a formal dividend policy so far but the pay-out rate for the last six financial years from 2013 to 2018 was averaged at 93% of the net profit attributable to equity holders.

This statement was approved by the Board on 27 February 2019.

Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	2018	2017	2016	2015	2014
Statements of Profit or Loss and Other Comprehensive Income					
Revenue (RM)	24,517,998	24,906,911	27,154,095	26,024,191	24,610,676
Earnings before interest expense, tax, depreciation and amortisation	2,753,014	2,673,109	4,866,274	4,856,510	4,204,625
Profit before tax	1,201,042	1,378,463	3,621,023	3,628,763	2,873,934
Profit after tax	1,045,334	1,175,652	2,880,543	2,790,215	2,018,132
Net profit attributable to equity holders	1,045,334	1,175,652	2,880,543	2,790,215	2,018,132
Statement of financial position					
Total assets	37,461,818	37,607,518	39,316,170	37,028,396	37,044,398
Total borrowing	-	-	-	-	-
Shareholders equity	29,737,034	30,164,567	31,282,383	30,699,955	30,211,999
Financial indicators					
Return on equity (%)	3.52	3.90	9.21	9.09	6.68
Return on total assets (%)	3.21	3.67	9.21	9.80	7.76
Gearing ratio (Net debts/ Shareholders' equity)	(0.24)	(0.20)	(0.28)	(0.32)	(0.29)
Basic earnings per share (sen)	5.47	6.15	15.07	14.60	10.55
Net assets per share (RM)	1.56	1.58	1.64	1.61	1.58
Gross dividend per share (sen)	6 *	10 *	12 *	12 *	10 *
Price earning (PE) ratio	35.47	33.33	14.86	15.62	20.28
Gross dividend yield (%)	3.09	4.88	5.36	5.26	4.67
Share price as at 31 December (RM)	1.94	2.05	2.24	2.28	2.14
Market Capitalisation as at 31 December (RM)	39,778,245	42,033,713	45,929,520	46,749,690	43,879,095

Notes

* Single tier tax exempt dividend.

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2018.

Principal activities

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

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

Results

Profit for the financial year

RM
1,045,334

Reserves and provisions

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

Dividends

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

In respect of the financial year ended 31 December 2017, the Company paid a final 4% single tier tax exempt dividend totalling RM764,489 on 25 July 2018.

In respect of the financial year ended 31 December 2018, the Company paid an interim 4% single tier tax exempt dividend totalling RM764,490 on 23 January 2019.

The Directors recommend a final 2% single tier tax exempt dividend totalling RM382,245 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting.

Directors

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

Datuk Ismail bin Haji Ahmad

Tjin Kiat @ Tan Cheng Keat

Yeo Tek Ling

Dato' Haji Ghazali B. Mat Ariff

Mah Siew Seng

Ng Choo Tim

Law Mong Yong

Chee Chin Hung

Eu Hock Seng

Chee Sam Fatt

- Appointed on 1 June 2018

- Retired on 31 May 2018

- Resigned on 1 March 2018

Directors' Report (cont'd)

Directors' interest in shares

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

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2018	Bought	Sold	At 31.12.2018
In the Company:				
Direct interest:				
Tjin Kiat @ Tan Cheng Keat	1,565,900	-	-	1,565,900
Yeo Tek Ling	12,169	-	-	12,169
Ng Choo Tim	648,297	-	-	648,297
Law Mong Yong	459	-	-	459
Chee Chin Hung	-	966,493	-	966,493

The other Directors holding office at 31 December 2018 had no any interest in the Ordinary Shares and options over shares of the Company and of its related companies during the financial year according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

Directors' benefits

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

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Share buy-back

As at 31 December 2018, the Company held 1,392,016 of its own shares ("APT Shares") as treasury shares out of its total issued and paid-up share capital of 20,504,250 ordinary shares. The treasury shares are held at a carrying amount of RM1,096,473 and further details are disclosed in Note 16 to the financial statements.

The APT Shares bought back are held as treasury shares in accordance with Section 113 subsection 5(b) of the Companies Act, 2016 in Malaysia. None of the treasury shares held were resold or cancelled during the financial year.

Directors' Report (cont'd)

Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, except as otherwise stated in the financial statements, the results of the operations of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Directors' Report (cont'd)

Auditors

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

The auditors' remuneration amounted to RM33,000 as disclosed in Note 5 to the financial statements.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Selangor

08 APR 2019

Statement By Directors

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

In the opinion of the Directors, the accompanying financial statements as set out on pages 13 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the financial year ended on that date.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Selangor

08 APR 2019

Statutory Declaration

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

We, TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING, being the directors primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD., do solemnly and sincerely declare that to the best of our knowledge and belief, the accompanying financial statements as set out on pages 13 to 64 are in our opinion correct, and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960, in Malaysia.

Subscribed and solemnly declared by the
abovenamed TJIN KIAT @ TAN CHENG KEAT
and YEO TEK LING at Bandar Baru Bangi in
Selangor on 08 APR 2019

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING
(MIA No. : 5756)

Before me,

COMMISSIONER FOR OATHS
Hazlin Bt. Mohamed
(B448)

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Valuation of Defined Benefit Gratuity

The Company has recognised a provision for gratuity of RM2,524,788 as at 31 December 2018. As disclosed in Note 19 to the financial statements, the assumptions that underpin the valuation of the defined benefit retirement liability are subjective and based on judgements that affect the Company's distributable reserves. Uncertainty arises as a result of estimates made based on the Company's expectations and assumptions about employment trends and market conditions. As a result, the actual amounts charged to the statement of profit or loss by the Company may be significantly different to that recognised on the statement of financial position since small changes to the assumptions used in the calculation materially affect the provision calculated at amortised cost.

