

A decorative graphic at the top of the page consists of a series of interlocking triangles in various colors (green, yellow, orange, blue, pink, light blue, and white) arranged in a zig-zag pattern. The triangles are set against a light gray background.

# ANNUAL REPORT 2014

**PUBLIC PACKAGES HOLDINGS BERHAD** (162413-K)

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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 28<sup>th</sup> Annual General Meeting of Public Packages Holdings Berhad will be held at 3<sup>rd</sup> Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 25 May 2015 at 10.00 a.m. for the following purposes: -

## AGENDA:

### *Ordinary Business*

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors' and Auditors' thereon. Please refer to Explanatory Note 1
2. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
  - i) Mr. Koay Chiew Poh Resolution 1
  - ii) Mr. Koay Chiew Kang Resolution 2
3. To approve the payment of Directors' fees of not exceeding RM250,000 for the financial year ending 31 December 2015. Resolution 3
4. To re-appoint Messrs. Grant Thornton (AF: 0042) as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 4

### *Special Business*

To consider and if thought fit, to pass with or without any modifications the following ordinary resolutions:-

5. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES**  
"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for listing of and quotation for the additional shares to be issued." Resolution 5
6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
  - i) "THAT authority be and is hereby given to Pn. Nurjannah Binti Ali who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." Resolution 6
  - ii) "THAT authority be and is hereby given to Mr. Ng Thim Fook who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." Resolution 7
7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 28<sup>th</sup> Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 18 May 2015. Only a depositor whose name appears on the Record of Depositors as at 18 May 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

LEE PENG LOON (MACS 01258)  
P'NG CHIEW KEEM (MAICSA 7026443)  
Joint Company Secretaries

Penang  
Dated: 29 April 2015

#### NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act 1965 shall not apply to the Company.
2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member 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 accounts it holds.
4. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at Wisma Public Packages, Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.

#### EXPLANATORY NOTE ON ORDINARY BUSINESS

1. Agenda 1 is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

#### EXPLANATORY NOTES ON SPECIAL BUSINESS

1. The Resolution 5, if passed, will give the Directors of the Company authority to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

The general mandate for issue of shares is a renewal and will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition. As at the date of notice of meeting, no share has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

2. The Resolutions 6 and 7, if passed, will allow the Independent Directors to be retained and continued to act as Independent Directors to fulfil the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in the page 12 of the Company's 2014 Annual Report.

## CORPORATE INFORMATION

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>BOARD OF DIRECTORS</b>        | <b>:</b> Koay Chiew Poh<br><i>Executive Chairman</i><br><br>Koay Teng Liang<br><i>Executive Director</i><br><br>Koay Teng Kheong<br><i>Executive Director</i><br><br>Koay Chiew Kang<br><i>Executive Director</i><br><br>Nurjannah Binti Ali<br><i>Independent Non-Executive Director</i><br><br>Ng Thim Fook<br><i>Independent Non-Executive Director</i><br><br>Ong Eng Choon<br><i>Independent Non-Executive Director</i><br><br>Koay Chue Beng<br><i>Alternate Director to Koay Chiew Poh</i> |
| <b>JOINT COMPANY SECRETARIES</b> | <b>:</b> Lee Peng Loon (MACS 01258)<br>P'ng Chiew Keem (MAICSA 7026443)                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>AUDIT COMMITTEE</b>           | <b>:</b> Nurjannah Binti Ali (Independent Non-Executive Director)<br><i>Chairman</i><br><br>Ng Thim Fook (Independent Non-Executive Director)<br><i>Committee Member</i><br><br>Ong Eng Choon (Independent Non-Executive Director)<br><i>Committee Member</i>                                                                                                                                                                                                                                     |
| <b>NOMINATING COMMITTEE</b>      | <b>:</b> Nurjannah Binti Ali (Independent Non-Executive Director)<br><i>Chairman</i><br><br>Ng Thim Fook (Independent Non-Executive Director)<br><i>Committee Member</i><br><br>Ong Eng Choon (Independent Non-Executive Director)<br><i>Committee Member</i>                                                                                                                                                                                                                                     |

|                               |                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>REMUNERATION COMMITTEE</b> | :<br>Nurjannah Binti Ali (Independent Non-Executive Director)<br><i>Chairman</i><br><br>Ng Thim Fook (Independent Non-Executive Director)<br><i>Committee Member</i><br><br>Ong Eng Choon (Independent Non-Executive Director)<br><i>Committee Member</i><br><br>Koay Chiew Poh (Executive Chairman)<br><i>Committee Member</i> |
| <b>REGISTERED OFFICE</b>      | : Wisma Public Packages<br>Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate,<br>11900 Bayan Lepas, Penang.<br>Tel No: 04-6444888 Fax No: 04-6436699                                                                                                                                                                  |
| <b>BUSINESS ADDRESS</b>       | : Wisma Public Packages<br>Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate,<br>11900 Bayan Lepas, Penang.<br>Tel No: 04-6444888 Fax No: 04-6436699                                                                                                                                                                  |
| <b>REGISTRAR</b>              | : Tricor Investor Services Sdn. Bhd. (Company No.118401-V)<br>Level 17, The Gardens North Tower, Mid Valley City,<br>Lingkaran Syed Putra,<br>59200 Kuala Lumpur.<br>Tel No: 03-2264 3883 Fax No: 03-2282 1886                                                                                                                  |
| <b>AUDITORS</b>               | : Grant Thornton<br>51-8-A, Menara BHL Bank,<br>Jalan Sultan Ahmad Shah,<br>10050 Penang.                                                                                                                                                                                                                                       |
| <b>PRINCIPAL BANKERS</b>      | : Malayan Banking Berhad<br>Al Rajhi Banking & Investment Corporation (Malaysia) Berhad<br>RHB Bank Berhad<br>AmBank (M) Berhad<br>CIMB Bank Berhad                                                                                                                                                                             |
| <b>STOCK EXCHANGE LISTING</b> | : Main Market of Bursa Malaysia Securities Berhad<br>Stock Name : PPHB Stock Code : 8273                                                                                                                                                                                                                                        |
| <b>WEBSITE</b>                | : <a href="http://www.pph.com.my">http://www.pph.com.my</a>                                                                                                                                                                                                                                                                     |

## **EXECUTIVE CHAIRMAN’S STATEMENT**

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2014.

### **INDUSTRY REVIEW**

Packaging remains an important component of the manufacturing sector. Packaging industry continues to be challenging. Intense competition for market share and the high US dollar continue to put pressure on pricing of products and cost sustainability. Raw material price both locally and internationally is expected to remain volatile.

### **FINANCIAL PERFORMANCE**

The Group recorded revenue of RM154 million in financial year 2014, a marginal increase from the RM145 million of previous financial year. The associated cost of sales was correspondingly higher in terms of amount. Relative to sales however, it has reduced by 2% for financial year ended 2014. This resulted in an improvement of net profit, RM12 million as compared to RM10 million of the preceeding financial year. In tandem with this, earning per share and net asset per share of the Group improved to 11.3 cents (2013: 9.3 cents) and RM1.43 (2013: RM1.31) respectively.

Our balance sheet remains robust with the strong cash flow and low gearing. Cash generated from operations for the year was RM17 million and we maintained cash balance of RM29 million as at financial year 2014.

### **PROSPECTUS FOR 2015**

The Group expects a challenging year ahead. The Group will remain vigilant of threats that may affect the business environment and our profitability and be quick to mitigate them.

The Group endeavors to continue its effort in enhancing operational efficiency and effectiveness by putting in place cost control measures, and aspires to increase market share in terms of quality and pricing. Appropriate strategies and resources are deployed to meet the challenges ahead by enforcing the following:-

- Lean manufacturing system
- Expansion of existing business
- Extension into related business
- Human Resource development

The Group strives to better address the ever-evolving business requirements as well as exploit new business opportunities by expanding into new lines of business and services. Last year, the Group has invested a substantial amount to build new capabilities of our print-related business.

Despite uncertainty in the global market, the Group expects to remain profitable barring unforeseen circumstances.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Group continues to uphold our commitment to invest in efforts focusing on sustainability and Group Corporate Governance. CSR initiatives and meaningful activities have been implemented in the Company’s workplace, marketplace, community and environment. The Group recognized its corporate citizenship and fulfills its responsibilities to its employees, customers, caring for society and greening the environment based on principles of business sustainability.

The Group’s CSR activities are separately set out on pages 17 to 18 of this Annual Report.

### **APPRECIATION**

On behalf of the Board, I would like to express our deepest appreciation to our esteemed bankers, valued business associates, shareholders, government and regulatory authorities for their invaluable support and confidence in the Group. I would also like to thank the management and our entire workforce for their dedication and commitment that has ensured continued success of the Group. I sincerely hope that together we can achieve another year of satisfactory results.

Last but not least, my personal thanks to my fellow members of the Board for their contributions and support to the Group.

KOAY CHIEW POH  
EXECUTIVE CHAIRMAN

## DIRECTORS' INFORMATION

**Koay Chiew Poh**, a Malaysian, age 63, is the founder of Public Packages Holdings Berhad ("PPHB") and was appointed to the Board on 16 March 1991 as Executive Chairman of the Company. He is a member of the Remuneration Committee. He is an entrepreneur with more than 30 years experience in the packaging and printing industry. He served as a Sales Manager for Pan Asian Paper Product Manufacturing Sdn Bhd before he joined Federal Packages Sdn Bhd. He holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Kang, Mr. Koay Chue Beng, the father of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2014.

**Koay Chiew Kang**, a Malaysian, age 57, was appointed to the Board on 14 March 2012 as Executive Director. He graduated from Universiti Sains Malaysia with BSC. HBP (Hons). He has also attended the Owner / President Programme at Harvard Business School, Boston. He has been working with the Group as Manager in various departments, namely Administration, Production and Operation since the year 1985. Due to his extensive knowledge and experiences, he has been promoted to General Manager in year 1995. He also holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chue Beng, the uncle of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2014.

**Koay Chue Beng**, a Malaysian, age 54, was re-designated as Alternate Director to Mr. Koay Chiew Poh on 25 March 2011. Prior to this, he was the Executive Director of the Company since 9 February 2002. He had served as senior management in several private limited companies and has extensive experience in sales and marketing, new market development, distribution, planning and control. He is also actively involved in community services. He holds directorships in several of PPHB's subsidiaries.

He is the brother of Mr. Koay Chiew Poh, Mr. Koay Chiew Kang, the uncle of Mr. Koay Teng Liang and Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

**Nurjannah Binti Ali**, a Malaysian, age 56, was appointed to the Board on 5 February 1999 as an Independent Non-Executive Director. She is the Chairman of the Audit Committee and also the Chairman of the Nominating and Remuneration Committees. With an accounting background, Nurjannah has more than 15 years experience in finance and business. She is also a Director of Asia File Corporation Berhad.

She has no family relationship with any directors and/or major shareholders of the Company. She has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

She had attended all the 5 Board meetings held in the financial year ended 31 December 2014.

**Ng Thim Fook**, a Malaysian, age 61, was appointed to the Board on 15 November 2002 as an Independent Non-Executive Director. He is a member of the Audit, Nominating and Remuneration Committees. He is the Managing Director of NG Technology Pty Ltd and Express Tech Pty Ltd. He has been in IT business for the last 22 years.

He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2014.



**Ong Eng Choon**, a Malaysian, age 63, was re-designated as Independent Non-Executive Director on 25 March 2011. Prior to this, he was the Non-Independent Non-Executive Director of the Company since 23 January 2009. He is a member of the Audit, Nominating and Remuneration Committees. He graduated from Tunku Abdul Rahman College, Kuala Lumpur with a Diploma in Business Administration and has more than 30 years of working experience in the field of taxation. He spent 3 years with the Inland Revenue Department and 10 years with one of the top 4 accounting firms. He is currently the Executive Director of BDO Tax Services Sdn. Bhd. He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and a Fellow Member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He is also the Independent Non-Executive Director of Chin Well Holdings Berhad, listed on Bursa Securities.

He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended 4 of the 5 Board meetings held in the financial year ended 31 December 2014.

**Koay Teng Liang**, a Malaysian, age 38, was appointed to the Board as an Executive Director on 30 January 2009. Prior to the appointment, he was the Alternate Director to Mr. Koay Chiew Lee from 17 November 2003 until 23 January 2009. He graduated from University of Melbourne, Australia with a Bachelor in Commerce (Hons) and Bachelor in International Business from Flinders University, Australia. Prior to joining the Company, he was attached with Teckwah Industrial Corporation Limited, Singapore as a Program Executive. He holds directorships in several of PPHB's subsidiaries.

He is the son of Mr. Koay Chiew Poh, nephew of Mr. Koay Chiew Kang, Mr. Koay Chue Beng and brother of Mr. Koay Teng Kheong who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2014.

**Koay Teng Kheong**, a Malaysian, age 34, was appointed to the Board as an Executive Director on 25 March 2011. He graduated from Monash University, Australia with a Masters in Management and Bachelor in Information Systems from University of Melbourne, Australia. He holds directorships in Public Packages Asia (S) Pte Ltd., a 100% owned indirect subsidiary of PPHB prior to this appointment and has actively participated and contributed towards the Groups revenue and management.

He is the son of Mr. Koay Chiew Poh, nephew of Mr. Koay Chiew Kang, Mr. Koay Chue Beng and brother of Mr. Koay Teng Liang who are members of the Board. He has no conflict of interest with the Company and has not committed any offences within the past 10 years other than traffic offences, if any.

He had attended all the 5 Board meetings held in the financial year ended 31 December 2014.

# STATEMENT OF CORPORATE GOVERNANCE

The Board recognizes the importance of adopting and maintaining high standards of corporate governance and is fully committed to conducting the Group's affairs in a transparent and objective manner, with full accountability and integrity. The Board strives to safeguard shareholders' investments and stakeholders' interests, thereby enhancing their values. This Corporate Governance Statement outlines the Group's corporate governance practices and aims to provide vital insights to the shareholders, potential investors and stakeholders.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### **Board Charter**

The Board Charter delineates the Board's strategic intent and sets out key values and principles of the Group. It defines the roles, powers and responsibilities of the Board and its Directors. Additionally, it acts as a source of reference and primary induction literature for prospective Board members, as well as assisting the Board in the assessment of its collective performance and that of each individual Director. Apart from current best practices and applicable rules and regulations, it outlines the processes and procedures to an effective and efficient Board.

The Board Charter is subjected to periodic reviews, reflecting changes in the regulations and best practices, and to update its relevance and effectiveness. A copy of the Board Charter can be accessed from the Group's website – [www.pph.com.my](http://www.pph.com.my).

### **Composition and size of the Board**

The Board comprises four (4) Executive Directors and three (3) Independent Non-Executive Directors, in compliance with paragraph 15.02 of the Bursa Malaysia Listing Requirements where at least one third (1/3) of the Board members must be Independent Directors. Members of the Board are of diverse backgrounds, specializations, experience, characters and age.

### **The Board and Directors**

The Board plays a pivotal role in the stewardship of the Group's strategic directions, operations and performances, with the ultimate objective of maximizing shareholders' value while taking into consideration stakeholders' interests. It assumes the following key responsibilities, among others:-

- a. Review, approve and monitor implementation of the strategies and business plans of the Group;
- b. Monitor and evaluate performance of the Group's business operations and activities;
- c. Oversee conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations;
- d. Identify principal risks and ensure execution of appropriate risk management and internal control procedures;
- e. Develop and evaluate the Group's succession planning and talent management plans;
- f. Supervise the implementation of shareholders' communication policy;
- g. Evaluate the adequacy and integrity of management information and internal control system of the Group.

There are clear division of roles and responsibilities between the Chairman, Executive Directors and Independent Non-Executive Directors, ensuring balance of power and authority as well as enhanced accountability.

### Chairman

The Chairman acts as a spokesperson for the Board and represents the Group to the shareholders. He is responsible for the overall strategic direction of the Group and takes a leading role in creating an effective corporate governance system, setting the tone at the top of practising and promoting ethical practices, good governance, as well as legal and regulatory compliances. He is also responsible for managing the boardroom dynamics, promoting a culture of openness and debate to build a high performance board and effectuate robust decision making.

### Executive Directors

The Chairman is supported by the three (3) Executive Directors in day-to-day management of the Group. The Executive Directors form part of the Senior Management team and have an overall responsibility over the business operations, organizational effectiveness and efficiencies, formulation of strategies and implementation of Board policies and decisions. They are also responsible for fostering relationships with regulators and stakeholders. In light of their technical expertise and knowledge of the business and its industry, they add value to the Board's decision making process by offering an intimate view of the workings within the Group as well as the strategic plan in action.