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

Key Audit Matters (continued)

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Other matters

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

PKF
AF 0911
CHARTERED ACCOUNTANTS

Kuala Lumpur

08 APR 2019

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

Statement Of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 December 2018

	Note	2018 RM	2017 RM
Revenue	3	25,417,998	24,906,911
Other income		531,333	412,997
Changes in inventories of finished good and work-in-progress		13,086	(302,977)
Raw materials used		(16,224,224)	(15,123,364)
Employee benefits expense	4	(3,823,833)	(3,850,262)
Depreciation of property, plant and equipment		(1,551,972)	(1,294,645)
Other expenses		(3,417,183)	(3,657,168)
Profit from operations		945,205	1,091,492
Interest income		255,837	286,972
Profit before tax	5	1,201,042	1,378,464
Tax expense	6	(155,708)	(202,812)
Profit and other comprehensive income for the financial year		1,045,334	1,175,652
Total comprehensive income attributable to owners of the Company		1,045,334	1,175,652
Basic earnings per ordinary share (sen)	7	5.47	6.15

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

Statement Of Financial Position

As At 31 December 2018

	Note	2018 RM	2017 RM Restated
ASSETS			
Non-current assets			
Property, plant and equipment	8	10,849,187	11,950,016
Other investment	9	5,000,000	5,000,000
		<hr/>	<hr/>
		15,849,187	16,950,016
		<hr/>	<hr/>
Current assets			
Inventories	10	3,879,931	4,100,109
Contract assets	11	582,560	203,976
Trade receivables	12	4,712,515	5,352,076
Non-trade receivables, deposits and prepayments	13	174,665	236,229
Tax recoverable		514,608	368,874
Fixed deposits with licensed banks	14	7,500,000	7,500,000
Cash and bank balances		4,248,352	2,952,350
		<hr/>	<hr/>
		21,612,631	20,713,614
		<hr/>	<hr/>
TOTAL ASSETS		37,461,818	37,663,630
		<hr/>	<hr/>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	15	20,504,250	20,504,250
Treasury shares	16	(1,096,473)	(1,096,473)
Retained profits	17	10,329,257	10,812,902
		<hr/>	<hr/>
Total equity		29,737,034	30,220,679
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	18	718,927	732,063
Provision for staff gratuity	19	2,524,788	2,423,146
		<hr/>	<hr/>
		3,243,715	3,155,209
		<hr/>	<hr/>
Current liabilities			
Trade payables	20	2,116,465	1,770,257
Non-trade payables and accruals	21	1,384,514	1,145,251
Amount due to directors	22	215,600	225,500
Dividend payable	23	764,490	1,146,734
		<hr/>	<hr/>
		4,481,069	4,287,742
		<hr/>	<hr/>
Total Liabilities		7,724,784	7,442,951
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		37,461,818	37,663,630
		<hr/>	<hr/>

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

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2018

	Note	Share Capital RM	Non- distributable Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 January 2017		20,504,250	(1,096,473)	11,874,606	31,282,383
Profit and other comprehensive income for the financial year		-	-	1,175,652	1,175,652
Dividends	23	-	-	(2,293,468)	(2,293,468)
Prior year adjustment	28	-	-	56,112	56,112
At 31 December 2017		20,504,250	(1,096,473)	10,812,902	30,220,679
Profit and other comprehensive income for the financial year		-	-	1,045,334	1,045,334
Dividends	23	-	-	(1,528,979)	(1,528,979)
At 31 December 2018		20,504,250	(1,096,473)	10,329,257	29,737,034

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

Statement Of Cash Flows

For The Financial Year Ended 31 December 2018

	2018 RM	2017 RM
Cash flows from operating activities		
Profit before tax	1,201,042	1,378,464
Adjustments for:		
Depreciation of property, plant and equipment	1,551,972	1,294,645
Impairment on trade receivables	59,905	57,763
Interest income	(255,836)	(286,972)
Inventories written off	155,108	66,711
Inventories written down	9,505	5,668
Reversal of inventories written down	(13,339)	(9,785)
Investment income	(172,445)	(158,870)
Gain on disposal of property, plant and equipment	(499)	(4,716)
(Gain)/Loss on unrealised foreign exchange	(10,206)	25,573
Property, plant and equipment written off	11	437
Reversal of impairment on trade receivables no longer required	(57,763)	-
Provision for staff gratuity	110,915	107,159
(Reversal)/Amortised cost of provision for gratuity	(9,273)	43,140
Operating profit before working capital changes	2,569,097	2,519,217
Decrease in inventories	68,904	439,791
Decrease in receivables	709,189	1,853,908
Increase in contract assets	(378,584)	-
Decrease in amount due to directors	(9,900)	(12,100)
Increase/(Decrease) in payables	585,471	(693,656)
Cash generated from operations	3,544,177	4,107,160
Income tax paid	(314,578)	(607,065)
Net cash from operating activities	3,229,599	3,500,095

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

Statement Of Cash Flows

For The Financial Year Ended 31 December 2018 (continued)

	2018 RM	2017 RM
Cash flows from investing activities		
Investment income received	172,445	158,870
Interest income received	255,836	286,972
Proceeds from disposal of property, plant and equipment	500	4,717
Acquisition of property, plant and equipment	(451,155)	(5,019,093)
Net cash used in investing activities	(22,374)	(4,568,534)
Cash flows from financing activities		
Dividend paid	(1,911,223)	(2,293,468)
Increase/(Decrease) in fixed deposits with licensed banks	1,000,000	(4,000,000)
Net cash used in financing activities	(911,223)	(6,293,468)
Net increase/(decrease) in cash and cash equivalents	2,296,002	(7,361,907)
Cash and cash equivalents at 1 January	2,952,350	10,314,257
Cash and cash equivalents at 31 December	5,248,352	2,952,350