### Non-Executive Directors

The Non-Executive Directors are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgement, enabling their contribution towards corporate accountability. They take into account interest of the Group, shareholders, stakeholders and the communities in which the Group conducts its business, providing their unbiased and impartial views, advice and judgement. It is also their responsibility to ensure financial information announced are accurate and that the risk management and internal control systems are robust and defensible. Furthermore, the Independent Non-Executive Directors play a key role in the evaluation and review of the Board's performance and remuneration.

The profiles of the Directors are set out on pages 7 to 8 of this Annual Report.

### **Code of Ethics and Conduct**

A Code of Ethics and Conduct with the objective of creating an ethical corporate climate had been adopted by the Group. It provides guidance on the standards of behaviours expected from the Directors, employees as well as any other persons who represent the Group in execution of their duties and functions. Furthermore, it advises the Board on the manner in which it should act when making decisions. In formulation of the Group's Code of Ethics and Conduct, reference has been made to the Code of Ethics for Directors, highlighting principles in relation to transparency, integrity, accountability and corporate social responsibility.

A copy of the Code of Ethics and Conduct is published on the Group's website.

### **Supply of information**

Members of the Board are supplied with unrestricted and timely information to enable effective discharge of their duties and responsibilities. Relevant agendas and board papers containing management and financial information are distributed in advance of each Board meeting for their perusal and consideration, to enable active participation during meetings and to facilitate informed decision making. Furthermore, all Directors are regularly updated on the statutory and regulatory requirements relating to their duties and responsibilities.

The Board has full access to information pertaining the Group. In addition, advices, further explanations and updates may be sought from the Head of Finance, Head of Internal Audit and Company Secretaries. The Board may consult external experts for their independent and professional opinion in furtherance of its duties, at the Group's expense. Individual members may also obtain independent professional advices, subject to approval of the Chairman or the Board, depending on quantum of the fees involved.

### **Company Secretaries**

The joint Company Secretaries assume key advisory roles to the Board on matters in relation to statutory and regulatory compliances, best corporate governance practices, Board's policies and procedures, as well as Directors' duties and responsibilities. The Board is satisfied with the performances and competencies demonstrated.

During the financial year, the Company Secretaries have performed, among others, the following tasks:-

- a. Attended all Board meetings and ensured meetings are properly convened;
- b. Ensured accurate recording of minutes of proceedings and proper maintenance of secretarial records;
- c. Supported the Board in ensuring adherence to Board policies and procedures;
- d. Facilitated the provision of information as requested by the Directors.

### **Sustainability strategy and approach**

The Group is committed to the continuous efforts of aligning sustainability strategies and approaches with its strategic objectives. The Board strives not only to maximize shareholders' value but also takes into consideration stakeholders' welfare and sustainability developments.

Details of the Group's sustainability efforts are set out in the Corporate Social Responsibility Statement on pages 17 to 18 of this Annual Report.

## 2. STRENGTHEN COMPOSITION

### **Nominating Committee**

The Nominating Committee of the Company was established on 4 April 2002 and the Committee Members are as follows:-

|                         |                                                |
|-------------------------|------------------------------------------------|
| Pn. Nurjannah Binti Ali | - Chairman, Independent Non-Executive Director |
| Mr. Ng Thim Fook        | - Member, Independent Non-Executive Director   |
| Mr. Ong Eng Choon       | - Member, Independent Non-Executive Director   |

The terms of reference and roles of Nominating Committee are as below:-

- i. To review annually and recommend to the Board with regard to the tenure, desirable balance and composition in board membership and committees, including required mix of skills, experience and core competencies of the Board.
- ii. Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board and reviewing the performance of the members of the Board.
- iii. To consider, review, evaluate and recommend to the Board any new board appointment, whether of executive or non-executive position, to fill board vacancies as and when they arise. The Nominating Committee shall recommend to the Board with regard to the candidate for directorship based on the following:-
  - Skills, knowledge, expertise and experience;
  - Professionalism;
  - Integrity; and
  - In the case of candidates for the position of Independent Non-Executive Directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
- iv. Ensuring that orientation and education programmes are provided to new members of the Board.
- v. To review re-election and retirement by rotation of Directors at the Annual General Meetings.

The Nominating Committee meets as and when required, and at least once a year. During the financial year under review the Nominating Committee held one (1) meeting on 6 April 2015, which was attended by all three (3) members.

On 6 April 2015, the Nominating Committee had performed:-

- i. Review on Board, evaluated and determined training needs of directors;
- ii. Assessment and made recommendation to the Board on re-election of those directors subject to re-election / retirement; and

In discharging this duty, the Nominating Committee had assessed the suitability of individuals to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity. The Nominating Committee had also ensured that the procedures for appointing new Directors are transparent, rigorous and that appointments were made on merit and against objective criteria for the purpose.

### **Remuneration policies and procedures**

The specific responsibility of the Remuneration Committee is reviewing the remuneration framework and package for the members of the Board and recommends the same to the Board for approval. The remuneration of Directors is set at levels that would enable the Company to attract and retain Directors with relevant expertise and the experience necessary in managing the Group effectively. The remuneration package is also structured so as to link rewards to corporate and individual performance and for Non-Executive Directors the level of remuneration reflects the experience and level of responsibilities undertaken. The remuneration package of the Executive Chairman is approved by the full Board on the recommendation of the Remuneration Committee. Directors do not participate in decisions regarding their own remuneration packages.

The members of the Remuneration Committee are as follows:-

|                         |                                                |
|-------------------------|------------------------------------------------|
| Pn. Nurjannah Binti Ali | - Chairman, Independent Non-Executive Director |
| Mr. Ng Thim Fook        | - Member, Independent Non-Executive Director   |
| Mr. Ong Eng Choon       | - Member, Independent Non-Executive Director   |
| Mr. Koay Chiew Poh      | - Member, Executive Chairman                   |

The fees of Directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting.

The aggregate remuneration of Directors for the financial year ended 31 December 2014 is as follows:

|               | Salary<br>(RM) | Bonus<br>(RM) | Others<br>(RM) | Fees<br>(RM) | Total<br>(RM) |
|---------------|----------------|---------------|----------------|--------------|---------------|
| Executive     | 1,761,431      | 317,750       | 361,214        | 0            | 2,440,395     |
| Non-Executive | 0              | 0             | 0              | 78,000       | 78,000        |
|               | 1,761,431      | 317,750       | 361,214        | 78,000       | 2,518,395     |

Number of Directors whose remuneration falls into the following bands are as follows:

| Range of remuneration  | Number of Directors |               |
|------------------------|---------------------|---------------|
|                        | Executive           | Non-Executive |
| Below RM50,000         | -                   | 3             |
| RM 50,001 to RM200,000 | -                   | -             |
| RM200,001 to RM400,000 | 1                   | -             |
| RM400,001 to RM600,000 | 4                   | -             |
|                        | 5                   | 3             |

### 3. REINFORCE INDEPENDENCE

#### Annual assessment of independence

The Board, through the Nominating & Remuneration Committees, assesses the independence of each Non-Executive Directors annually. Apart from tenure of service, Director's ability to exercise independent judgement and his contribution towards the effective functioning of the Board are considered.

Based on the assessment held on 6 April 2015, the Board is satisfied with the performance and level of independence demonstrated by the Non-Executive Directors.

#### Tenure of Independent Directors

The Code stipulates that tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, this do not preclude the Director from continuing to serve on the Board as an Independent Director, subject to strong justifications provided by the Board and approvals sought from shareholders. Rather than tenure of an Independent Director's service, the Board places greater emphasis on the Director's ability to exercise unbiased judgement and his contribution towards the effective functioning of the Board.

As at date of this statement, Pn. Nurjannah Binti Ali and Mr. Ng Thim Fook have served tenure of nine (9) years and above. The Nominating & Remuneration Committees have assessed and are satisfied that both Directors:-

- are independent of the management and free from any business dealings or other relationship with the Group which may be perceived to materially interfere with their ability to exercise unfettered judgement and act in the best interest of the Group;
- have committed sufficient time and exercised due care during their tenure, actively participating in board meetings and discussions;
- are able to capitalise on their familiarity, insights and knowledge of the Group's operations and contribute positively towards deliberations and decision-makings of the Board;
- have discharged their professional duties in good faith and in the best interest of the Group and shareholders;
- have vigilantly safeguarded the interest of minority shareholders, as well as stakeholders of the Group; and
- have the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner.

The Board, therefore, recommends the retention of Pn. Nurjannah Binti Ali and Mr. Ng Thim Fook as Independent Non-Executive Directors at the forthcoming 28<sup>th</sup> Annual General Meeting.

### **Chairman**

The Board notes the recommendation of the Code that the Chairman must be a non-executive member of the Board and in the event where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors. The Board supports the continuation of Mr. Koay Chiew Poh as the Executive Chairman and is of the view that the Chairman's invaluable contribution, extensive experience along with his detailed knowledge on the Group's business activities and strategic directions renders him the most befitting candidate.

## **4. FOSTER COMMITMENT**

### **Time commitment**

The Board is satisfied with the level of time commitment given by the Directors as stipulated in the term of reference towards fulfilling their roles and responsibilities as Directors of the Group. The following table sets out number of Board meetings held and attendance record of the Directors during the financial year 2014. The Alternate Director will replace those Directors who were unable to attend the Board meetings.

| <u>Name of Director</u> | <u>Attendance</u> |
|-------------------------|-------------------|
| Koay Chiew Poh          | 5/5               |
| Koay Teng Liang         | 5/5               |
| Koay Teng Kheong        | 5/5               |
| Koay Chiew Kang         | 5/5               |
| Nurjannah Binti Ali     | 5/5               |
| Ng Thim Fook            | 5/5               |
| Ong Eng Choon           | 4/5               |

Each member of the Board must not hold more than five (5) directorships in public listed companies. This is in compliance with the Bursa Malaysia Listing Requirements which states that directors should not sit on the boards of more than five (5) listed companies to ensure that their commitment and have the time to focus and fulfill their roles and responsibility effectively.

To facilitate the Directors' time planning, the Board meetings as well as Board Committee meetings are scheduled and circulated to them before the beginning of every year. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decisions or deliberation by the Board.

### **Training**

The Board acknowledges the importance of continuous education and training in discharging its duties effectively. The Board on a continuous basis evaluates and determines the training needs of its Directors. The Board members were encouraged to attend forum, seminars, trade fairs (locally and internationally) and industry conferences which enables themselves gaining insights on new developments in the business environment. Field trips to company operations by the Directors and meetings with senior management are arranged to gain actual knowledge of staff, factory and department. All the Directors had attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities and had also completed and obtained the requisite Continuing Education Programme (CEP) points accordingly.

During the financial year, the types of trainings attended by the Directors were as follows:-

- (a) Koay Chiew Poh
  - HP Asia Pacific & Japan Packaging Summit 2014
  - Tzu Chi Camp 2014
  - Giftionery Taipei 2014
- (b) Koay Teng Liang
  - Owner/President Management Program, Harvard Business School, Boston
- (c) Koay Teng Kheong
  - BDO Budget 2015 Tax Seminar
- (d) Koay Chiew Kang
  - "Grow Your Business with International Partnership" Supplier Day
  - Escaping the Vortex: Lessons for Family Companies
  - A Step-by-step Guide Implementing GST
- (e) Nurjannah Binti Ali
  - BDO Budget 2015 Tax Seminar

- (f) Ng Thim Fook
- Hong Kong Electronic Seminar
  - Victoria Business Delegates Conference in KL
  - Business Delegates Conference with Victorian Gov. in Busan, Korea
  - Business Delegates Conference with Victorian Gov. in Japan
- (g) Ong Eng Choon
- Kursus Khas Barang Dan Perkhidmatan (GST)
  - BDO Global Transfer Pricing Conference
  - BDO High Level Tax Conference
  - Seminar Percukaian Kebangsaan 2014
  - BDO Budget 2015 Tax Seminar

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2014 are, inter-alia, on areas relating to corporate governance, risk management and sustainability.

The Directors will continue to undergo other relevant training programmes as appropriate to further enhance their professionalism and contribution to the Board.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### **Compliance with applicable financial reporting standards**

The Board endeavours to provide shareholders and stakeholders with a balanced and insightful evaluation of the Group's financial performance, position and prospects through the issuance of annual audited financial statements, quarterly financial results and corporate announcements on significant developments. In preparing the financial statements, the Board ensures it is in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group.

The Board is assisted by the Audit Committee, which comprises members with vast accounting and finance knowledge and experience. The Audit Committee oversees the Group's financial reporting process and meets on a quarterly basis to review the quality and adequacy of financial reporting prior submission for the Board's approval.

### **Risk management and internal control**

The Board acknowledges its responsibility to maintain a sound internal control system including financial controls, operational and compliance controls as well as governance and risk management to ensure safeguarding of shareholders' investments, stakeholders' interests and the Group's assets. The Statement on Risk Management and Internal Control of the Group are set out on pages 19 to 21 of this Annual Report.

### **Assessment of suitability and independence of external auditors**

Through the Audit Committee, the Board maintains a transparent and professional relationship with the Group's External Auditor, Grant Thornton. The External Auditors are invited to attend the Audit Committee meetings to discuss their audit plans, audit findings and statutory financial statements. The Audit Committee meets with the External Auditors at least twice a year without the presence of the Executive Directors, Senior Management team or Internal Auditor to discuss management reports and management's response where the External Auditors are invited to raise any matter that requires the Board's attention.

Great emphasis is placed on the objectivity, suitability and independence of the External Auditors. The Audit Committee has performed its annual assessment of the performance, technical competency and independence of the External Auditors and obtained written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement for the financial year prior recommending their re-appointment to the Board. Shareholders' approval will be sought at the forthcoming Annual General Meeting.

The Audit Committee Report furnished on pages 22 to 24 of this Annual Report provides an overview of the function and activities of the committee during the financial year.

## 6. RECOGNISE AND MANAGE RISKS

### **Framework**

The Company has established a formal policies and a framework to oversight material business risk. The Statement on Risk Management and Internal Control as set out from pages 19 to 21 of this Annual Report provide an overview of the system process of risk management and internal controls within the Group.



**Internal audit function**

The internal audit function of the Group is carried out by the Internal Audit of Public Packages Holdings Berhad where the Head of Internal Audit reports directly to the Audit Committee. Further details of the activities of the internal audit function are set out in the Statement of Internal Control of this Annual Report.

**7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE****Corporate disclosure policy**

The Board acknowledges the need to inform shareholders of all material business matters affecting the Group and is committed to ensure timely, accurate and comprehensive information are disseminated equally, in order to enhance transparency and accountability. This is achieved through announcements made to Bursa Securities, annual reports and circulars to shareholders when required. Furthermore, regular updates are provided through timely release of quarterly financial results for an overview of the Group's performance and operations, in line with the disclosure requirements set out in the Main Market Listing Requirements.

**Leverage on information technology for effective dissemination of information**

Corporate information, quarterly financial results and annual reports, circulars to shareholders, as well as announcements made to Bursa Securities can be accessed from dedicated sections on the Group's website. In addition, various contact details are provided to address queries from customers, shareholders and the general public. A dedicated intranet has also been established for ease of communication with and reference by the employees.

**8. STRENGTHEN RELATIONSHIP BETWEEN GROUP AND SHAREHOLDERS****Shareholders participation at general meetings**

The Annual General Meeting is the primary forum for dialogue and interaction with both institutional and individual shareholders. Members of the Board, the Senior Management team as well as the External Auditors are present to provide clarification to any questions that shareholders may have in relation to the business activities of the Group. It also provides an ideal opportunity for shareholders to communicate their expectations and concerns.

To encourage greater shareholders' attendance and participation, notices for meetings are served earlier than the minimum twenty-one (21) days.

**Shareholders' voting rights**

The Chairman will inform shareholders, proxies and corporate representatives on their rights to demand for a poll vote at the commencement of a general meeting. In line with the Group's Articles of Association, substantive resolutions are put to vote by poll and the outcome announced to Bursa Securities.

The Board notes the recommendation of the Code to employ electronic means of poll voting and has explored its suitability and feasibility. In view of the manageable numbers of shareholders attending at general meetings, the Group has yet to adopt electronic voting. Nevertheless, the Board will reassess this option should shareholders' attendance increases significantly in future.

At the 27<sup>th</sup> Annual General Meeting held on 26 May 2014, Members of the Board, the Group Secretaries and External Auditors have attended the meeting. All resolutions put to the meeting were unanimously approved.

**Effective communication and proactive engagement**

The Board recognizes the importance of a high quality, ongoing dialogue as it helps to build trust and understanding, as well as providing better appreciation of the Group's objectives, quality of its management and challenges. Shareholders, prospective investors and stakeholders are kept abreast with the development of the Group through timely release of financial results, along with various announcements made to Bursa Securities. During the AGM, the Chairman delivers a brief presentation on the financial performance and activities of the Group throughout the year. Members of the Board are available to respond to any questions shareholders may have. The External Auditors are also present to provide their professional and independent clarification on issues and concerns raised by shareholders.