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

Statement Of Cash Flows

For The Financial Year Ended 31 December 2018 (continued)

Cash and cash equivalents

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

	2018	2017
	RM	RM
Cash and bank balances	4,248,352	2,952,350
Fixed deposits with licensed banks with original maturities less than 3 months (<i>Note 14</i>)	1,000,000	-
	<hr/>	<hr/>
	5,248,352	2,952,350
	<hr/>	<hr/>

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

Notes to the Financial Statements as at 31 December 2018

1. Basis of preparation

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

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

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

(a) Standards issued and effective

On 1 January 2018, the Company has also adopted the following new and amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2018.

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2014 - 2016 cycle	
- Amendments to MFRS 1, First-time Adoptions of Malaysian Financial Reporting Standards	1 January 2018
- Amendments to MFRS 128, Investment in Associates and Joint Ventures	1 January 2018
• Amendments to MFRS 2, Share-based Payment: Classification and Measurements of Share-based Payment Transactions	1 January 2018
• Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts	1 January 2018
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 15, Revenue from Contracts with Customers	1 January 2018
• Clarifications to MFRS 15, Revenue from Contracts with Customers	1 January 2018
• Amendments to MFRS 140, Investment Property: Transfer of Investment property	1 January 2018
• IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2018

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

Notes to the Financial Statements as at 31 December 2018 (continued)

1) Basic of preparation (continued)

(b) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
• Annual improvements to MFRSs 2015-2017 cycle	
- Amendments to MFRS 3, Business Combinations	1 January 2019
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment and Settlement	1 January 2019
• Amendments to MFRS 2, Share-based Payment	1 January 2020
• Amendments to MFRS 3, Business Combinations	1 January 2020
• Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
• Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
• Amendments to MFRS 138, Intangible Assets	1 January 2020
• MFRS 16, Leases	1 January 2019
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
• IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019
• Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
• Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
• Amendments to IC interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
• Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
• Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020

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

Notes to the Financial Statements as at 31 December 2018 (continued)

1. Basis of preparation (continued)

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

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

(c) Explanation on change in accounting policy

MFRS 15 Revenue from Contracts with Customers

In the current financial year, the Company has adopted MFRS 15 Revenue from Contracts with Customers ("MFRS 15") effective for the annual financial period beginning on or after 1 January 2018. The date of initial application is as of the beginning of the first MFRS reporting period.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of (or prevent other entities from directing the use of), and obtain substantially all of the remaining benefits (or prevent other entities from obtaining the benefits) from the goods and services.

The Company elects to retrospectively apply MFRS 15 to contracts that are not complete on 1 January 2018 and recognise the cumulative effect of the change in the retained earnings on 1 January 2018.

The impact arising from the changes are disclosed in Note 28 to the financial statements.

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

MFRS 9 Financial instrument

In the current financial year, the Company has adopted MFRS 9, Financial Instruments ("MFRS 9") effective for the annual financial period beginning on or after 1 January 2018. The date of initial application is the date when the Company first applies the requirements of MFRS 9 and must be beginning of a reporting period after the issuance of MFRS 9 i.e. 1 January 2018.

Notes to the Financial Statements as at 31 December 2018 (continued)

1. Basis of preparation (continued)

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

MFRS 9 Financial instrument (continued)

- (i) Under adoption of MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

- (ii) New expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a triggered event to have occurred before credit losses are recognised.

The adoption of the above MFRSs did not have any significant effect on the financial statements of the Company.

(d) 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.

(e) Critical accounting estimates and judgements

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

- (i) *Revenue recognition over time*

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

Notes to the Financial Statements as at 31 December 2018 (continued)

1. Basic of preparation (continued)

(e) Critical accounting estimates and judgements (continued)

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

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

(ii) *Income Taxes*

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

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

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

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

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

(iv) *Impairment of Non-financial Assets*

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

(v) *Written-down of Inventories*

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

Notes to the Financial Statements as at 31 December 2018 (continued)

1. Basic of preparation (continued))

(e) Critical accounting estimates and judgements (continued)

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

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

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

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

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

(viii) Classification of Leasehold Land

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

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

(ix) Deferred tax assets and liabilities

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

(x) Provision for staff gratuity

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

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

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

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

	2018	2017
	RM	RM
1 United States Dollar	4.088	4.062
1 Brunei Dollar	2.991	3.024
100 Japanese Yen	3.700	3.602
1 Singapore Dollars	2.991	3.096

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(b) Revenue and other income

(i) Sale of goods

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

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

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

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

(ii) Interest income

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

(c) Employee benefits expense

(i) Short term benefits

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

(ii) Defined contribution plans

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

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

(d) Income tax

(i) Current tax

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(d) Income tax (continued)

(i) Current tax (continued)

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

(ii) Deferred tax

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

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

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

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

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

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

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

(e) Impairment

Unless specifically disclosed below, the Company generally applies the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Company elected not to restate the comparatives.