## **Additional Compliance Information**

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Requirements.

1. **Sanctions and/or Penalties**  
There were no sanctions and/or penalties imposed on the Company and its subsidiaries for the financial year ended 31 December 2014 other than tax penalties of RM 8,027 due to underestimates.
2. **Non-Audit Fees**  
There were no non-audit fees paid to the External Auditors or a firm or corporation affiliated to them for the financial year ended 31 December 2014.
3. **Material Contracts**  
There were no material contracts entered by the Company and its subsidiaries involving directors and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2014, or entered into since the end of the previous financial year.
4. **Utilisation of Proceeds Raised from Corporate Proposal**  
The Company does not have any corporate proposal during the financial year ended 31 December 2014.
5. **Share Buy-Backs**  
The Company did not purchase any of its own shares and as such, there were no treasury shares maintained by the Company for share buy-backs as at 31 December 2014.
6. **Options or Convertible Securities**  
The Company did not issue any options or convertible securities during the financial year ended 31 December 2014.
7. **Depository Receipt Programme**  
The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2014.
8. **Variation in Financial Results**  
There were no variation of results which differ by 10% or more from the Company's unaudited results announced through Bursa Link on 23 February 2015.
9. **Profit Guarantee**  
The company was not subject to any profit guarantees for the financial year ended 31 December 2014.
10. **Recurrent Related Party Transaction of a revenue or trading nature**  
Other than related party transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements, there are no other significant recurrent related party transactions of a revenue or trading nature.

This Statement was duly reviewed and approved by the Board of Directors of Public Packages Holdings Berhad on 6 April 2015.

# STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

In response to the growing expectations of society for businesses to address environmental, social and corporate governance (ESG) initiatives, Triple Bottom Line Reporting is frequently adopted to measure the social and environmental performance, on top of the traditional financial aspect. The Board fully acknowledges the importance of Corporate Social Responsibility (CSR) and is committed to embed ESG within the Group's strategy development, decision making and business operations. During the financial year, the Directors have been active in CSR management within the Group's operations.

The various initiatives undertaken by the Group are summarized as below:-

## 1. COMMUNITY

### **Industrial training**

The Group supports internship programmes of several local universities and/or colleges. Students are assigned to different positions within the Group's operation with the aim of providing practical training in their designated job area. It also allows students to gain insights into how business organizations operate in general. Furthermore, these internship programmes enable the Group to tap into talents from local universities and/or colleges upon their graduations.

### **Children's education**

Great emphasis is placed on children's education. In driving its CSR, the Group supports the welfare and education of less fortunate children. On top of monetary assistance, the Group has sponsored reference books and reading materials to aid orphanage students in their examinations, in particular students sitting for UPSR and PMR exams. The Group is dedicated to continually help improve the quality of education for future generations.

### **Charitable event**

The Group continue its support to a wide range of charities. Attention is given particularly to those in urgent needs, for instance orphans, handicapped and disaster victims. During the year, the Group has made donations to numerous charitable organizations, including the Buddhist Tzu Chi Merit Society Malaysia, orphanage (Penang Handicapped Welfare Association) and Kelantan flood disaster victims.

## 2. MARKETPLACE

### **Vendors management**

To avoid adverse social and environmental impact in the supply chain, the Group engages in ethical procurement practices. Standard procedures are adopted in the evaluation of vendors' qualification to ensure raw materials purchased comply with applicable regulations and are in accordance with the Group's requirement.

### **Customers management**

In creating additional value to customers, the Group offers Total Packaging Concepts, Designing and Supply Chain Management, along with Just-In-Time services, providing customers with an ease of mind over their packaging needs and inventory management.

## 3. WORKPLACE

### **Safe and healthy environment**

The Group strives to provide a safe and healthy working environment for all employees. Safety education and trainings on emergency responses are held to inculcate a conscientious attitude as well as increase awareness among employees.

### **Human capital development**

Human capital is perceived as an imperative asset of the Group. Trainings and seminars are frequently organized to upgrade and enhance the skills and knowledge of employees. Employees are also encouraged and sponsored to attend external seminars and workshops, keeping them abreast of new developments in respective fields of expertise.

### **Employees' welfare**

The Group bears the cost of outpatient medical attention and fees of employees. In addition, employees are insured under the Group Hospitalization and Surgical Scheme.

**Welfare and recreational activities**

As part of the Group's endeavours to create cohesiveness and foster relationship among employees of the Group, various activities have been organised including annual dinner, festival gathering, birthday party and recreational activities. The main objectives of these activities are to promote teamwork spirit among employees and to create an aimable workplace. The recreational activities organised by the Group include in house team building games and team building in Escape Teluk Bahang.

**4. ENVIRONMENT****5S organization method**

The 5S (Sort, Set in Order, Shine, Standardise and Sustain) workplace organization method is embedded in the corporate culture, highlighting the importance of an organized work space which eliminates waste, reduces costs and boosts productivity, thus increasing effectiveness and efficiency of the Group's business conducts.

**3R's initiative**

The Group recognizes its responsibility towards the environment and makes every effort to protect, preserve and minimize adverse impacts of its operations. The 3R's initiative of reduce, reuse and recycle are implemented throughout the organization. Simple measures such as switching off non-essential lightings and recycling paper are practiced at all times. Furthermore, proper waste management channels are employed in production.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are required by the Companies Act, 1965 (the Act) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with applicable Financial Reporting Standards and the provision of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2014, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring the Company and the Group keep accounting records, which disclose with reasonable accuracy financial position of the Group and of the Company, which also enable them to ensure that the financial statement comply with the Act. The Directors have general responsibility for taking steps as are reasonably open to them to safeguard the shareholders' interest and the assets of the Group and to prevent and detect fraud and other irregularities.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes the importance of effective risk management and internal control practices for good corporate governance, and acknowledges its overall responsibility to identify principal risks within the Group, ensure implementation of appropriate systems to manage these risks, as well as review the adequacy and integrity of the Group's system of internal control.

These systems are designed to manage risks which the Group is exposed to, rather than eliminate risk of non-achievement of the Group's policies, goals and objectives. Therefore, these systems only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives. For the purpose of these statements, joint ventures are not dealt with as part of the Group.

### Risk Management

Risk management is an integral part of the Group's management system. To ensure alignment of activities with the Group's strategic objectives and compliance with regulatory requirements, the Group has implemented a risk management framework to identify, measure, assess and manage risks encountered. This framework is reviewed periodically to ensure its relevance and adequacy to managing risks, which continue to evolve along with changing business environment. The Group strongly believes that prudent risk management is vital for business sustainability and enhancement of shareholders' value.

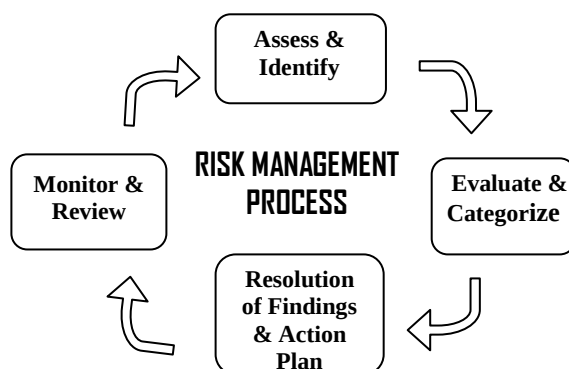
The Risk Management Team, led by the Executive Director, executes risk management and internal control systems with the following objectives:-

- Ensuring uninterrupted delivery of goods and services in the event of disruptions
- Safeguarding the Group's assets and reputation
- Preserving the safety and health of employees
- Ensuring that operations are not adversely affected by the environment
- Ensuring compliance of regulatory requirements
- Promoting risk awareness and maintaining a risk controlled culture

### Risk Governance Framework

Risks which might affect the Group's operations and business includes exposure to market dynamics and environmental factors, competition, changes in the supply chain, customers' behaviour, occupational health and safety, Group's reputation, business continuity, adequacy of internal controls and many more. Although some factors might not be within control of the Group, risks are nevertheless identified, classified and where possible action plans developed to mitigate those risks.

The Group's risk management process is outlined below:-



Risks are identified and categorized according to the impact and likelihood of occurrence, and suitable action plans are derived and executed in response. Identified risks and action plans are monitored, reviewed and revised on an on-going basis to ensure adequacy and effectiveness. As part of the risk management process, frequent meetings are held between the Chairman, Risk Management Team, Division Heads and Senior Managers.

The Risk Matrix shown below is utilized to classify the impact and likelihood of each risk event, as well as device action plans to manage and mitigate identified risks:-

|            |             | Impact (Effect) |                 |                 |
|------------|-------------|-----------------|-----------------|-----------------|
|            |             | Irreversible    | Tolerable       | Negligible      |
| Likelihood | Very Likely | High Priority   | High Priority   | Medium Priority |
|            | Likely      | High Priority   | Medium Priority | Low Priority    |
|            | Unlikely    | Medium Priority | Low Priority    | Low Priority    |

Impact of risks can be categorized as Low, Medium or High Priority and appropriate responses developed accordingly:-

- High Priority - Contingency Plan + Standard Operating Procedure + Monitoring
- Medium Priority - Standard Operating Procedure + Monitoring
- Low Priority - Monitoring

The use of Risk Matrix assists the Group in optimal allocation of resources and preparation of most appropriate responses. Through well-planned delegation of responsibilities, the Risk Management Team proactively identifies, analyses, mitigates and monitors significant business risks, ensuring that the risks are within tolerance limit acceptable by the Board. Regular reviews are performed to ensure the risk management system is adequate and remains effective.

### Internal Control

The Group's internal control system encompasses controls relating to financial, operational, risk management as well as compliance with laws, regulations, policies and guidelines. The effectiveness and integrity of these internal controls is overseen and periodically reviewed by the Board, while operationally monitored by management of various organization levels.

### Key Internal Control Process

The following statement outlines the key internal control process established to assist the Board in reviewing the adequacy and integrity of internal controls:-

- Risk management system is in place to assist the Board in assessing overall risks exposure of the Group and ensuring appropriate implementation of systems to manage those risks.
- Division Heads are responsible for the implementation and maintenance of effective control systems, ensuring day to day operations and activities are in accordance with corporate objectives and strategies as well as compliance with legal and regulatory requirements.
- Annual budgets and plans are submitted by Division Heads for the Chairman's review and subsequent presentation to the Board for approval. The Chairman, Division Heads, and Senior Managers are accountable for the performance and profitability of respective divisions, to meet objectives and goals set by the Board. The Group's performance is reviewed against approved annual budgets – both financial and operational on a monthly basis. Variations are immediately investigated and corrective measures taken where necessary.
- Group Corporate Meetings chaired by the Board are conducted monthly where Division Heads will present monthly performances and controls supported by comprehensive financial information, comparing actual results against the budget. Corporate issues, business developments, risks in relation to business activities and external environment of respective fields are also discussed and shared. These discussions allow Division Heads to take pre-emptive action. Furthermore, it forms the basis for the planning of future undertakings and appropriate risks management systems.

- Quarterly financial reports of the Group are reviewed by the Audit Committee to ensure the financial statements are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the Group's financial position. These financial statements are presented to the Board for approval prior being released to Bursa Malaysia.
- Internal Operating Manuals are established for operating units and departments within the units, illustrating detailed operating procedures and controls, at all levels and in all functions. Activities such as approvals, authorizations, verifications, reconciliations, operating performance assessments, security of assets and segregation of duties are included. The manuals are reviewed and updated on an on-going basis to ensure compliance with internal controls, directive, laws and regulations.
- On-going review of the Group's internal control system is executed by the Internal Audit Division, in accordance with annual plan approved by the Audit Committee. The Head of Internal Audit examines, evaluates and reports the effectiveness and efficiency of the Group's internal control system. Findings and corrective measures are communicated to the Chairman, Division Heads and Senior Managers of respective departments. Subsequently, audit findings, recommendations and management responses are reviewed by the Audit Committee during Audit Committee Meetings and directed to the Board for rectification.
- Yearly audits are carried out by SIRIM in relation to the ISO 9001:2008 Quality Management System (ISO9001) and ISO14001:2004 Environment Management System (ISO14001). These audits ensure compliance with international standards and continuous improvement of product and service quality as well as environmental performance.
- A Business Continuity Plan is in place to ensure uninterrupted delivery of service and products in the event of disruption. This plan is reviewed and revised annually to ascertain its relevance and effectiveness.
- Employment and termination procedures are established and annual performance appraisals are performed to confirm employees' competency. Furthermore, training and development programs are provided to enhance employees' knowledge, skills and abilities for effective and efficient job performances.
- Group assets are insured to ensure protection against mishaps and other perils which might result in material losses. Annual reviews are performed by the Management during policy renewals to maintain sufficient coverage.

### **Review of Statement**

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this statement as well as the Risk Management Statement for inclusion in the 2014 annual report. Based on their review, the External Auditors believe that these Statements are consistent with their understanding of the process adopted by the Board in assessing the adequacy and integrity of the Group's system of internal control. These Statements were approved by the Board on 6 April 2015.

### **Conclusion**

The Board has received assurance from the Chairman that the risk management and internal control systems are effective in all material aspects during the financial year under review. The Board affirmed that the risk management and internal control systems in place enable the Group to deal with the rapidly changing economy and competitive environments, shifting customer demands and priorities, and restructure for future growth. The Board is of the view that these systems are sound and sufficient to safeguard the Group's assets and shareholders' investments, as well as interests of customers, regulators and employees.

# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE

The details of attendances of each Audit Committee members at Audit Committee meetings held during year 2014 are as follows:

| Name of Audit Committee Member                                          | Attendance at Audit Committee Meetings |
|-------------------------------------------------------------------------|----------------------------------------|
| Pn. Nurjannah Binti Ali<br>Chairman, Independent Non-Executive Director | 5                                      |
| Mr. Ng Thim Fook<br>Member, Independent Non-Executive Director          | 5                                      |
| Mr. Ong Eng Choon<br>Member, Independent Non-Executive Director         | 4                                      |

## TERMS OF REFERENCE

### 1. COMPOSITION

- (a) The Audit Committee shall be appointed by the Board of Directors amongst its members of no fewer than 3 Non-Executive members, a majority of whom being Independent Directors. An Independent Director shall be the one who fulfils the requirements as provided in the Listing Requirements of Bursa Securities.
- (b) At least one of the Audit Committee members must be either a member of Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants he/she must have:-
  - i) At least 3 years' working experience and passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - ii) At least 3 years' working experience and is a member of one of the association of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountant Act, 1967; or
  - iii) Such other requirements as prescribed or approved by Bursa Securities.
- (c) All the members of Audit Committee should be financially literate and that no Alternate Director shall be appointed as a member of the Audit Committee.
- (d) The members of the Audit Committee shall elect from among their number a Chairman who is Independent Director.
- (e) If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that number of members is reduced to below 3, the Board shall, within 3 months of the event, appoint such number of new members as may be required to make up the minimum number of 3 members.
- (f) The Board must review the term of office and performance of an Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### 2. MEETINGS

- (a) The quorum for an Audit Committee meeting shall be at least two (2) members; the majority present must be Independent Directors.
- (b) The Audit Committee shall meet at least four (4) times a year.
- (c) The Head of Finance and the Head of Internal Audit shall normally attend the meeting of Audit Committee. The External Auditors shall have the rights to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.
- (d) The Audit Committee should meet with the External Auditors without Executive Board members present at least twice a year.
- (e) The Chairman of the Audit Committee should engage on a continuous basis with the Senior Management, such as the Executive Chairman, the Chief Executive Officer, the Finance Director, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.
- (f) The Company Secretary shall be the Secretary of the Audit Committee.

### 3. **AUTHORITY**

The Audit Committee is authorised by the Board, in accordance with the procedure to be determined by the Board of Directors and at the cost of the Company, to:-

- (a) Investigate any activity within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Group;
- (d) Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function of activity (if any);
- (e) Obtain outside legal or other legal independent professional advice and secure the attendance of outsider with relevant experience and expertise if it deems necessary;
- (f) Be able to convene meetings with External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

### 4. **DUTIES**

The functions of Audit Committee are as follows:-

- (a) To review the following and report the same to the Board of Directors:-
  - i) With the External Auditors, the audit plan;
  - ii) With the External Auditors, his evaluation of system of internal controls;
  - iii) With the External Auditors, his audit plan;
  - iv) The assistance given by the employees of the Company to the External Auditor;
  - v) 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;
  - vi) The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - vii) The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - Changes in or implementation of major accounting policy changes;
    - Significant and unusual events;
    - Compliance with accounting standards and other legal requirements;
  - viii) Any related party transaction and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of the management integrity;
  - ix) Any letter of resignation from the External Auditors and Internal Auditors of the Company;
  - x) Whether there is reason (supported by the grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and
- (b) To do the following in relation to the internal audit function:-
  - i) Review the adequacy of the scope, the functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - ii) Review the internal audit programmes and the results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendation of the internal audit function;
  - iii) Review any appraisal and assessment of the performance of members of the internal audit function;
  - iv) Approve any appointments or termination of senior staff members of internal audit function; and
  - v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reason for resigning.
- (c) To carry out such other functions as may be agreed by the Audit Committee and Board of Directors.