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

Current financial year

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

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

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

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

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

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

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

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

Previous financial year

(i) Financial assets

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

Previous financial year (continued)

(i) Financial assets (continued)

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

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

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

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

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

(ii) Impairment of non-financial assets

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

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

Previous financial year (continued)

(ii) Impairment of non-financial assets (continued)

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

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

(f) Property, plant and equipment

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

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

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

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

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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

(g) Financial assets

Current financial year

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

(i) Amortised costs

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

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

(i) Fair value through other comprehensive income

Equity investments

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

Previous financial year

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

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

g) Financial assets (continued)

Previous financial year (continued)

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

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

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

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

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

(ii) *Loans and receivables*

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

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

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

(iii) *Held-to-maturity investments*

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

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

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

g) Financial assets (continued)

Previous financial year (continued)

(iv) Available-for-sale financial assets

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

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

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

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

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

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

(h) Inventories

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

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

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

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

(i) Contract asset

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

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

(k) Treasury shares

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

(l) Financial liabilities

Current financial year

Amortised cost

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

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

Previous financial year

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

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

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

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

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(l) Financial liabilities (continued)

(ii) Other financial liabilities measured at amortised cost

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

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

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

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

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

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

(m) Financial guarantee contracts

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

(n) Earnings per ordinary share

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

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

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

(o) Provisions

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

Notes to the Financial Statements as at 31 December 2018 (continued)

2. Summary of significant accounting policies (continued)

(p) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(q) Operating segment

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

(r) Equity instrument

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

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

3. Revenue

	2018 RM	2017 RM
Sales of packaging materials	25,417,998	24,906,911
Disaggregation of revenue: By primary geographical market:		
Malaysia	23,978,991	23,488,640
Mauritius	1,151,667	1,029,059
Hong Kong	59,905	128,216
Brunei	227,435	260,996
	<u>25,417,998</u>	<u>24,906,911</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

4. Employee benefits expense

	2018 RM	2017 RM
(a) Staff costs		
Salaries, wages, allowances, bonus and overtime	2,295,994	2,421,900
Contributions to defined contribution plan	235,413	245,823
Social security contributions	32,389	30,298
Other benefits	288,813	154,224
	<u>2,852,609</u>	<u>2,852,245</u>
(b) Directors' remuneration		
Executive:		
Salaries and other emoluments	563,026	570,571
Contribution to defined contribution plan	121,477	123,125
Social security contributions	1,421	1,421
Fees	52,800	52,800
Other benefits - leave passage	18,000	18,000
Estimated money value of benefits-in-kind	26,552	32,750
	<u>783,276</u>	<u>798,667</u>
Non-executive:		
Allowances	51,700	59,400
Fees	162,800	172,700
	<u>214,500</u>	<u>232,100</u>
Total directors' remuneration	<u>997,776</u>	<u>1,030,767</u>
Total directors' remuneration excluding benefits-in-kind	<u>971,224</u>	<u>998,017</u>
Total staff costs	<u>3,823,833</u>	<u>3,850,262</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

5. Profit before tax

	2018 RM	2017 RM
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration		
- Statutory audit	33,000	33,000
- Other services	7,000	7,000
(Reversal)/Amortised cost of provision for gratuity	(9,273)	43,140
Depreciation	1,551,972	1,294,645
(Gain)/Loss on foreign exchange		
- realised	(56,078)	(78,317)
- unrealised	(10,206)	25,573
Gain on disposal of property, plant and equipment	(499)	(4,716)
Impairment on trade receivables	59,905	57,763
Interest income		
- Interest income received from deposits placed with licensed banks	(151,686)	(202,280)
- Fixed return received from deposits placed with Islamic bank	(104,150)	(84,692)
Inventories written off	155,108	66,711
Inventories written down	9,505	5,668
Reversal of inventories written down	(13,339)	(9,785)
Investment income	(172,445)	(158,870)
Reversal of impairment on trade receivables no longer required	(57,763)	-
Property, plant and equipment written off	11	473
Provision for staff gratuity	110,915	107,159

Notes to the Financial Statements as at 31 December 2018 (continued)

6. Tax expense

	2018 RM	2017 RM
Current tax expense		
- current year	156,738	99,875
- Under/(over) provision in prior years	12,106	(18,283)
	<hr/> 168,844	<hr/> 81,592
Deferred tax expense (Note 18)		
- current year	(107,462)	179,809
- Under/(over) provision in prior years	94,326	(58,589)
	<hr/> (13,136)	<hr/> 121,220
	<hr/> 155,708	<hr/> 202,812
	<hr/> <hr/>	<hr/> <hr/>
<i>Reconciliation of tax expense</i>		
Profit before tax	<hr/> 1,201,042	<hr/> 1,378,464
Taxation computed at statutory tax rate of 24%	288,250	330,831
Non-deductible expenses	(168,848)	(13,018)
Non-taxable income	(70,126)	(38,129)
	<hr/> 49,276	<hr/> 279,684
Under/(over) provision of current tax in prior year	12,106	(18,283)
Over provision of deferred tax in prior year	94,326	(58,589)
	<hr/> 155,708	<hr/> 202,812
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements as at 31 December 2018 (continued)

7. Earnings per ordinary share

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

	2018	2017
Total comprehensive income attributable to owners of the Company (RM)	1,045,334	1,175,652
Weighted average number of ordinary shares in issue, net of treasury shares	19,112,234	19,112,234
Basic earnings per share (sen)	5.47	6.15

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

8. Property, plant and equipment

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

Notes to the Financial Statements as at 31 December 2018 (continued)

8. Property, plant and equipment (continued)

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

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

	2018 RM	2017 RM
At cost:		
Building	112,943	118,624
Plant, machinery and tools	18,083,065	17,909,925
Furniture, fittings and equipment	402,066	416,553
Motor vehicles	850,628	85,770
	<u>19,448,702</u>	<u>18,530,872</u>

9. Other investment

Fair value through other comprehensive income.