## **SUMMARY OF ACTIVITIES**

The Audit Committee has discharged its duties as set out in its Terms of Reference. During the year, the activities of the Audit Committee included:-

### 1. **FINANCIAL REPORTING**

- (a) Reviewed the unaudited quarterly financial results with management before submission to the Board of Directors for consideration and approval and release to Bursa Malaysia Securities Berhad.
- (b) Reviewed the extent of the Group's compliance with the principles and recommendations set out under the Malaysian Code of Corporate Governance 2012 for the purpose of preparing the Statement of Corporate Governance and the Statements of Risk Management and Internal Control for inclusion in Company's Annual Report.



## **2. EXTERNAL AUDIT**

- (a) Reviewed with the External Auditors the audit plan of the Group and of the Company for the year, outlining their scope of work, recent development in the Group and financial reporting updates and proposed fees for statutory audit prior to the commencement of the annual audit.
- (b) Reviewed the results of the External Auditor's audit report and management letter together with management's respond to the findings of the External Auditors.
- (c) Met with the External Auditors without presence of management, to discuss audit findings for financial report.
- (d) Evaluated the performance, independence and objectivity of the External Audit and made recommendations to the Board of Directors on their re-appointment and removal.

## **3. INTERNAL AUDIT**

- (a) Reviewed the audit activities carried out by the Head of Internal Audit and the audit report to ensure correct actions were taken by management.
- (b) Reviewed and approved the internal audit plan for the financial year.
- (c) Reviewed the performance of the Internal Auditors and make recommendations to the Board of Directors on their appointment.

## **4. RECURRENT RELATED PARTY TRANSACTIONS (RRPT)**

- (a) Reviewed the related party transactions entered into by the Group and the Company and the disclosure of such transactions in the annual report of the Company.
- (b) Reviewed the proposals and circular to shareholders in connection with recurrent related party transactions of a revenue or trading nature.

## **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Internal Audit function reports direct to the Audit Committee. Its responsibilities include the provision of reasonable assurance to all levels of management concerning the overall control over assets and the effectiveness of the system of internal control in achieving the Company's overall objectives. The Internal Audit function also includes various internal audits on all operating units of its subsidiaries and to submit its findings and recommendations to the Committee and senior management of the subsidiaries.

## **ACTIVITIES OF INTERNAL AUDIT FUNCTION**

The team of in-house Internal Auditors operates independently of the activities of subsidiaries it audits. The in-house Internal Auditors report directly to the Audit Committee. During the year, the team of in-house auditors carried out 3 specific audit viz:

- (a) Finance and Account Audit
- (b) Administrative Audit
- (c) Human Resources Audit

After each audit, the findings and recommendations are submitted to the heads of the subsidiaries in which the audit was carried out. The local management of the audited subsidiary is obliged to respond to the finding and recommendations to the in-house Internal Auditors. Thereafter, a follow up audit is carried out to ensure that the recommendations of the in-house Internal Auditors are followed through.

The External Auditor also meet up with the in-house Internal Auditor twice a year to exchange views and audit findings. The External Auditors will also review the recommendations given by the in-house Internal Auditors to the Company or its subsidiaries in which the audit was carried out.

Once every quarter, the Head of Internal Audit meets with the Audit Committee with reports of audits conducted at each audited subsidiary to review and monitor the effectiveness of the Group's internal control system.

In summary, the Board of Directors, working with the Audit Committee, carries out the outgoing process monitoring the effective application of policies, processes and activities related to internal control and are responsible to ensure that the Group's system of internal control is in place.

During the year ended 31 December 2014, the Group has incurred RM59,518 to carry out the Internal Audit function performed by the in-house Internal Auditors.

## **DIRECTORS' REPORT**

### **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2014**.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and the provision of financial, administrative and advisory services to its subsidiaries.

The principal activities of its subsidiaries are stated in Note 6 to the financial statements.

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

#### **RESULTS**

|                                    | <b>GROUP<br/>RM'000</b> | <b>COMPANY<br/>RM'000</b> |
|------------------------------------|-------------------------|---------------------------|
| Profit after taxation for the year | <b>12,371</b>           | <b>5,688</b>              |

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2014** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

#### **DIVIDENDS**

No dividend have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

#### **RESERVES AND PROVISIONS**

All material transfer to or from reserves and provisions during the financial year are as disclosed in the financial statements.

#### **SHARE CAPITAL AND DEBENTURE**

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

#### **DIRECTORS**

The directors who served since the date of the last report are as follows:

**Koay Chiew Poh**  
**Koay Chiew Kang**  
**Koay Teng Liang**  
**Koay Teng Kheong**  
**Nurjannah Binti Ali**  
**Ng Thim Fook**  
**Ong Eng Choon**  
**Koay Chue Beng (alternate director to Koay Chiew Poh)**

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares and options of the Company and its related corporations during the financial year are as follows:

|                         | ----- Number of ordinary shares of RM0.50 each ----- |        |      |                           |
|-------------------------|------------------------------------------------------|--------|------|---------------------------|
|                         | Balance<br>at<br>1.1.14                              | Bought | Sold | Balance<br>at<br>31.12.14 |
| <b>Direct Interest:</b> |                                                      |        |      |                           |
| Koay Chiew Poh          | 4,226,480                                            | -      | -    | 4,226,480                 |
| Koay Chiew Kang         | 1,069,896                                            | -      | -    | 1,069,896                 |
| Koay Chue Beng          | 358,692                                              | -      | -    | 358,692                   |
| Koay Teng Liang         | 46,664                                               | -      | -    | 46,664                    |
| <b>Deemed Interest:</b> |                                                      |        |      |                           |
| Koay Chiew Poh          | 49,167,670                                           | -      | -    | 49,167,670                |
| Koay Chiew Kang         | 4,038,664                                            | -      | -    | 4,038,664                 |
| Koay Chue Beng          | 3,935,000                                            | -      | -    | 3,935,000                 |

The remaining directors in office at the end of the financial year do not have any interest in shares and options in the Company.

By virtue of his shareholding in the Company, **Mr. Koay Chiew Poh** is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

## AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

.....  
**Koay Chiew Poh**

.....  
**Koay Teng Liang**

**Penang,**

**Date: 6 April 2015**

## DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 31 to 84 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2014** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 85 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

.....  
**Koay Chiew Poh**

.....  
**Koay Teng Liang**

**Date: 6 April 2015**

## STATUTORY DECLARATION

I, **Ooi Siew Hong**, the officer primarily responsible for the financial management of **Public Packages Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 31 to 84 and the supplementary information set out on page 85 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this **6th** )  
day of **April 2015**. )  
)

.....  
**Ooi Siew Hong**

**Before me,**

.....  
**Goh Suan Bee**  
**No. : P125**  
**Commissioner for Oaths**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUBLIC PACKAGES HOLDINGS BERHAD**

**Company No. 162413-K**  
(Incorporated In Malaysia)

## **Report on the Financial Statements**

We have audited the financial statements of **Public Packages Holdings Berhad**, which comprise the statements of financial position as at **31 December 2014** of the Group and of the Company, and their statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 84.

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

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

## **Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2014** and of its financial performance and 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, 1965 in Malaysia.

## **Report on Other Legal and Regulatory Requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

# **Independent Auditors' Report To The Members Of Public Packages Holdings Berhad (cont'd)**

**Company No. 162413-K**

(Incorporated In Malaysia)

## **Other Reporting Responsibilities**

The supplementary information set out on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## **Other Matters**

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

**Grant Thornton**  
**No. AF: 0042**  
**Chartered Accountants**

**John Lau Tiang Hua, DJN**  
**No. 1107/03/16 (J)**  
**Chartered Accountant**

**Penang**

**Date: 6 April 2015**

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

|                                                       |      | ----- GROUP ----- | ----- COMPANY ----- |                |                |
|-------------------------------------------------------|------|-------------------|---------------------|----------------|----------------|
|                                                       | NOTE | 2014<br>RM'000    | 2013<br>RM'000      | 2014<br>RM'000 | 2013<br>RM'000 |
| ASSETS                                                |      |                   |                     |                |                |
| Non-current assets                                    |      |                   |                     |                |                |
| Property, plant and equipment                         | 4    | 107,398           | 103,700             | 1              | 1              |
| Investment properties                                 | 5    | 17,275            | 17,275              | -              | -              |
| Investment in subsidiaries                            | 6    | -                 | -                   | 64,784         | 64,784         |
| Investment in a joint venture                         | 7    | 13,889            | 15,637              | 7,200          | 7,200          |
| Other investments                                     | 8    | 524               | 416                 | *              | *              |
| Goodwill on consolidation                             | 9    | 675               | 675                 | -              | -              |
| Trade receivable                                      | 10   | 3,704             | 3,461               | -              | -              |
|                                                       |      | 143,465           | 141,164             | 71,985         | 71,985         |
| Current assets                                        |      |                   |                     |                |                |
| Inventories                                           | 11   | 19,116            | 19,384              | -              | -              |
| Trade receivables                                     | 10   | 37,734            | 34,733              | -              | -              |
| Other receivables, deposits and prepayments           | 12   | 2,387             | 3,030               | 6              | 6              |
| Amount due from subsidiaries                          | 13   | -                 | -                   | 21,956         | 22,260         |
| Tax recoverable                                       |      | 1,378             | 1,552               | 33             | 443            |
| Short term funds with licensed financial institutions | 14   | 19,442            | 14,365              | 17,520         | 14,007         |
| Fixed deposits with licensed banks                    | 15   | 456               | 2,012               | -              | -              |
| Cash and bank balances                                | 16   | 12,280            | 7,155               | 2,930          | 810            |
|                                                       |      | 92,793            | 82,231              | 42,445         | 37,526         |
| TOTAL ASSETS                                          |      | 236,258           | 223,395             | 114,430        | 109,511        |
| EQUITY AND LIABILITIES                                |      |                   |                     |                |                |
| Share capital                                         | 17   | 54,949            | 54,949              | 54,949         | 54,949         |
| Share premium                                         |      | 1,295             | 1,295               | 1,295          | 1,295          |
| Revaluation reserve                                   | 18   | 386               | 386                 | 29,345         | 29,345         |
| Fair value adjustment reserve                         | 19   | 334               | 226                 | -              | -              |
| Foreign translation reserve                           | 20   | 392               | 255                 | -              | -              |
| Retained profits                                      | 21   | 99,286            | 86,915              | 28,010         | 22,322         |
| Total equity                                          |      | 156,642           | 144,026             | 113,599        | 107,911        |
| Non-current liabilities                               |      |                   |                     |                |                |
| Finance lease liabilities                             | 22   | 9,425             | 5,659               | -              | -              |
| Borrowings                                            | 23   | 4,444             | 6,370               | -              | 686            |
| Deferred tax liabilities                              | 24   | 11,192            | 11,486              | -              | -              |
|                                                       |      | 25,061            | 23,515              | -              | 686            |
| Current liabilities                                   |      |                   |                     |                |                |
| Trade payables                                        | 25   | 8,399             | 8,822               | -              | -              |
| Other payables and accruals                           | 26   | 4,640             | 4,719               | 33             | 33             |
| Finance lease liabilities                             | 22   | 3,316             | 2,707               | -              | -              |
| Borrowings                                            | 23   | 37,585            | 39,362              | 798            | 881            |
| Provision for taxation                                |      | 615               | 244                 | -              | -              |
|                                                       |      | 54,555            | 55,854              | 831            | 914            |
| Total liabilities                                     |      | 79,616            | 79,369              | 831            | 1,600          |
| TOTAL EQUITY AND LIABILITIES                          |      | 236,258           | 223,395             | 114,430        | 109,511        |

\* Represents RM1

The notes set out on pages 37 to 84 form an integral part of these financial statements.



**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

|                                                                                               |      | ----- GROUP ----- |               | ---- COMPANY ---- |              |
|-----------------------------------------------------------------------------------------------|------|-------------------|---------------|-------------------|--------------|
|                                                                                               |      | 2014              | 2013          | 2014              | 2013         |
|                                                                                               | NOTE | RM'000            | RM'000        | RM'000            | RM'000       |
| Revenue                                                                                       | 27   | 153,507           | 145,120       | 6,017             | 4,906        |
| Cost of sales                                                                                 |      | (111,136)         | (107,376)     | -                 | -            |
| <b>Gross profit</b>                                                                           |      | <b>42,371</b>     | <b>37,744</b> | <b>6,017</b>      | <b>4,906</b> |
| Other income                                                                                  |      | 1,501             | 973           | -                 | 2            |
| Selling and distribution expenses                                                             |      | (14,353)          | (11,215)      | -                 | -            |
| Administrative expenses                                                                       |      | (11,333)          | (10,888)      | (199)             | (276)        |
| <b>Profit from operations</b>                                                                 |      | <b>18,186</b>     | <b>16,614</b> | <b>5,818</b>      | <b>4,632</b> |
| Finance costs                                                                                 |      | (2,694)           | (2,505)       | (62)              | (96)         |
| Share of results of joint venture                                                             |      | 752               | 825           | -                 | -            |
| <b>Profit before taxation</b>                                                                 | 28   | <b>16,244</b>     | <b>14,934</b> | <b>5,756</b>      | <b>4,536</b> |
| Taxation                                                                                      | 29   | (3,873)           | (4,709)       | (68)              | (59)         |
| <b>Profit for the year</b>                                                                    |      | <b>12,371</b>     | <b>10,225</b> | <b>5,688</b>      | <b>4,477</b> |
| <b>Other comprehensive income, net of tax:</b>                                                |      |                   |               |                   |              |
| <b>Items that will be reclassified subsequently to profit or loss</b>                         |      |                   |               |                   |              |
| Fair value adjustment on available-for-sale financial assets                                  |      | 108               | 23            | -                 | -            |
| Foreign currency translation differences for foreign operations                               |      | 137               | 147           | -                 | -            |
| <b>Other comprehensive income for the year</b>                                                |      | <b>245</b>        | <b>170</b>    | <b>-</b>          | <b>-</b>     |
| <b>Total comprehensive income for the year, attributable to owners of the Company</b>         |      | <b>12,616</b>     | <b>10,395</b> | <b>5,688</b>      | <b>4,477</b> |
| <b>Basic/Diluted earnings per share attributable to owners of the Company (sen per share)</b> | 30   | <b>11.3</b>       | <b>9.3</b>    |                   |              |

The notes set out on pages 37 to 84 form an integral part of these financial statements.

|       |                                       |       |
|-------|---------------------------------------|-------|
| ----- | Attributable to Owners of the Company | ----- |
| ----- | Non-distributable                     | ----- |
| ----- | Distributable                         | ----- |

The notes set out on pages 37 to 84 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

|                                            | <b>Share<br/>Capital<br/>RM'000</b> | <b>Share<br/>Premium<br/>RM'000</b> | <b>Revaluation<br/>Reserve<br/>RM'000</b> | <b>Retained<br/>Profits<br/>RM'000</b> | <b>Total<br/>Equity<br/>RM'000</b> |
|--------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------|----------------------------------------|------------------------------------|
|                                            |                                     |                                     | <b> --- Non-distributable --- </b>        | <b>  - Distributable -  </b>           |                                    |
| <b>2014</b>                                |                                     |                                     |                                           |                                        |                                    |
| Balance at beginning                       | 54,949                              | 1,295                               | 29,345                                    | 22,322                                 | 107,911                            |
| Total comprehensive income<br>for the year | -                                   | -                                   | -                                         | 5,688                                  | 5,688                              |
| Balance at end                             | 54,949                              | 1,295                               | 29,345                                    | 28,010                                 | 113,599                            |
| <b>2013</b>                                |                                     |                                     |                                           |                                        |                                    |
| Balance at beginning                       | 54,949                              | 1,295                               | 29,345                                    | 17,845                                 | 103,434                            |
| Total comprehensive income<br>for the year | -                                   | -                                   | -                                         | 4,477                                  | 4,477                              |
| Balance at end                             | 54,949                              | 1,295                               | 29,345                                    | 22,322                                 | 107,911                            |

The notes set out on pages 37 to 84 form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

|                                                         | ----- GROUP ----- |         | ---- COMPANY ---- |          |
|---------------------------------------------------------|-------------------|---------|-------------------|----------|
|                                                         | 2014              | 2013    | 2014              | 2013     |
|                                                         | RM'000            | RM'000  | RM'000            | RM'000   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |                   |         |                   |          |
| Profit before taxation                                  | 16,244            | 14,934  | 5,756             | 4,536    |
| Adjustments for:                                        |                   |         |                   |          |
| Bad debts                                               | 13                | 12      | -                 | -        |
| Depreciation                                            | 6,210             | 5,314   | -                 | -        |
| Dividend income from quoted investments                 | (17)              | (31)    | -                 | -        |
| Dividend income from unquoted subsidiaries              | -                 | -       | (5,230)           | (4,250)  |
| Dividend income from other investments                  | (577)             | (302)   | (512)             | (302)    |
| Gain on disposal of property, plant and equipment       | (308)             | (25)    | -                 | -        |
| Impairment loss on receivables                          | 150               | 192     | -                 | -        |
| Interest expense                                        | 2,694             | 2,505   | 62                | 96       |
| Interest income                                         | (9)               | (98)    | (275)             | (354)    |
| Property, plant and equipment written off               | 57                | 1       | -                 | -        |
| Share of results of joint venture                       | (752)             | (825)   | -                 | -        |
| Unrealised gain on foreign exchange                     | (431)             | -       | -                 | -        |
| Operating profit/(loss) before working capital changes  | 23,274            | 21,677  | (199)             | (274)    |
| Decrease/(Increase) in inventories                      | 268               | (41)    | -                 | -        |
| Increase in receivables                                 | (2,504)           | (4,845) | -                 | -        |
| (Decrease)/Increase in payables                         | (488)             | 45      | -                 | 1        |
| Cash generated from/(used in) operations                | 20,550            | 16,836  | (199)             | (273)    |
| Dividend received                                       | 3,094             | 333     | 5,742             | 4,552    |
| Interest paid                                           | (2,694)           | (2,505) | (62)              | (96)     |
| Interest received                                       | 9                 | 98      | 275               | 354      |
| Income tax paid                                         | (4,823)           | (4,238) | (100)             | (100)    |
| Income tax refund                                       | 1,197             | 603     | 442               | 13       |
| Net cash from operating activities                      | 17,333            | 11,127  | 6,098             | 4,450    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                   |         |                   |          |
| * Acquisition of property, plant and equipment          | (4,900)           | (2,874) | -                 | -        |
| Acquisition of investment in subsidiaries               | -                 | -       | -                 | (14,900) |
| Acquisition of investment properties                    | -                 | (4,708) | -                 | -        |
| Proceeds from disposal of property, plant and equipment | 6,032             | 25      | -                 | -        |
| Repayment from subsidiaries                             | -                 | -       | 304               | 15,839   |
| Net cash from/(used in) investing activities            | 1,132             | (7,557) | 304               | 939      |
| Balance carried forward                                 | 18,465            | 3,570   | 6,402             | 5,389    |

The notes set out on pages 37 to 84 form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

|                                                                          | ----- GROUP ----- |         | ---- COMPANY ---- |        |
|--------------------------------------------------------------------------|-------------------|---------|-------------------|--------|
|                                                                          | <b>2014</b>       | 2013    | <b>2014</b>       | 2013   |
|                                                                          | <b>RM'000</b>     | RM'000  | <b>RM'000</b>     | RM'000 |
| Balance brought forward                                                  | <b>18,465</b>     | 3,570   | <b>6,402</b>      | 5,389  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |                   |         |                   |        |
| Drawdown of finance lease                                                | -                 | 389     | -                 | -      |
| Drawdown of murabahah financing                                          | <b>2,118</b>      | 3       | -                 | -      |
| Drawdown of term loan                                                    | -                 | 3,993   | -                 | -      |
| (Repayment)/Drawdown of bills payable and trust receipts                 | <b>(3,087)</b>    | 2,787   | -                 | -      |
| Repayment of finance lease liabilities                                   | <b>(6,413)</b>    | (2,774) | -                 | -      |
| Repayment of term loans                                                  | <b>(2,065)</b>    | (1,380) | <b>(895)</b>      | (715)  |
| Net cash (used in)/from financing activities                             | <b>(9,447)</b>    | 3,018   | <b>(895)</b>      | (715)  |
| Effects of changes in exchange rates                                     | <b>63</b>         | 144     | -                 | -      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                         | <b>9,081</b>      | 6,732   | <b>5,507</b>      | 4,674  |
| <b>Effects of changes in exchange rates on cash and cash equivalents</b> | <b>234</b>        | -       | -                 | -      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>                            | <b>19,434</b>     | 12,702  | <b>14,601</b>     | 9,927  |
| <b>CASH AND CASH EQUIVALENTS AT END</b>                                  | <b>28,749</b>     | 19,434  | <b>20,108</b>     | 14,601 |
| <b>Represented by:</b>                                                   |                   |         |                   |        |
| Short term funds with licensed financial institutions                    | <b>19,442</b>     | 14,365  | <b>17,520</b>     | 14,007 |
| Fixed deposit with a licensed bank                                       | <b>251</b>        | 1,807   | -                 | -      |
| Cash and bank balances                                                   | <b>12,280</b>     | 7,155   | <b>2,930</b>      | 810    |
| Bank overdrafts                                                          | <b>(3,224)</b>    | (3,893) | <b>(342)</b>      | (216)  |
|                                                                          | <b>28,749</b>     | 19,434  | <b>20,108</b>     | 14,601 |
| <b>* Acquisition of property, plant and equipment</b>                    |                   |         |                   |        |
| Total acquisition                                                        | <b>15,688</b>     | 7,254   | -                 | -      |
| Acquired under finance lease                                             | <b>(10,788)</b>   | (4,380) | -                 | -      |
| Total cash acquisition                                                   | <b>4,900</b>      | 2,874   | -                 | -      |

The notes set out on pages 37 to 84 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

## 1. CORPORATE INFORMATION

### General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Wisma Public Packages, Plot 67, Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 April 2015.

### Principal Activities

The principal activities of the Company are investment holding and the provision of financial, administrative and advisory services to its subsidiaries.

The principal activities of its subsidiaries are stated in Note 6 to the financial statements.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

|         |                                                                                                                                                 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Quoted (unadjusted) market prices in active markets for identical assets or liabilities.                                                        |
| Level 2 | Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable. |
| Level 3 | Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.                      |

## 2.3 **Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the Group’s and the Company’s functional currency.

## 2.4 **Adoption of New and Revised MFRSs**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following Standards that are mandatory for the current financial year:

### **Effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10, 12 and 127 *Investment Entities*  
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*  
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*  
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*  
IC Int 21 *Levies*

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company.

## 2.5 **Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

### **Effective for annual periods beginning on or after 1 July 2014**

Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*  
Amendments to MFRSs *Annual improvements to MFRSs 2010-2012 Cycle*  
Amendments to MFRSs *Annual improvements to MFRSs 2011-2013 Cycle*

### **Effective for annual periods beginning on or after 1 January 2016**

MFRS 14 *Regulatory Deferral Accounts*  
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*  
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*  
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*  
Amendments to MFRS 101 *Disclosure Initiative*  
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*  
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*  
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*  
Amendments to MFRSs *Annual Improvements to MFRSs 2012-2014 Cycle*

**Effective for annual periods beginning on or after 1 January 2017**

MFRS 15 *Revenue from Contracts with Customers*

**Effective for annual periods beginning on or after 1 January 2018**

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

Amendments to MFRS 7 *Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

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

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

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

**2.6 Significant Accounting Estimates and Judgements**

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

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

**2.6.1 Judgements made in applying accounting policies**

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

**2.6.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(i) Useful lives of depreciable assets**

The depreciable costs of property, plant and equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 52 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore future depreciation charges could be revised.

**(ii) Impairment of plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.



(iii) **Impairment of goodwill**

The Group determines whether goodwill is impaired at least once a year or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 9.

(iv) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(v) **Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

### 3. **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years.

#### 3.1 **Subsidiaries and Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) **Business combination**

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

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity

- interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed

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

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

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

(iii) **Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(iv) **Loss of control**

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

(v) **Joint Arrangements**

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) **Non-controlling interests**

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

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

(vii) **Transactions eliminated on consolidation**

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

3.2 **Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU) on a pro rata basis.

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

3.3 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

|                                          |                                               |
|------------------------------------------|-----------------------------------------------|
| Leasehold land and buildings             | Amortised over lease period of 45 to 52 years |
| Apartments                               | Amortised over lease period of 85 years       |
| Building                                 | 2%                                            |
| Plant and machinery                      | 2.9% - 20%                                    |
| Motor vehicles                           | 5% - 14%                                      |
| Furniture, fittings and office equipment | 10% - 20%                                     |
| Electrical installations                 | 10%                                           |
| Renovation                               | 5% - 20%                                      |

Freehold land is not depreciated as it has an infinite life.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each financial period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

### 3.4 **Investment Properties**

Investment properties are properties which are held either to earn rental or for capital appreciation or for both. Such properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are carried at fair value. Fair value of the investment properties is determined by comparing its current value with recent sale of similar properties in the vicinity with appropriate adjustments made to different location, floor area and other relevant factors before arriving to the fair value of the investment properties.

Gains or losses arising from changes in the fair value of such properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.3 up to the date of change in use.

### 3.5 **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

#### (i) **Finance lease**

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

#### (ii) **Operating Leases**

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are recognised in profit or loss on a straight line basis over the period of the lease.

### 3.6 **Goodwill**

Goodwill represents the excess of the cost of acquisition of subsidiaries and jointly controlled entities over the Group's interest in the fair value of the identifiable net assets at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position while goodwill arising on the joint ventures is included within the carrying amount of investment in joint ventures.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. Impairment losses on goodwill are not reversed.

For the purpose of the impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

### 3.7 **Financial Instruments**

#### 3.7.1 **Initial recognition and measurement**

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

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

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

#### 3.7.2 **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

##### **(i) Loans and receivables**

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

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

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

##### **(ii) Available-for-sale financial assets**

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

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

All financial assets are subject to review for impairment.

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

#### **3.7.3 Derecognition**

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

#### **3.7.4 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.

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

#### **3.8 Impairment of Financial Assets**

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

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

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

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

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

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

### **3.9 Inventories**

Inventories comprising raw materials, work-in-progress, finished goods and other consumables are carried at the lower of cost and net realisable value. Inventories that are damaged and obsolete are written off. Cost is determined on the first-in, first-out basis. Cost of raw materials and other consumables includes purchase price and other incidental costs. Cost of work-in-progress and finished goods include cost of raw materials, direct labour and attributable production overheads.

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

### **3.10 Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

### **3.11 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### **3.12 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.



### 3.13 **Income Recognition**

- (i) Revenue from sale of goods is recognised when the risks and rewards of the ownership of goods sold have been transferred to the customers.
- (ii) Interest on fixed deposits is recognised on a time apportionment basis.
- (iii) Dividend income is recognised when the right to receive payment is established.
- (iv) Revenue from lease rental is recognised on a straight line basis over the lease period.

### 3.14 **Employee Benefits**

#### **Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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.

#### **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred. Some of the Group’s foreign subsidiaries also make contributions to their respective country’s statutory pension schemes.

### 3.15 **Income Tax**

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

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

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

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

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

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



### 3.16 **Foreign Currency**

#### **Foreign currency transactions**

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

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

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

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 or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly in other comprehensive income.

#### **Foreign Operations**

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

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

### 3.17 **Share Capital, Share Issuance Expenses and Dividends**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Share premium includes any premiums received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

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

### 3.18 **Segment Reporting**

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

### 3.19 **Contingencies**

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

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

### 3.20 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the ultimate holding company of the Group, or of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group.
  - (ii) One entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.

#### 4. PROPERTY, PLANT AND EQUIPMENT

##### GROUP

2014

|                                 | Freehold<br>land and<br>building<br>RM'000 | Leasehold<br>land and<br>buildings<br>RM'000 | Apartments<br>RM'000 | Plant and<br>machinery<br>RM'000 | Motor<br>vehicles<br>RM'000 | Furniture,<br>fittings and<br>office equipment<br>RM'000 | Electrical<br>installations<br>RM'000 | Renovation<br>RM'000 | Capital<br>expenditure in<br>progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|--------------------------------------------|----------------------------------------------|----------------------|----------------------------------|-----------------------------|----------------------------------------------------------|---------------------------------------|----------------------|-------------------------------------------------|-----------------|
|                                 |                                            |                                              |                      |                                  |                             |                                                          |                                       |                      |                                                 |                 |
| <b>At cost</b>                  |                                            |                                              |                      |                                  |                             |                                                          |                                       |                      |                                                 |                 |
| Balance at beginning            | 55,675                                     | 12,121                                       | 565                  | 87,120                           | 6,870                       | 10,049                                                   | 780                                   | 2,211                | 1,223                                           | 176,614         |
| Additions                       | 934                                        | -                                            | -                    | 13,419                           | 194                         | 198                                                      | 20                                    | 86                   | 837                                             | 15,688          |
| Disposals                       | -                                          | -                                            | -                    | (8,580)                          | (608)                       | -                                                        | -                                     | -                    | -                                               | (9,188)         |
| Written off                     | -                                          | -                                            | -                    | (2,212)                          | (91)                        | (13)                                                     | -                                     | -                    | -                                               | (2,316)         |
| Reclassification                | -                                          | -                                            | -                    | 419                              | -                           | -                                                        | -                                     | 55                   | (474)                                           | -               |
| Foreign currency translation    | -                                          | -                                            | -                    | -                                | -                           | 1                                                        | -                                     | 1                    | -                                               | 2               |
| Balance at end                  | <b>56,609</b>                              | <b>12,121</b>                                | <b>565</b>           | <b>90,166</b>                    | <b>6,365</b>                | <b>10,235</b>                                            | <b>800</b>                            | <b>2,353</b>         | <b>1,586</b>                                    | <b>180,800</b>  |
| <b>Accumulated depreciation</b> |                                            |                                              |                      |                                  |                             |                                                          |                                       |                      |                                                 |                 |
| Balance at beginning            | 3,543                                      | 2,489                                        | 257                  | 51,174                           | 4,397                       | 9,111                                                    | 538                                   | 1,405                | -                                               | 72,914          |
| Current charge                  | 219                                        | 678                                          | 7                    | 4,417                            | 461                         | 272                                                      | 23                                    | 133                  | -                                               | 6,210           |
| Disposals                       | -                                          | -                                            | -                    | (2,892)                          | (572)                       | -                                                        | -                                     | -                    | -                                               | (3,464)         |
| Written off                     | -                                          | -                                            | -                    | (2,203)                          | (44)                        | (12)                                                     | -                                     | -                    | -                                               | (2,259)         |
| Foreign currency translation    | -                                          | -                                            | -                    | -                                | -                           | 1                                                        | -                                     | -                    | -                                               | 1               |
| Balance at end                  | <b>3,762</b>                               | <b>3,167</b>                                 | <b>264</b>           | <b>50,496</b>                    | <b>4,242</b>                | <b>9,372</b>                                             | <b>561</b>                            | <b>1,538</b>         | <b>-</b>                                        | <b>73,402</b>   |
| <b>Carrying amount</b>          | <b>52,847</b>                              | <b>8,954</b>                                 | <b>301</b>           | <b>39,670</b>                    | <b>2,123</b>                | <b>863</b>                                               | <b>239</b>                            | <b>815</b>           | <b>1,586</b>                                    | <b>107,398</b>  |

| 2013                                        | Freehold land and building RM'000 | Leasehold land and buildings RM'000 | Apartments RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Furniture, fittings and office equipment RM'000 | Electrical installations RM'000 | Renovation RM'000 | Capital expenditure in progress RM'000 | Total RM'000 |
|---------------------------------------------|-----------------------------------|-------------------------------------|-------------------|----------------------------|-----------------------|-------------------------------------------------|---------------------------------|-------------------|----------------------------------------|--------------|
| At cost                                     |                                   |                                     |                   |                            |                       |                                                 |                                 |                   |                                        |              |
| Balance at beginning                        | 35,347                            | 12,121                              | 565               | 82,590                     | 7,063                 | 9,688                                           | 638                             | 2,166             | 292                                    | 150,470      |
| Additions                                   | 110                               | -                                   | -                 | 5,660                      | 1                     | 339                                             | 6                               | 44                | 1,096                                  | 7,256        |
| Disposals                                   | -                                 | -                                   | -                 | (110)                      | (194)                 | (1)                                             | -                               | -                 | -                                      | (305)        |
| Written off                                 | -                                 | -                                   | -                 | (1,020)                    | -                     | (7)                                             | -                               | -                 | (1)                                    | (1,028)      |
| Reclassified from land held for development | 20,218                            | -                                   | -                 | -                          | -                     | -                                               | -                               | -                 | -                                      | 20,218       |
| Reclassification                            | -                                 | -                                   | -                 | -                          | -                     | 26                                              | 136                             | -                 | (162)                                  | -            |
| Adjustment                                  | -                                 | -                                   | -                 | -                          | -                     | -                                               | -                               | -                 | (2)                                    | (2)          |
| Foreign currency translation                | -                                 | -                                   | -                 | -                          | -                     | 4                                               | -                               | 1                 | -                                      | 5            |
| Balance at end                              | 55,675                            | 12,121                              | 565               | 87,120                     | 6,870                 | 10,049                                          | 780                             | 2,211             | 1,223                                  | 176,614      |
| Accumulated depreciation                    |                                   |                                     |                   |                            |                       |                                                 |                                 |                   |                                        |              |
| Balance at beginning                        | 2,809                             | 2,506                               | 60                | 48,880                     | 4,043                 | 8,845                                           | 517                             | 1,270             | -                                      | 68,930       |
| Current charge                              | 734                               | (17)                                | 197               | 3,424                      | 548                   | 272                                             | 21                              | 135               | -                                      | 5,314        |
| Disposals                                   | -                                 | -                                   | -                 | (110)                      | (194)                 | (1)                                             | -                               | -                 | -                                      | (305)        |
| Written off                                 | -                                 | -                                   | -                 | (1,020)                    | -                     | (7)                                             | -                               | -                 | -                                      | (1,027)      |
| Foreign currency translation                | -                                 | -                                   | -                 | -                          | -                     | 2                                               | -                               | -                 | -                                      | 2            |
| Balance at end                              | 3,543                             | 2,489                               | 257               | 51,174                     | 4,397                 | 9,111                                           | 538                             | 1,405             | -                                      | 72,914       |
| Carrying amount                             | 52,132                            | 9,632                               | 308               | 35,946                     | 2,473                 | 938                                             | 242                             | 806               | 1,223                                  | 103,700      |