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

This investment as at 31 December 2018 had interest rates ranging from 3.02% to 3.64% (2017: 2.84% to 3.33%) per annum.

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

Notes to the Financial Statements as at 31 December 2018 (continued)

10. Inventories

	2018 RM	2017 RM Restated
At cost:		
Raw materials	3,277,685	3,535,650
Work-in-progress	366,140	400,541
Finished goods	50,044	2,556
Consumables	186,062	160,087
Goods in-transit	-	1,275
	<u>3,879,931</u>	<u>4,100,109</u>
Recognised in profit or loss		
Inventories recognised as cost of production	16,815,448	15,985,274
Write-down to net realisable value	9,505	5,668
Inventories written off	155,108	66,711
Reversal of inventories written down	(13,339)	(9,785)
	<u>16,966,724</u>	<u>16,057,936</u>

11. Contract assets

	2018 RM	2017 RM Restated
Contract assets	<u>582,560</u>	<u>203,976</u>

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

12. Trade receivables

	2018 RM	2017 RM
Trade receivables	4,772,420	5,409,839
Less: Impairment	(59,905)	(57,763)
	<u>4,712,515</u>	<u>5,352,076</u>

The movement in impairment of trade receivables was as follows:

	2018 RM	2017 RM
Impairment:		
At 1 January	57,763	-
Additions	59,905	57,763
Reversal	(57,763)	-
At 31 December	<u>59,905</u>	<u>57,763</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

12. Trade receivables (continued)

The Company's normal trade credit term ranges from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The trade receivables are non-interest bearing and recognised at their original invoice amounts which represent their fair values on initial recognition.

13. Non-trade receivables, deposits and prepayments

	2018 RM	2017 RM
Non-trade receivables	37,460	254,303
Deposits	19,980	18,040
Prepayments	57,364	21,073
Others	59,861	80,131
	<hr/>	<hr/>
	174,665	373,547
Less: Impairment		
At 1 January	(137,318)	(137,318)
Written off	137,318	-
	<hr/>	<hr/>
At 31 December	-	(137,318)
	<hr/>	<hr/>
	174,665	236,229
	<hr/>	<hr/>

Included in non-trade receivables of the Company are staff loans of RM 37,460 (2017: RM27,755) which bear interest at 4% (2017: 4%) per annum.

14. Fixed deposits with licensed banks

	2018 RM	2017 RM
Deposits placed with licensed banks	4,500,000	4,500,000
Deposits placed with Islamic bank	3,000,000	3,000,000
	<hr/>	<hr/>
	7,500,000	7,500,000
	<hr/>	<hr/>
Maturities less than 3 months	1,000,000	-
Maturities more than 3 months	6,500,000	7,500,000
	<hr/>	<hr/>
	7,500,000	7,500,000
	<hr/>	<hr/>

The deposits as at 31 December 2018 bear interest at rates ranging from 3.25% to 4.20% (2017: 3.00% to 3.15%) per annum.

Deposits placed with licensed banks have maturity periods ranging from 30 days to 365 days (2017: 30 days to 365 days).

Notes to the Financial Statements as at 31 December 2018 (continued)

15. Share capital

	2018 Number of Ordinary Share	2017 Number of Ordinary Share	2018 RM	2017 RM
Issued and fully paid: At 1 January/31 December	20,504,250	20,504,250	20,504,250	20,504,250

16. Treasury shares

	2018 Number of Ordinary Share	2017 Number of Ordinary Share	2018 RM	2017 RM
At 1 January/31 December	1,392,016	1,392,016	1,096,473	1,096,473

- (i) As at 31 December 2018, the number of outstanding Ordinary Shares in issue after deducting the treasury shares was 19,112,234 (2017: 19,112,234).
- (ii) The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 113 subsection 5 (b) of Companies Act, 2016 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased had been sold or cancelled as at 31 December 2018.

17. Retained profits

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

18. Deferred tax liabilities

	2018 RM	2017 RM
At 1 January	732,063	610,843
Transferred to profit or loss (Note 6)	(13,136)	121,220
At 31 December	718,927	732,063

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

	Property, plant and equipment RM
Deferred tax liabilities of the Company:	
At 1 January 2018	1,295,461
Recognised in statements of profit or loss	12,801
At 31 December 2018	1,308,262

Notes to the Financial Statements as at 31 December 2018 (continued)

18. Deferred tax liabilities (continued)

	Property, plant and equipment RM
Deferred tax liabilities of the Company:	
At 1 January 2017	1,149,461
Recognised in statements of profit or loss	146,000
	<hr/>
At 31 December 2017	1,295,461
	<hr/>
	Provision RM
Deferred tax assets of the Company:	
At 1 January 2018	563,398
Recognised in statements of profit or loss	25,937
	<hr/>
At 31 December 2018	589,335
	<hr/>
At 1 January 2017	538,618
Recognised in statements of profit or loss	24,780
	<hr/>
At 31 December 2017	563,398
	<hr/>

19. Provision for staff gratuity

	2018 RM	2017 RM
At 1 January	2,243,225	2,136,066
Provision during the financial year	110,915	107,159
	<hr/>	<hr/>
	2,354,140	2,243,225
Add: Amortised cost		
At 1 January	179,921	136,781
Additional	-	43,140
Reversal	(9,273)	-
	<hr/>	<hr/>
	170,648	179,921
	<hr/>	<hr/>
At 31 December	2,524,788	2,423,146
	<hr/>	<hr/>

The discounted rates applied in the computation of the present value of retirement gratuities ranged from 3.43% to 4.78% (2017: 2.99% to 4.60%) per annum.