**COMPANY**

|                                 | <b>Furniture,<br/>fittings and<br/>office equipment<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---------------------------------|--------------------------------------------------------------------|--------------------------------------|-------------------------|
| <b>2014</b>                     |                                                                    |                                      |                         |
| <b>At cost</b>                  | <b>171</b>                                                         | <b>422</b>                           | <b>593</b>              |
| <b>Accumulated depreciation</b> | <b>170</b>                                                         | <b>422</b>                           | <b>592</b>              |
| <b>Carrying amount</b>          | <b>1</b>                                                           | <b>-</b>                             | <b>1</b>                |

**2013**

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| <b>At cost</b>                  | <b>171</b> | <b>422</b> | <b>593</b> |
| <b>Accumulated depreciation</b> | <b>170</b> | <b>422</b> | <b>592</b> |
| <b>Carrying amount</b>          | <b>1</b>   | <b>-</b>   | <b>1</b>   |

- (a) The carrying amount of property, plant and equipment of the Group held under finance lease are as follows:

|                     | <b>GROUP</b>       |                    |
|---------------------|--------------------|--------------------|
|                     | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Plant and machinery | <b>17,791,832</b>  | 12,654,502         |
| Motor vehicles      | <b>1,807,181</b>   | 2,133,910          |
|                     | <b>19,599,013</b>  | 14,788,412         |

Leased assets are pledged as security for the related finance lease liabilities (Note 22).

- (b) The carrying amount of plant and machinery amounting to **RM4,081,476** (2013: RM4,249,509) are charged to a licensed bank as security for banking facilities granted to a subsidiary.

## 5. INVESTMENT PROPERTIES

|                      | <b>GROUP</b>           |                        |
|----------------------|------------------------|------------------------|
|                      | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| At fair value:       |                        |                        |
| Balance at beginning | 17,275                 | 12,567                 |
| Additions            | -                      | 4,708                  |
| Balance at end       | <b>17,275</b>          | <b>17,275</b>          |
| At fair value:       |                        |                        |
| Freehold land        | 8,990                  | 8,990                  |
| Leasehold land       | 4,370                  | 4,370                  |
| Buildings            | 3,915                  | 3,915                  |
| Balance at end       | <b>17,275</b>          | <b>17,275</b>          |

The investment properties were revalued in the previous financial year ended 31 December 2012 by a firm of registered valuers based on the open market value basis.

The analysis of the income and direct expenses of the investment properties are as follows:

|                         | <b>GROUP</b>           |                        |
|-------------------------|------------------------|------------------------|
|                         | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Rental income           | <b>190</b>             | 106                    |
| Direct expenses         |                        |                        |
| - Rental generating     | 26                     | 19                     |
| - Non-rental generating | 29                     | 24                     |

A subsidiary's investment properties with carrying amount of **RM6,209,667** (2013: RM6,209,667) are charged to a financial institution for banking facilities granted to that subsidiary.

Fair value of investment properties for disclosure purpose are categorised as follows:

|                | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|----------------|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>2014</b>    |                           |                           |                           |                         |
| Freehold land  | -                         | 8,990                     | -                         | 8,990                   |
| Leasehold land | -                         | 4,370                     | -                         | 4,370                   |
| Buildings      | -                         | 3,915                     | -                         | 3,915                   |
|                | -                         | 17,275                    | -                         | 17,275                  |
| <b>2013</b>    |                           |                           |                           |                         |
| Freehold land  | -                         | 8,990                     | -                         | 8,990                   |
| Leasehold land | -                         | 4,370                     | -                         | 4,370                   |
| Buildings      | -                         | 3,915                     | -                         | 3,915                   |
|                | -                         | 17,275                    | -                         | 17,275                  |

### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair values of the above properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

## 6. INVESTMENT IN SUBSIDIARIES

|                 | COMPANY        |                |
|-----------------|----------------|----------------|
|                 | 2014<br>RM'000 | 2013<br>RM'000 |
| Unquoted shares |                |                |
| - At valuation  | 49,884         | 49,884         |
| - At cost       | 14,900         | 14,900         |
|                 | <b>64,784</b>  | <b>64,784</b>  |

The details of the subsidiaries, all of which are incorporated in Malaysia, except where indicated are as follows:

| Name of Subsidiaries                        | Effective Equity Interest |      | Principal Activities                                                                                                                                                                            |
|---------------------------------------------|---------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             | 2014                      | 2013 |                                                                                                                                                                                                 |
| <b>Direct subsidiaries</b>                  |                           |      |                                                                                                                                                                                                 |
| Public Packages Sdn. Bhd.                   | 100%                      | 100% | Manufacturing and retailing of corrugated cartons and packing materials.                                                                                                                        |
| PPH Printing & Packaging (Penang) Sdn. Bhd. | 100%                      | 100% | Manufacturing of offset printed display boxes.                                                                                                                                                  |
| PPH Printing & Packaging (Kulim) Sdn. Bhd.  | 100%                      | 100% | Manufacturing of gift and display boxes.                                                                                                                                                        |
| Public Packages Properties Sdn. Bhd.        | 100%                      | 100% | Property investment.                                                                                                                                                                            |
| PPASIA Media Packaging Sdn. Bhd.            | 100%                      | 100% | Design and sale of paper products.                                                                                                                                                              |
| PPH Plaza Sdn. Bhd.                         | 100%                      | 100% | Property development and hotel management. However, the subsidiary did not undertake such activities during the financial year. Instead the subsidiary lets out its property for rental income. |

| Name of Subsidiaries                                                               | Effective Equity Interest |      | Principal Activities                                                     |
|------------------------------------------------------------------------------------|---------------------------|------|--------------------------------------------------------------------------|
|                                                                                    | 2014                      | 2013 |                                                                          |
| PPH Resources Sdn. Bhd.                                                            | 100%                      | 100% | Investment holding.                                                      |
| PPH Management (M) Sdn. Bhd.                                                       | 100%                      | 100% | Provision of management services.                                        |
| New Merit Development Sdn. Bhd.                                                    | 100%                      | 100% | Investment holding.                                                      |
| <b>Indirect subsidiaries</b>                                                       |                           |      |                                                                          |
| Public Packages (NT) Sdn. Bhd.                                                     | 100%                      | 100% | Manufacturing of corrugated cartons.                                     |
| Public Packages (Prai) Sdn. Bhd.                                                   | 100%                      | 100% | Manufacturing and retailing of corrugated cartons and packing materials. |
| Tharco Container (Malaysia) Sdn. Bhd.                                              | 100%                      | 100% | Retailing of corrugated cartons, display boxes and packing materials.    |
| Quay Hotel Sdn. Bhd.                                                               | 100%                      | 100% | Dormant.                                                                 |
| Public Packages (Shah Alam) Sdn. Bhd.                                              | 100%                      | 100% | Manufacturing and sale of corrugated cartons and packing materials.      |
| PPH Display Design Sdn. Bhd.                                                       | 100%                      | 100% | Trading of paper products.                                               |
| Public Packages Asia Sdn. Bhd.                                                     | 100%                      | 100% | Manufacturing of paper products and packaging materials.                 |
| * Public Packages Asia (S) Pte. Ltd.<br>(Incorporated in Singapore)                | 100%                      | 100% | Total packaging solution provider.                                       |
| * Public Packages Asia<br>(Thailand) Company Limited<br>(Incorporated in Thailand) | 100%                      | 100% | Dormant.                                                                 |

\* Subsidiaries not audited by Grant Thornton.

2013

- (i) On 22 February 2013, the Company subscribed for an additional 7,899,998 new ordinary shares of RM1 each at par for cash in New Merit Development Sdn. Bhd. for a total cash consideration of RM7,899,998. The share subscriptions did not alter the effective equity interest in the subsidiary.
- (ii) On 8 April 2013, the Company subscribed for an additional 7,000,000 new ordinary shares of RM1 each at par for cash in PPH Plaza Sdn. Bhd. for a total cash consideration of RM7,000,000. The share subscriptions did not alter the effective equity interest in the subsidiary.
- (iii) On 22 November 2013, the Company through PPH Resources Sdn. Bhd. had subscribed for an additional 500,000 new ordinary shares of RM1 each at par for cash in Public Packages (Shah Alam) Sdn. Bhd. for a total cash consideration of RM500,000. The share subscriptions did not alter the effective equity interest in the subsidiary.
- (iv) On 24 December 2013, Top Matrix Portfolio Sdn. Bhd., a subsidiary of Public Packages Sdn. Bhd., was successfully struck off.



7. **INVESTMENT IN A JOINT VENTURE**

|                          | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|--------------------------|------------------------|------------------------|
| <b>GROUP</b>             |                        |                        |
| Unquoted shares, at cost | <b>9,174</b>           | 9,174                  |
| Share of results         | <b>9,715</b>           | 8,963                  |
|                          | <b>18,889</b>          | 18,137                 |
| Less: Dividend received  | <b>(5,000)</b>         | (2,500)                |
|                          | <b>13,889</b>          | 15,637                 |
| <b>COMPANY</b>           |                        |                        |
| Unquoted shares, at cost | <b>7,200</b>           | 7,200                  |

The details of joint venture are as follows:

| <b>Name of Company</b>                                            | <b>Effective Equity Interest</b> |             | <b>Principal Activities</b>                                                       |
|-------------------------------------------------------------------|----------------------------------|-------------|-----------------------------------------------------------------------------------|
|                                                                   | <b>2014</b>                      | <b>2013</b> |                                                                                   |
| ^ PPH Teckwah Value Chain Sdn. Bhd.<br>(Incorporated in Malaysia) | <b>50%</b>                       | 50%         | Investment holding and the provision of management services to related companies. |

^ Not audited by Grant Thornton.

The following table summarises the information of PPH Teckwah Value Chain Sdn. Bhd., as adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture.

|                                                | <b>GROUP</b>           |                        |
|------------------------------------------------|------------------------|------------------------|
|                                                | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| <b>Summarised financial information</b>        |                        |                        |
| <b>As at 31 December</b>                       |                        |                        |
| Non-current assets                             | <b>6,823</b>           | 7,403                  |
| Current assets                                 | <b>26,165</b>          | 28,891                 |
| Non-current liabilities                        | <b>(430)</b>           | (715)                  |
| Current liabilities                            | <b>(4,760)</b>         | (4,284)                |
| <b>Year ended 31 December</b>                  |                        |                        |
| Profit for the year/Total comprehensive income | <b>1,504</b>           | 1,650                  |

|                                                                                                                          | <b>GROUP</b>                 |                              |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
|                                                                                                                          | <b>2014</b><br><b>RM'000</b> | <b>2013</b><br><b>RM'000</b> |
| <b>Included in the total comprehensive income are:</b>                                                                   |                              |                              |
| Revenue                                                                                                                  | 32,687                       | 31,674                       |
| Depreciation                                                                                                             | (1,101)                      | (1,079)                      |
| Interest income                                                                                                          | 256                          | 316                          |
| Interest expense                                                                                                         | (10)                         | (12)                         |
| Income tax expense                                                                                                       | (29)                         | (453)                        |
|                                                                                                                          | <hr/>                        | <hr/>                        |
| <b>Reconciliation of net assets to carrying amount<br/>as at 31 December</b>                                             |                              |                              |
| Group's share of net assets                                                                                              | 13,899                       | 15,647                       |
| Goodwill                                                                                                                 | (10)                         | (10)                         |
|                                                                                                                          | <hr/>                        | <hr/>                        |
| Carrying amount in the statement of financial position                                                                   | 13,889                       | 15,637                       |
|                                                                                                                          | <hr/>                        | <hr/>                        |
| <b>Group's share of results for the financial year<br/>ended 31 December</b>                                             |                              |                              |
| Group's share of profit or loss/Group's share of<br>total comprehensive income                                           | 752                          | 825                          |
|                                                                                                                          | <hr/>                        | <hr/>                        |
| <b>Other information</b>                                                                                                 |                              |                              |
| The joint venture has no dividend received.                                                                              |                              |                              |
| <b>Contingent liabilities</b>                                                                                            |                              |                              |
| Corporate guarantee extended by the joint venture<br>to licensed banks for banking facilities<br>granted to a subsidiary | 5,000                        | 5,000                        |
|                                                                                                                          | <hr/>                        | <hr/>                        |
| <b>Capital commitments</b>                                                                                               |                              |                              |
| The joint venture has no capital commitments as at the reporting period.                                                 |                              |                              |

8. **OTHER INVESTMENTS**

|                                            | <b>2014</b><br><b>RM'000</b> | <b>2013</b><br><b>RM'000</b> |
|--------------------------------------------|------------------------------|------------------------------|
| <b>GROUP</b>                               |                              |                              |
| <b>Available-for-sale financial assets</b> |                              |                              |
| Unquoted investments in Malaysia           |                              |                              |
| - at valuation                             | 10,286                       | 10,286                       |
| - at cost                                  | 510                          | 510                          |
| Impairment                                 | (10,796)                     | (10,796)                     |
|                                            | <hr/>                        | <hr/>                        |
| Carrying amount                            | *                            | *                            |
| Investments quoted in Malaysia             |                              |                              |
| - at fair value                            | 416                          | 393                          |
| Fair value adjustment                      | 108                          | 23                           |
|                                            | <hr/>                        | <hr/>                        |
| Carrying amount                            | 524                          | 416                          |
|                                            | <hr/>                        | <hr/>                        |
| Total carrying amount                      | 524                          | 416                          |
|                                            | <hr/>                        | <hr/>                        |
| Market value of quoted investments         | 524                          | 416                          |
|                                            | <hr/>                        | <hr/>                        |

|                                            | 2014<br>RM'000 | 2013<br>RM'000 |
|--------------------------------------------|----------------|----------------|
| <b>COMPANY</b>                             |                |                |
| <b>Available-for-sale financial assets</b> |                |                |
| Unquoted investments in Malaysia           |                |                |
| - at valuation                             | 10,286         | 10,286         |
| Impairment                                 | (10,286)       | (10,286)       |
| Carrying amount                            | *              | *              |

\* Represents RM1

## 9. GOODWILL ON CONSOLIDATION

|          | 2014<br>RM'000 | 2013<br>RM'000 |
|----------|----------------|----------------|
|          |                |                |
| Goodwill | 675            | 675            |

### Impairment test on goodwill

Goodwill acquired through business combinations has been allocated to its business segment as its cash generating unit ("CGU").

For annual impairment testing purposes, the recoverable amount of the CGU is determined based on its value-in-use, which applies a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

No impairment loss is required for the goodwill as its recoverable amount is in excess of its carrying amount.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

- (i) Cash flow projections and growth rate  
The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.
- (ii) Discount rate  
The discount rate applied to the cash flow projections is based on the weighted average cost of capital rate of the Group.