Notes to the Financial Statements as at 31 December 2018 (continued)

20. Trade payables

The normal trade credit terms granted to the Company range from 30 to 90 days (2017: 30 to 90 days).

21. Non-trade payables and accruals

	2018 RM	2017 RM
Non-trade payables	530,720	428,104
Accruals	853,794	717,147
	<u>1,384,514</u>	<u>1,145,251</u>

22. Amounts due to Directors

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

23. Dividends

Dividends declared and paid by the Company are:

	In respect of financial year	Gross dividend per share Sen	Amount of dividend RM	Date of payment
2017				
Final single tier tax exempt dividend	2016	6.00	1,146,734	20 July 2017
Interim single tier tax exempt dividend	2017	6.00	1,146,734	25 January 2018
			<u>2,293,468</u>	
2018				
Final single tier tax exempt dividend	2017	4.00	764,489	25 July 2018
Interim single tier tax exempt dividend	2018	4.00	764,490	23 January 2019
			<u>1,528,979</u>	

The Directors recommend a final 2% single tier tax exempt dividend totalling RM382,245 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting, and which is further subject to the Company's compliance with all applicable laws and regulations concerning dividends. These financial statements do not reflect this final dividend which will only be accrued as a liability when approved by shareholders.

Notes to the Financial Statements as at 31 December 2018 (continued)

24. Segmental information

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

Major customers

Revenue from three major customers arising from sale of flexible packaging materials are RM9,012,485 (2017: RM7,591,459), RM2,989,901 (2017: RM2,510,127) and RM2,188,703 (2017: RM1,738,780) respectively.

25. Contingent liabilities

	2018 RM	2017 RM
Bank guarantee given by financial institution to third party	230,016	211,215
Documentary credit	-	64,164
	<hr/>	<hr/>

26. Commitments

Rent and commitments

The future minimum lease payments under non-working operating leases are as follows:

	2018 RM	2017 RM
Within one year	22,600	12,050
Between one to two years	16,250	21,300
	<hr/>	<hr/>
	38,850	33,350
	<hr/>	<hr/>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments

Categories of financial instruments

Current financial year

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

- (a) Fair value through other comprehensive income; and
- (b) Amortised cost ("AC")

	Carrying amount RM	Fair value through other comprehensive income RM	AC RM
2018			
Financial assets			
Other investment	5,000,000	5,000,000	-
Trade receivables	4,712,515	-	4,712,515
Non-trade receivables and deposits (excluding prepayment)	117,301	-	117,301
Fixed deposits with licensed banks	7,500,000	-	7,500,000
Cash and cash balances	4,248,352	-	4,248,352
	<u>21,578,168</u>	<u>5,000,000</u>	<u>16,578,168</u>
Financial liabilities			
Trade payables	2,116,465	-	2,116,465
Non-trade payables and accruals	1,384,514	-	1,384,514
Amount due to directors	215,600	-	215,600
Provision for gratuity	2,524,788	-	2,524,788
Dividend payable	764,490	-	764,490
	<u>7,005,857</u>	<u>-</u>	<u>7,005,857</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Categories of financial instruments (continued)

Previous year

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

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

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Other financial liabilities measured at amortised cost RM
2017				
Financial assets				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	5,352,076	5,352,076	-	-
Non-trade receivables and deposits (excluding prepayment)	215,156	215,156	-	-
Fixed deposits with licensed banks	7,500,000	7,500,000	-	-
Cash and bank balance	2,952,350	2,952,350	-	-
	<u>21,019,582</u>	<u>16,019,582</u>	<u>5,000,000</u>	<u>-</u>
Financial liabilities				
Trade payables	1,770,257	-	-	1,770,257
Non-trade payables and accruals	1,145,251	-	-	1,145,251
Amount due to directors	225,500	-	-	225,500
Provision for gratuity	2,423,146	-	-	2,423,146
Dividend payable	1,146,734	-	-	1,146,734
	<u>6,710,888</u>	<u>-</u>	<u>-</u>	<u>6,710,888</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Net gains and losses arising from financial instruments

	2018 RM	2017 RM
Fair value through other comprehensive income		
Investment income	172,445	-
Available for sales financial assets		
Investment income	-	158,870
Financial assets measured at amortised cost		
Impairment loss on trade receivables	(59,905)	-
Interest income	255,836	-
Realised gain on foreign exchange	(1,112)	-
Unrealised gain/(loss) on foreign exchange	10,206	-
	205,025	-
Loan and receivables		
Impairment loss on trade receivables	-	(57,763)
Interest income	-	286,972
Realised gain on foreign exchange	-	12,673
Unrealised gain/(loss) on foreign exchange	-	(26,160)
	-	215,722
Financial liabilities measured at amortised cost		
Reversal/(Amortised) cost of provision for gratuity	9,273	(43,140)
Realised gain/(loss) on foreign exchange	57,190	65,644
Unrealised (loss)/gain on foreign exchange	-	587
Provision for staff gratuity	(110,915)	(107,159)
	(44,452)	(84,068)
	333,018	290,524

Financial risk management objectives and policies

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

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Credit risk

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

Trade receivables and contract assets

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

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

There are no significant changes as compared to previous year.