## 10. TRADE RECEIVABLES

|                                                                             | 2014<br>RM'000 | 2013<br>RM'000 |
|-----------------------------------------------------------------------------|----------------|----------------|
|                                                                             |                |                |
| <b>Non-current assets</b>                                                   |                |                |
| Total amount                                                                | 4,794          | 4,090          |
| Less: Receivable within next twelve months<br>included under current assets | (1,090)        | (629)          |
|                                                                             | 3,704          | 3,461          |

|                                | <b>GROUP</b>  |               |
|--------------------------------|---------------|---------------|
|                                | <b>2014</b>   | <b>2013</b>   |
|                                | <b>RM'000</b> | <b>RM'000</b> |
| <b>Current assets</b>          |               |               |
| Trade receivables              | <b>38,066</b> | 34,925        |
| Less: Allowance for impairment |               |               |
| Balance at beginning           | <b>(192)</b>  | -             |
| Current year                   | <b>(150)</b>  | (192)         |
| Written off                    | <b>10</b>     | -             |
| Balance at end                 | <b>(332)</b>  | (192)         |
|                                | <b>37,734</b> | 34,733        |
| <b>Total</b>                   | <b>41,438</b> | 38,194        |

The foreign currency profile of trade receivables are as follows:

|                   | <b>GROUP</b>  |               |
|-------------------|---------------|---------------|
|                   | <b>2014</b>   | <b>2013</b>   |
|                   | <b>RM'000</b> | <b>RM'000</b> |
| Ringgit Malaysia  | <b>34,115</b> | 29,711        |
| US Dollar         | <b>4,433</b>  | 4,345         |
| Singapore Dollar  | <b>2,890</b>  | 4,109         |
| Australian Dollar | -             | 29            |
|                   | <b>41,438</b> | 38,194        |

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2013: 30 to 120 days) terms, except for a receivable amount of **RM Nil** (2013: RM4,090,674) which earns an interest at **Nil** (2013: 4.80%) per annum. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In the previous financial year, a subsidiary had entered into a settlement agreement with a debtor having financial difficulties. The debt repayment terms are as follows:

| <b>Principal sum</b> | <b>Repayment terms</b>                                       | <b>Commencement date</b> |
|----------------------|--------------------------------------------------------------|--------------------------|
| <b>RM</b>            |                                                              |                          |
| 4,405,341            | 84 equal monthly instalments of approximately RM52,445 each. | July 2013                |

## 11. INVENTORIES

|                   | <b>GROUP</b>  |               |
|-------------------|---------------|---------------|
|                   | <b>2014</b>   | <b>2013</b>   |
|                   | <b>RM'000</b> | <b>RM'000</b> |
| Raw materials     | <b>7,467</b>  | 8,319         |
| Work-in-progress  | <b>5,382</b>  | 5,296         |
| Finished goods    | <b>5,139</b>  | 4,759         |
| Other consumables | <b>1,128</b>  | 1,010         |
|                   | <b>19,116</b> | 19,384        |

The cost of inventories recognised in profit or loss for the financial year amounted to **RM111,135,600** (2013: RM107,375,752).

12. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                                | 2014<br>RM'000 | 2013<br>RM'000 |
|--------------------------------|----------------|----------------|
| <b>GROUP</b>                   |                |                |
| Total amount                   | 3,969          | 4,612          |
| Less: Allowance for impairment | (1,582)        | (1,582)        |
|                                | <u>2,387</u>   | <u>3,030</u>   |
|                                |                |                |
| Represented by:                |                |                |
| Other receivables              | 561            | 1,178          |
| Deposits                       | 311*           | 343*           |
| Prepayments                    | 1,515          | 1,509          |
|                                | <u>2,387</u>   | <u>3,030</u>   |

\* This is stated after impairment loss of **RM45,000** (2013: RM45,000).

The foreign currency profile of other receivables, deposits and prepayments are as follows:

|                                | 2014<br>RM'000 | 2013<br>RM'000 |
|--------------------------------|----------------|----------------|
| <b>GROUP</b>                   |                |                |
| Ringgit Malaysia               | 2,004          | 2,133          |
| US Dollar                      | 365            | 870            |
| Singapore Dollar               | 18             | 19             |
| Euro                           | -              | 8              |
|                                | <u>2,387</u>   | <u>3,030</u>   |
|                                |                |                |
| <b>COMPANY</b>                 |                |                |
| Total amount                   | 1,506          | 1,506          |
| Less: Allowance for impairment | (1,500)        | (1,500)        |
|                                | <u>6</u>       | <u>6</u>       |
|                                |                |                |
| Represented by:                |                |                |
| Deposits                       | 2              | 2              |
| Prepayments                    | 4              | 4              |
|                                | <u>6</u>       | <u>6</u>       |

13. **AMOUNT DUE FROM SUBSIDIARIES**

**COMPANY**

Loans to subsidiaries amounting to **RM4,163,389** (2013: RM5,106,460) bear interest at **6.25%** (2013: 6.25%) per annum. The remaining amount due from subsidiaries is non-interest bearing, unsecured and is repayable on demand.

14. **SHORT TERM FUNDS WITH LICENSED FINANCIAL INSTITUTIONS**

**GROUP AND COMPANY**

Short term funds represent investment in money market.

The effective interest rates and maturities of short term funds at the end of the reporting period are as follows:

|                          | <b>GROUP</b>   | <b>COMPANY</b> |
|--------------------------|----------------|----------------|
| <b>2014</b>              |                |                |
| Interest rates per annum | <b>3.50%</b>   | <b>3.50%</b>   |
| Maturities               | <b>31 days</b> | <b>31 days</b> |
| <b>2013</b>              |                |                |
| Interest rates per annum | 3.17%          | 3.17%          |
| Maturities               | 31 days        | 31 days        |

15. **FIXED DEPOSITS WITH LICENSED BANKS**

**GROUP**

The foreign currency profile of fixed deposits with licensed banks are as follows:

|                  | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|------------------|------------------------|------------------------|
| Ringgit Malaysia | <b>456</b>             | 205                    |
| Singapore Dollar | -                      | 1,807                  |
|                  | <b>456</b>             | <b>2,012</b>           |

The fixed deposits of the Group amounting to **RM204,990** (2013: RM204,990) are charged to licensed banks as security for banking facilities granted to certain subsidiaries.

The effective interest rates and maturities as at the end of the reporting period range from **3.12% to 3.50%** (2013: 0.10% to 3.10%) per annum and **1 to 12 months** (2013: 3 to 12 months) respectively.

16. **CASH AND BANK BALANCES**

The foreign currency profile of cash and bank balances are as follows:

|                  | 2014<br>RM'000 | 2013<br>RM'000 |
|------------------|----------------|----------------|
| <b>GROUP</b>     |                |                |
| Ringgit Malaysia | 6,498          | 4,421          |
| US Dollar        | 2,617          | 1,969          |
| Singapore Dollar | 3,141          | 733            |
| Thai Baht        | 24             | 32             |
|                  | <b>12,280</b>  | <b>7,155</b>   |
| <b>COMPANY</b>   |                |                |
| Ringgit Malaysia | <b>2,930</b>   | <b>810</b>     |

17. **SHARE CAPITAL**

|                       | Number of ordinary shares of<br>RM0.50 each |              | Amount         |                |
|-----------------------|---------------------------------------------|--------------|----------------|----------------|
|                       | 2014<br>'000                                | 2013<br>'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Authorised            | <b>200,000</b>                              | 200,000      | <b>100,000</b> | 100,000        |
| Issued and fully paid | <b>109,896</b>                              | 109,896      | <b>54,949</b>  | 54,949         |

18. **REVALUATION RESERVE**

**GROUP**

This is in respect of the surplus on revaluation of property net of deferred tax and is non-distributable.

**COMPANY**

This is in respect of surplus on revaluation of the Company's investment in subsidiaries and is non-distributable.

19. **FAIR VALUE ADJUSTMENT RESERVE**

**GROUP**

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

20. **FOREIGN TRANSLATION RESERVE**

**GROUP**

This is in respect of foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21. **RETAINED PROFITS**

**COMPANY**

Under the single tier system, there are no restrictions on the Company to frank the payment of dividends out of its entire retained profits and all dividends paid are tax exempted in the hands of the shareholders.

22. **FINANCE LEASE LIABILITIES**

|                                                               | <b>GROUP</b>   |                |
|---------------------------------------------------------------|----------------|----------------|
|                                                               | <b>2014</b>    | <b>2013</b>    |
|                                                               | <b>RM'000</b>  | <b>RM'000</b>  |
| <b>Non-current liabilities</b>                                |                |                |
| Within one year                                               | 3,958          | 3,120          |
| More than one year and less than two years                    | 3,359          | 2,903          |
| More than two years and less than five years                  | 6,961          | 3,178          |
| More than five years                                          | 22             | -              |
|                                                               | <b>14,300</b>  | <b>9,201</b>   |
| Finance charges                                               | <b>(1,559)</b> | <b>(835)</b>   |
|                                                               | <b>12,741</b>  | <b>8,366</b>   |
| Carrying amount at end                                        |                |                |
| Amount due within one year included under current liabilities | <b>(3,316)</b> | <b>(2,707)</b> |
|                                                               | <b>9,425</b>   | <b>5,659</b>   |
| <b>Current liabilities</b>                                    | <b>3,316</b>   | <b>2,707</b>   |

The effective interest rates for finance lease liabilities range from **2.48% to 3.70%** (2013: 2.48% to 3.70%) per annum and are secured over the leased assets (Note 4 (a)). The maturities of finance lease liabilities are disclosed in Note 35.4.

23. **BORROWINGS**

|                                | <b>2014</b>   | <b>2013</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>RM'000</b> | <b>RM'000</b> |
| <b>GROUP</b>                   |               |               |
| <b>Non-current liabilities</b> |               |               |
| Secured:                       |               |               |
| Term loans                     | <b>4,444</b>  | <b>6,370</b>  |



|                                | 2014<br>RM'000 | 2013<br>RM'000 |
|--------------------------------|----------------|----------------|
| <b>GROUP</b>                   |                |                |
| <b>Current liabilities</b>     |                |                |
| Secured:                       |                |                |
| Bank overdrafts                | 3,224          | 3,893          |
| Bill payables                  | 26,189         | 28,002         |
| Trust receipts                 | -              | 50             |
| Term loans                     | 1,630          | 1,769          |
| Murabahah financing            | 6,542          | 5,648          |
|                                | <b>37,585</b>  | <b>39,362</b>  |
| <b>Total</b>                   | <b>42,029</b>  | <b>45,732</b>  |
| <b>COMPANY</b>                 |                |                |
| <b>Non-current liabilities</b> |                |                |
| Secured:                       |                |                |
| Term loan                      | -              | 686            |
| <b>Current liabilities</b>     |                |                |
| Secured:                       |                |                |
| Bank overdraft                 | 342            | 216            |
| Term loan                      | 456            | 665            |
|                                | <b>798</b>     | <b>881</b>     |
| <b>Total</b>                   | <b>798</b>     | <b>1,567</b>   |

The borrowings are secured by way of:

- (i) legal charge over the land and building and plant and machinery of certain subsidiaries;
- (ii) pledged of fixed deposits of certain subsidiaries;
- (iii) assignment of all proceeds from future sale of assets of certain subsidiaries;
- (iv) negative pledge;
- (v) facility agreement;
- (vi) joint and several guarantee of certain related companies; and
- (vii) corporate guarantee of the Company.

A summary of the effective interest rates and the maturities of the borrowings are as follows:

|                        | Average<br>effective<br>interest rate<br>per annum<br>(%) | Total<br>RM'000 | Within<br>one year<br>RM'000 | More than<br>one year<br>and less<br>than<br>two years<br>RM'000 | More than<br>two years<br>and less than<br>five years<br>RM'000 | More than<br>five years<br>RM'000 |
|------------------------|-----------------------------------------------------------|-----------------|------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------|
| <b>GROUP</b>           |                                                           |                 |                              |                                                                  |                                                                 |                                   |
| <b>2014</b>            |                                                           |                 |                              |                                                                  |                                                                 |                                   |
| Bank overdrafts        | <b>7.85 to 8.60</b>                                       | <b>3,224</b>    | <b>3,224</b>                 | -                                                                | -                                                               | -                                 |
| Bill payables          | <b>3.53 to 7.15</b>                                       | <b>26,189</b>   | <b>26,189</b>                | -                                                                | -                                                               | -                                 |
| Term loans             | <b>4.75 to 7.15</b>                                       | <b>6,074</b>    | <b>1,630</b>                 | <b>886</b>                                                       | <b>1,912</b>                                                    | <b>1,646</b>                      |
| Murabahah<br>financing | <b>4.25 to 7.15</b>                                       | <b>6,542</b>    | <b>6,542</b>                 | -                                                                | -                                                               | -                                 |
| <b>2013</b>            |                                                           |                 |                              |                                                                  |                                                                 |                                   |
| Bank overdrafts        | 7.55 to 8.35                                              | 3,893           | 3,893                        | -                                                                | -                                                               | -                                 |
| Bill payables          | 3.22 to 5.06                                              | 28,002          | 28,002                       | -                                                                | -                                                               | -                                 |
| Trust receipts         | 8.10                                                      | 50              | 50                           | -                                                                | -                                                               | -                                 |
| Term loans             | 4.50 to 7.91                                              | 8,139           | 1,769                        | 1,864                                                            | 2,373                                                           | 2,133                             |
| Murabahah<br>financing | 6.90                                                      | 5,648           | 5,648                        | -                                                                | -                                                               | -                                 |
| <b>COMPANY</b>         |                                                           |                 |                              |                                                                  |                                                                 |                                   |
| <b>2014</b>            |                                                           |                 |                              |                                                                  |                                                                 |                                   |
| Bank overdraft         | <b>8.35</b>                                               | <b>342</b>      | <b>342</b>                   | -                                                                | -                                                               | -                                 |
| Term loan              | <b>4.89</b>                                               | <b>456</b>      | <b>456</b>                   | -                                                                | -                                                               | -                                 |
| <b>2013</b>            |                                                           |                 |                              |                                                                  |                                                                 |                                   |
| Bank overdraft         | 8.10                                                      | 216             | 216                          | -                                                                | -                                                               | -                                 |
| Term loan              | 4.89                                                      | 1,351           | 665                          | 686                                                              | -                                                               | -                                 |

## 24. DEFERRED TAX LIABILITIES

|                                      | <b>GROUP</b>           |                        |
|--------------------------------------|------------------------|------------------------|
|                                      | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Balance at beginning                 | <b>11,486</b>          | 10,528                 |
| Transfer to profit or loss           | <b>(44)</b>            | 57                     |
|                                      | <b>11,442</b>          | 10,585                 |
| (Over)/Under provision in prior year | <b>(250)</b>           | 901                    |
| Balance at end                       | <b>11,192</b>          | 11,486                 |

The deferred tax liabilities/(assets) are represented by temporary differences arising from:

|                                            | <b>GROUP</b>           |                        |
|--------------------------------------------|------------------------|------------------------|
|                                            | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| - Property, plant and equipment            | <b>7,533</b>           | 7,834                  |
| - Revaluation, net of related depreciation | <b>3,675</b>           | 3,762                  |
| - Reinvestment allowance                   | <b>(16)</b>            | (74)                   |
| - Unabsorbed tax losses                    | -                      | (15)                   |
| - Unabsorbed capital allowances            | -                      | (21)                   |
|                                            | <b>11,192</b>          | 11,486                 |

The following deferred tax (assets)/liabilities have not been recognised in the financial statements and the comparative figures have been restated to reflect the revised deductible and taxable temporary differences.

|                                            | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|--------------------------------------------|------------------------|------------------------|
| <b>GROUP</b>                               |                        |                        |
| Arising from property, plant and equipment | <b>(249)</b>           | (246)                  |
| Unabsorbed tax losses                      | <b>(809)</b>           | (788)                  |
| Unabsorbed capital allowances              | <b>(24)</b>            | (23)                   |
|                                            | <b>(1,082)</b>         | (1,057)                |
| <b>COMPANY</b>                             |                        |                        |
| Unabsorbed capital allowances              | <b>(51)</b>            | (51)                   |

## 25. **TRADE PAYABLES**

The foreign currency profile of trade payables are as follows:

|                  | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|------------------|------------------------|------------------------|
| <b>GROUP</b>     |                        |                        |
| Ringgit Malaysia | <b>8,043</b>           | 8,675                  |
| US Dollar        | <b>356</b>             | 147                    |
|                  | <b>8,399</b>           | 8,822                  |

The trade payables are non-interest bearing and are normally settled on **30 to 90 days** (2013: 30 to 90 days) term.

## 26. **OTHER PAYABLES AND ACCRUALS**

|                   | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|-------------------|------------------------|------------------------|
| <b>GROUP</b>      |                        |                        |
| Other payables    | <b>2,201</b>           | 2,225                  |
| Accruals          | <b>2,326</b>           | 2,293                  |
| Deposits received | <b>113</b>             | 201                    |
|                   | <b>4,640</b>           | 4,719                  |

| <b>COMPANY</b> | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|----------------|------------------------|------------------------|
| Accruals       | <b>33</b>              | 33                     |

The foreign currency profile of other payables and accruals are as follows:

| <b>GROUP</b>     | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|------------------|------------------------|------------------------|
| Ringgit Malaysia | <b>4,226</b>           | 4,348                  |
| Singapore Dollar | <b>315</b>             | 272                    |
| Others           | <b>99</b>              | 99                     |
|                  | <b>4,640</b>           | 4,719                  |

| <b>COMPANY</b>   | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
|------------------|------------------------|------------------------|
| Ringgit Malaysia | <b>33</b>              | 33                     |

#### **GROUP**

Included in other payables are the following:

- (i) an amount due to a director amounting to **RM Nil** (2013: RM3,092). It is unsecured, non-interest bearing and is repayable on demand.
- (ii) an amount of **RM2,288** (2013: RM115) due to a company in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.
- (iii) an amount of **RM406** (2013: RM406) due to a sole proprietorship belonging to a director of the Company. It is unsecured, non-interest bearing and is repayable on demand.