Credit risk concentration profile

The Company's major concentration of credit risk relates to the amounts owing by 8 major customers which constituted approximately 81% (2017: 74%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

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

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

	2018	2017
	RM	RM
Malaysia	4,427,843	5,041,901
Mauritius	243,504	230,466
Hong Kong	-	59,209
Brunei	41,168	20,500
	<u>4,712,515</u>	<u>5,352,076</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Credit risk (continued)

Ageing analysis

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

	Gross Amount RM	Loss allowances RM	Net amount RM
2018			
Not past due :	4,564,843	-	4,564,843
Past due:			
- less than 3 months	207,577	(59,905)	147,672
	<u>4,772,420</u>	<u>(59,905)</u>	<u>4,712,515</u>

Comparative information under MFRS 139, Financial instruments: Recognition and Measurement

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying amount RM
2017				
Not past due :	4,849,831	-	-	4,849,831
Past due:				
- less than 3 months	560,008	(57,763)	-	502,245
	<u>5,409,839</u>	<u>(57,763)</u>	<u>-</u>	<u>5,352,076</u>

Cash and cash equivalents

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

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

Deposits

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

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

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

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

Market risk

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

Foreign currency risk

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

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

	USD RM	BND RM	JPY RM	SGD RM	Total RM
2018					
Financial asset					
Trade receivables	243,504	41,168	-	-	284,672
Financial liabilities					
Non-trade payable	(192,000)	-	(15,713)	-	(207,713)
Net currency exposure	<u>51,504</u>	<u>41,168</u>	<u>(15,713)</u>	<u>-</u>	<u>76,959</u>
2017					
Financial asset					
Trade receivables	289,675	20,500	-	-	310,175
Financial liabilities					
Trade payable	(102,995)	-	-	-	(102,995)
Non-trade payables	(192,000)	-	-	(18,172)	(210,172)
Net currency exposure	<u>(5,320)</u>	<u>20,500</u>	<u>-</u>	<u>(18,172)</u>	<u>(2,992)</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

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

	2018 %	2017 %	2018 RM Increase/ (Decrease)	2017 RM Increase/ (Decrease)
Effect on profit after tax				
USD / RM				
Strengthened by	5.00	5.00	1,957	(202)
Weakened by	5.00	5.00	(1,957)	202
BND / RM				
Strengthened by	5.00	5.00	1,564	799
Weakened by	5.00	5.00	(1,564)	(799)
JPY / RM				
Strengthened by	5.00	5.00	(597)	-
Weakened by	5.00	5.00	597	-
SGD / RM				
Strengthened by	5.00	5.00	-	(691)
Weakened by	5.00	5.00	-	691

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

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

	2018 RM	2017 RM
Fixed deposits with licensed banks	7,500,000	7,500,000
Other investment	5,000,000	5,000,000
	<u>12,500,000</u>	<u>12,500,000</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

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

	2018 Increase / (Decrease) RM	2017 Increase / (Decrease) RM
Effects on profit after taxation		
Increase of 10 basis point	9,500	9,500
Decrease of 10 basis point	(9,500)	(9,500)

Liquidity risk

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

Maturity analysis

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

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2018				
Trade payables	2,116,465	2,116,465	2,116,465	-
Non-trade payables and accruals	1,384,514	1,384,514	1,384,514	-
Amount due to directors	215,600	215,600	215,600	-
Provision for gratuity	2,524,788	2,524,788	-	2,524,788
Dividend payable	764,490	764,490	764,490	-
	<u>7,005,857</u>	<u>7,005,857</u>	<u>4,481,069</u>	<u>2,524,788</u>
2017				
Trade payables	1,770,257	1,770,257	1,770,257	-
Non-trade payables and accruals	1,145,251	1,145,251	1,145,251	-
Amount due to directors	225,500	225,500	225,500	-
Provision for gratuity	2,423,146	2,423,146	-	2,423,146
Dividend payable	1,146,734	1,146,734	1,146,734	-
	<u>6,710,888</u>	<u>6,710,888</u>	<u>4,287,742</u>	<u>2,423,146</u>

Notes to the Financial Statements as at 31 December 2018 (continued)

27. Financial instruments (continued)

Liquidity risk (continued)

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

Fair values

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

- (i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short term maturity of the financial instruments.
- (ii) The fair value of other investments is equivalent to the carrying value as at the end of the reporting period.

The aggregate fair values and the carrying amounts of the financial asset carried on the statement of financial position as at 31 December are as below:

	← 2018 →	← 2017 →		
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset:-				
Other investment	5,000,000	5,000,000	5,000,000	5,000,000

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 Level 3: Input for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company does not have any financial liabilities carried at fair value or any financial instruments classified as Level 1 and Level 2 as at reporting date.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018				
Financial asset				
Other investment	-	-	5,000,000	5,000,000
2017				
Financial asset				
Other investment	-	-	5,000,000	5,000,000

Notes to the Financial Statements as at 31 December 2018 (continued)

28. Significant changes in accounting policies

During the year, the Company adopted MFRS 15, Revenue from Contracts with Customers on their financial statements. The Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards.

The following tables summarise the impacts arising from the adoption of MFRS 15 to the Company's financial statements.

Statement of financial position:

	As previously reported RM	MFRS 15 adjustment RM	As restated RM
Current assets			
Inventories	4,247,973	(147,864)	4,100,109
Contract assets	-	203,976	203,976
	<u>4,247,973</u>	<u>56,112</u>	<u>4,304,085</u>
Equity attributable to owners of the company			
Retained profits	<u>10,756,790</u>	<u>56,112</u>	<u>10,812,902</u>

29. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2018.

Under the requirements of Bursa Malaysia Practice Note 17, the Company is required to maintain a shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Company has complied with this requirement.

There are no other external capital requirements imposed on the Company.

30. General information

The Company is incorporated and domiciled in Malaysia, is listed on Bursa Malaysia Securities Berhad.

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

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

The registered office of the Company is located at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 08 APR 2019.

List of the Properties as at 31 December 2018

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	Tenure	Age of Building	Net Book Value RM	Date of Acquisition
Location: Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold Expiring on 29 September 2086	35 years old	2,818,775	3-5-1984
Address: Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan						

Analysis of Shareholdings as at 29 March 2019

SHAREHOLDERS

The Company had 1,038 shareholders as at 29 March 2019. There is only one class of share, namely ordinary share. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 29 March 2019

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	159	4,395	0.02
100 - 1,000	134	79,379	0.42
1,001 - 10,000	622	1,873,512	9.80
10,001 - 100,000	88	2,752,863	14.40
100,001 to less than 5% of issued shares	32	10,849,975	56.77
5% and above of issued shares	3	3,552,110	18.59
Total	1,038	19,112,234	100.00

Analysis of Shareholdings as at 29 March 2019 (cont'd)

SUBSTANTIAL SHAREHOLDERS

As at 29 March 2019

No.	Name of Substantial Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-
2	Chee Chin Tsai	1,019,717	5.34	-	-
3	Chee Chin Hung	966,493	5.06	-	-

DIRECTORS' SHAREHOLDINGS

As at 29 March 2019

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Datuk Ismail bin Haji Ahmad	-	-	-	-
2	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19	-	-
3	Yeo Tek Ling	12,169	0.06	-	-
4	Dato' Haji Ghazali b. Matt Ariff	-	-	-	-
5	Law Mong Yong	459	0.00	-	-
	Registered under own name-209				
	Registered with Affin Hwang Nominee (Tempatan) Sdn Bhd-250				
6	Chee Chin Hung	966,493	5.06	-	-
7	Mah Siew Seng	-	-	-	-
8	Ng Choo Tim	648,297	3.39	-	-

Analysis of Shareholdings as at 29 March 2019 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

As at 29 March 2019

No.	Name	No. of Shares	%
1	Tjin Kiat @ Tan Cheng Keat	1,565,900	8.19
2`	Chee Chin Tsai	1,019,717	5.34
3`	Chee Chin Hung	966,493	5.06
4	Teo Kwee Hock	878,300	4.60
5	Ng Choo Tim	648,297	3.39
6	Chee Pei Li	627,000	3.28
7	Lee Ng Mah @ Lee Wai Chan	596,545	3.12
8	Low Khek Heng @ Low Choon Huat	516,800	2.70
9	Lee Kim Mua @ Lim Kim Moi	516,626	2.70
10	Law Mong Hock	502,633	2.63
11	Tan Wooi Bee @ Nur Huda Tan	465,500	2.44
12	Liew Say Fah	450,000	2.35
13	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai	444,700	2.33
14	Eu Chin Fen	435,224	2.28
15	Tan Kok Chiew	401,995	2.10
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Kian Hong (E-TSA)	377,000	1.97
17	Tan Gian Hock	371,000	1.94

Analysis of Shareholdings as at 29 March 2019 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

As at 29 March 2019 (cont'd)

No.	Name	No. of Shares	%
18	Law Geok King	344,094	1.80
19	Law Geok Beng	338,468	1.77
20	Law Ling Ling	330,974	1.73
21	Law Geok Eng	313,994	1.64
22	Juliet Yap Swee Hwang	287,400	1.50
23	Tan Wooi Hong	260,400	1.36
24	Tasek Maju Realty Sdn Bhd	225,000	1.18
25	Yong Wo Moi	204,700	1.07
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Kin Chong @ Ooi Kin Chong (E-SPI/ASR)	192,600	1.01
27	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Soh Hin	150,000	0.78
28	Yap Ah Cheng	150,000	0.78
29	Jane Yap Sin Yee	145,900	0.76
30	Chong Mui @ Chong Sow Mui	129,700	0.68

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PROXY FORM



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

No. of Shares held

I/We, _____ (NRIC/Company No.) _____
(Full Name in Block Letters)

of _____
(Address)

being a Member/Members of Advanced Packaging Technology (M) Bhd hereby appoint _____

_____ (NRIC) _____
(Full Name in Block Letters)

of _____
(Address)

or failing him/her _____ (NRIC) _____
(Full Name in Block Letters)

of _____
(Address)

or failing whom, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Thirty-Seventh Annual General Meeting ("AGM") of the Company to be held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 30 May 2019 at 12.30 p.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of a final single tier tax exempt dividend of 2% net per share.		
Ordinary Resolution 2	To approve the payment of Directors' Fees of RM215,600 for the year ended 31 December 2018.		
Ordinary Resolution 3	To approve the payment of Directors' Benefit (excluding Directors' Fees) up to an amount of RM80,000 from 31 May 2019 until the next AGM of the Company.		
Ordinary Resolution 4	To re-elect Mr Tjin Kiat @ Tan Cheng Keat as Director.		
Ordinary Resolution 5	To re-elect Mr Yeo Tek Ling as Director.		
Ordinary Resolution 6	To re-elect Mr Chee Chin Hung as Director.		
Ordinary Resolution 7	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	To retain Dato' Haji Ghazali bin Mat Ariff as Independent Non-Executive Director.		
Ordinary Resolution 9	To retain Mr Mah Siew Seng as Independent Non-Executive Director.		
Ordinary Resolution 10	To retain Mr Ng Choo Tim as Independent Non-Executive Director.		
Ordinary Resolution 11	To approve the Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares.		
Special Resolution 1	To approve Proposed Adoption of New Constitution		

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

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

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

*Strike out whichever is not desired.

Dated this day of 2019

Signature

NOTES:

- A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eighth (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- Only members whose names appear in the Record of Depositors on 23 May 2019 shall be entitled to attend, speak and vote at the AGM.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Thirty-Seventh AGM will be put to vote by poll.

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

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