## **27. REVENUE**

|                 | <b>GROUP</b>           |                        | <b>COMPANY</b>         |                        |
|-----------------|------------------------|------------------------|------------------------|------------------------|
|                 | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Sale of goods   | <b>152,195</b>         | 144,113                | -                      | -                      |
| Rental income   | <b>800</b>             | 705                    | -                      | -                      |
| Interest income | -                      | -                      | <b>275</b>             | 354                    |
| Dividend income | <b>512</b>             | 302                    | <b>5,742</b>           | 4,552                  |
|                 | <b>153,507</b>         | 145,120                | <b>6,017</b>           | 4,906                  |

28. **PROFIT BEFORE TAXATION**

|                                 | <b>GROUP</b>  |               | <b>COMPANY</b> |               |
|---------------------------------|---------------|---------------|----------------|---------------|
|                                 | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|                                 | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| After charging:                 |               |               |                |               |
| Audit fee                       |               |               |                |               |
| - Company's auditors            |               |               |                |               |
| - current year                  | 107           | 98            | 18             | 18            |
| - under provision in prior year | 1             | -             | -              | -             |
| - other auditors                | 12            | 20            | -              | -             |
| Bad debts                       | 13            | 12            | -              | -             |
| Depreciation                    | 6,210         | 5,314         | -              | -             |
| Directors' fee for              |               |               |                |               |
| non-executive directors         | 78            | 78            | 78             | 78            |
| Hire of equipment and           |               |               |                |               |
| machinery                       | 169           | 137           | -              | -             |
| Impairment loss on receivables  | 150           | 192           | -              | -             |
| * Interest expense              | 2,694         | 2,505         | 62             | 96            |
| Property, plant and equipment   |               |               |                |               |
| written off                     | 57            | 1             | -              | -             |
| Realised loss on foreign        |               |               |                |               |
| exchange                        | 215           | 68            | -              | -             |
| Rental of warehouse             | 67            | 49            | -              | -             |
| Rental of motor vehicle         | 27            | -             | -              | -             |
| Rental of premises              | 323           | 500           | -              | -             |
| ** Staff costs                  | 34,382        | 31,046        | -              | -             |
| And crediting:                  |               |               |                |               |
| Bad debts recovered             | 12            | -             | -              | -             |
| Interest income                 | 9             | 98            | 275            | 354           |
| Gain on disposal of property,   |               |               |                |               |
| plant and equipment             | 308           | 25            | -              | -             |
| Gross dividend from             |               |               |                |               |
| - unquoted subsidiaries         | -             | -             | 5,230          | 4,250         |
| - Malaysian quoted shares       | 17            | 31            | -              | -             |
| - other investments             | 577           | 302           | 512            | 302           |
| Lease rental income             | 234           | 239           | -              | -             |
| Realised gain on foreign        |               |               |                |               |
| exchange                        | 82            | 242           | -              | -             |
| Rental income                   | 837           | 742           | -              | -             |
| Unrealised gain on foreign      |               |               |                |               |
| exchange                        | 431           | -             | -              | -             |
| * Interest expense              |               |               |                |               |
| - Bank overdrafts               | 281           | 291           | 18             | 18            |
| - Bill payables                 | 1,004         | 966           | -              | -             |
| - Finance lease                 | 627           | 519           | -              | -             |
| - Term loans                    | 384           | 359           | 44             | 78            |
| - Murabahah profit              | 398           | 370           | -              | -             |
|                                 | 2,694         | 2,505         | 62             | 96            |
| ** Staff costs                  |               |               |                |               |
| - Salaries, wages, overtimes,   |               |               |                |               |
| allowance and bonus             | 31,446        | 28,329        | -              | -             |
| - EPF                           | 2,695         | 2,482         | -              | -             |
| - SOCSO                         | 241           | 235           | -              | -             |
|                                 | 34,382        | 31,046        | -              | -             |

## Directors' emoluments

Included in the Group's staff costs is directors' emoluments as shown below:

|                                             | <b>GROUP</b>  |               |
|---------------------------------------------|---------------|---------------|
|                                             | <b>2014</b>   | <b>2013</b>   |
|                                             | <b>RM'000</b> | <b>RM'000</b> |
| <b>Executive directors of the Company:</b>  |               |               |
| - Salaries, bonus and wages                 | <b>2,079</b>  | 1,516         |
| - EPF and SOCSO                             | <b>362</b>    | 274           |
|                                             | <b>2,441</b>  | 1,790         |
| <b>Executive directors of subsidiaries:</b> |               |               |
| - Salaries, bonus and wages                 | <b>1,535</b>  | 1,634         |
| - EPF and SOCSO                             | <b>251</b>    | 276           |
|                                             | <b>1,786</b>  | 1,910         |
|                                             | <b>4,227</b>  | 3,700         |

## 29. TAXATION

|                                                                   | <b>GROUP</b>   |               | <b>COMPANY</b> |               |
|-------------------------------------------------------------------|----------------|---------------|----------------|---------------|
|                                                                   | <b>2014</b>    | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|                                                                   | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Based on results for the financial year                           |                |               |                |               |
| - Current tax                                                     |                |               |                |               |
| Malaysia tax                                                      | <b>(3,636)</b> | (3,284)       | <b>(67)</b>    | (62)          |
| Foreign tax                                                       | <b>(211)</b>   | (237)         | -              | -             |
|                                                                   | <b>(3,847)</b> | (3,521)       | <b>(67)</b>    | (62)          |
| - Deferred tax                                                    |                |               |                |               |
| Relating to the origination and reversal of temporary differences | <b>44</b>      | (73)          | -              | -             |
| Changes in tax rate                                               | -              | 16            | -              | -             |
|                                                                   | <b>44</b>      | (57)          | -              | -             |
|                                                                   | <b>(3,803)</b> | (3,578)       | <b>(67)</b>    | (62)          |
| (Under)/Over provision in prior year                              |                |               |                |               |
| - Current tax                                                     | <b>(320)</b>   | (230)         | <b>(1)</b>     | 3             |
| - Deferred tax                                                    | <b>250</b>     | (901)         | -              | -             |
|                                                                   | <b>(70)</b>    | (1,131)       | <b>(1)</b>     | 3             |
|                                                                   | <b>(3,873)</b> | (4,709)       | <b>(68)</b>    | (59)          |

The reconciliation of tax expense of the Group and of the Company is as follows:

|                                                                | <b>GROUP</b>   |         | <b>COMPANY</b> |         |
|----------------------------------------------------------------|----------------|---------|----------------|---------|
|                                                                | <b>2014</b>    | 2013    | <b>2014</b>    | 2013    |
|                                                                | <b>RM'000</b>  | RM'000  | <b>RM'000</b>  | RM'000  |
| Profit before taxation                                         | <b>16,244</b>  | 14,934  | <b>5,756</b>   | 4,536   |
| Less: Share of results of joint venture                        | <b>(752)</b>   | (825)   | -              | -       |
|                                                                | <b>15,492</b>  | 14,109  | <b>5,756</b>   | 4,536   |
| Income tax at Malaysian statutory tax rate of 25%              | <b>(3,873)</b> | (3,527) | <b>(1,439)</b> | (1,134) |
| Income not subject to tax                                      | <b>898</b>     | 199     | <b>1,393</b>   | 1,111   |
| Different tax rates in other countries                         | <b>168</b>     | 181     | -              | -       |
| Double deduction of expenses for tax purposes                  | <b>17</b>      | 14      | -              | -       |
| Expenses not deductible for tax purposes                       | <b>(1,577)</b> | (421)   | <b>(21)</b>    | (39)    |
| Deferred tax movement not provided                             | <b>(50)</b>    | (131)   | -              | -       |
| Reinvestment allowance claimed                                 | <b>502</b>     | -       | -              | -       |
| Annual crystallisation of deferred tax on revaluation reserves | <b>87</b>      | 87      | -              | -       |
| Utilisation of tax losses and capital allowances               | <b>25</b>      | 4       | -              | -       |
| Changes in tax rate                                            | <b>-</b>       | 16      | -              | -       |
|                                                                | <b>(3,803)</b> | (3,578) | <b>(67)</b>    | (62)    |
| (Under)/Over provision in prior year                           | <b>(70)</b>    | (1,131) | <b>(1)</b>     | 3       |
|                                                                | <b>(3,873)</b> | (4,709) | <b>(68)</b>    | (59)    |

The amount and future availability of unabsorbed tax losses and capital allowances are as follows:

|                               | <b>GROUP</b>  |        | <b>COMPANY</b> |        |
|-------------------------------|---------------|--------|----------------|--------|
|                               | <b>2014</b>   | 2013   | <b>2014</b>    | 2013   |
|                               | <b>RM'000</b> | RM'000 | <b>RM'000</b>  | RM'000 |
| Unabsorbed tax losses         | <b>3,237</b>  | 3,154  | -              | -      |
| Unabsorbed capital allowances | <b>96</b>     | 92     | <b>205</b>     | 205    |

These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses, capital allowances and reinvestment allowance to be utilised.

The corporate tax rate will be reduced to 24% from the year of assessment 2016 onwards as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

### 30. EARNINGS PER SHARE

#### GROUP

##### (a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

|                                                                  | 2014    | 2013    |
|------------------------------------------------------------------|---------|---------|
| Profit for the year (RM'000)                                     | 12,371  | 10,225  |
| Weighted average number of ordinary shares of RM0.50 each ('000) | 109,896 | 109,896 |
| Basic earnings per share (sen)                                   | 11.3    | 9.3     |

##### (b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any equity convertible financial instruments as at the end of the reporting period.

### 31. CAPITAL COMMITMENT

|                                 | GROUP          |                |
|---------------------------------|----------------|----------------|
|                                 | 2014<br>RM'000 | 2013<br>RM'000 |
| Approved and contracted for:    |                |                |
| - Property, plant and equipment | 671            | -              |

### 32. CONTINGENT LIABILITIES (UNSECURED)

|                                                                                                                              | COMPANY    |            |
|------------------------------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                                              | 2014<br>RM | 2013<br>RM |
| Corporate guarantee extended by the Company to financial institutions for banking facilities granted to certain subsidiaries |            |            |
| - Limit                                                                                                                      | 92,644,000 | 92,644,000 |
| - Utilised as at the end of the reporting period                                                                             | 41,226,787 | 43,363,098 |

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks requiring parent's guarantees as a pre-condition for approving the banking facilities granted to subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantees to be recognised in the financial statements.



### 33. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### **Business Segments**

The operations of the Group are organised into the following main business segments:

- |       |               |                                                                                                          |
|-------|---------------|----------------------------------------------------------------------------------------------------------|
| (i)   | Investment    | Investment holding and provision of financial, administrative and advisory services to its subsidiaries. |
| (ii)  | Manufacturing | Manufacturing and retailing of corrugated cartons, packing materials, gift and display box.              |
| (iii) | Property      | Property investment and property developers.                                                             |
| (iv)  | Trading       | Trading of paper products, design and sale of paper.                                                     |

## 2014

### Revenue

|                |              |                |              |               |                 |                |
|----------------|--------------|----------------|--------------|---------------|-----------------|----------------|
| External sales | 512          | 140,643        | 800          | 11,551        | -               | 153,506        |
| Inter-segment  | 8,372        | 48,335         | 622          | 6             | (57,334)        | 1              |
|                | <u>8,884</u> | <u>188,978</u> | <u>1,422</u> | <u>11,557</u> | <u>(57,334)</u> | <u>153,507</u> |

### Result

|                                   |       |        |     |       |       |               |
|-----------------------------------|-------|--------|-----|-------|-------|---------------|
| Segment results                   | (847) | 14,777 | 734 | 2,457 | 1,056 | 18,177        |
| Interest income                   |       |        |     |       |       | 9             |
| Interest expense                  |       |        |     |       |       | (2,694)       |
| Share of results of joint venture | 752   | -      | -   | -     | -     | 752           |
| Profit before taxation            |       |        |     |       |       | 16,244        |
| Taxation                          |       |        |     |       |       | (3,873)       |
| Profit for the year               |       |        |     |       |       | <u>12,371</u> |

### Assets

|                               |         |         |        |       |           |                |
|-------------------------------|---------|---------|--------|-------|-----------|----------------|
| Segment assets                | 109,614 | 172,248 | 39,827 | 8,735 | (109,433) | 220,991        |
| Investment in a joint venture | 13,889  |         |        |       |           | 13,889         |
| Tax recoverable               |         |         |        |       |           | 1,378          |
| Total assets                  |         |         |        |       |           | <u>236,258</u> |

### Liabilities

|                           |     |        |     |     |   |               |
|---------------------------|-----|--------|-----|-----|---|---------------|
| Segment liabilities       | 148 | 12,386 | 162 | 343 | - | 13,039        |
| Finance lease liabilities |     |        |     |     |   | 12,741        |
| Borrowings                |     |        |     |     |   | 42,029        |
| Deferred tax liabilities  |     |        |     |     |   | 11,192        |
| Provision for taxation    |     |        |     |     |   | 615           |
| Total liabilities         |     |        |     |     |   | <u>79,616</u> |

### Other information

|                                                   |       |        |       |     |   |         |
|---------------------------------------------------|-------|--------|-------|-----|---|---------|
| Capital expenditure                               | -     | 14,434 | 1,246 | 8   | - | 15,688  |
| Depreciation                                      | 4     | 6,086  | 9     | 111 | - | 6,210   |
| Non-cash (income)/expense other than depreciation | (751) | (522)  | 2     | -   | - | (1,271) |

| 2013                                                 | Investment<br>RM'000 | Manufacturing<br>RM'000 | Property<br>RM'000 | Trading<br>RM'000 | Eliminations<br>RM'000 | Note | Total<br>RM'000 |
|------------------------------------------------------|----------------------|-------------------------|--------------------|-------------------|------------------------|------|-----------------|
| Revenue                                              |                      |                         |                    |                   |                        |      |                 |
| External sales                                       | 302                  | 104,774                 | 706                | 39,338            | -                      |      | 145,120         |
| Inter-segment                                        | 7,245                | 46,457                  | 486                | 4,216             | (58,404)               | A    | -               |
|                                                      | <u>7,547</u>         | <u>151,231</u>          | <u>1,192</u>       | <u>43,554</u>     | <u>(58,404)</u>        |      | <u>145,120</u>  |
| Result                                               |                      |                         |                    |                   |                        |      |                 |
| Segment results                                      | (625)                | 11,407                  | 447                | 4,417             | 870                    |      | 16,516          |
| Interest income                                      |                      |                         |                    |                   |                        |      | 98              |
| Interest expense                                     |                      |                         |                    |                   |                        |      | (2,505)         |
| Share of results of joint venture                    | 825                  | -                       | -                  | -                 | -                      |      | 825             |
| Profit before taxation                               |                      |                         |                    |                   |                        |      | <u>14,934</u>   |
| Taxation                                             |                      |                         |                    |                   |                        |      | <u>(4,709)</u>  |
| Profit for the year                                  |                      |                         |                    |                   |                        |      | <u>10,225</u>   |
| Assets                                               |                      |                         |                    |                   |                        |      |                 |
| Segment assets                                       | 103,232              | 150,969                 | 38,465             | 25,167            | (111,627)              |      | 206,206         |
| Investment in a joint venture                        | 15,637               |                         |                    |                   |                        |      | 15,637          |
| Tax recoverable                                      |                      |                         |                    |                   |                        |      | <u>1,552</u>    |
| Total assets                                         |                      |                         |                    |                   |                        |      | <u>223,395</u>  |
| Liabilities                                          |                      |                         |                    |                   |                        |      |                 |
| Segment liabilities                                  | 127                  | 11,189                  | 145                | 2,080             | -                      |      | 13,541          |
| Finance lease liabilities                            |                      |                         |                    |                   |                        |      | 8,366           |
| Borrowings                                           |                      |                         |                    |                   |                        |      | 45,732          |
| Deferred tax liabilities                             |                      |                         |                    |                   |                        |      | 11,486          |
| Provision for taxation                               |                      |                         |                    |                   |                        |      | <u>244</u>      |
| Total liabilities                                    |                      |                         |                    |                   |                        |      | <u>79,369</u>   |
| Other information                                    |                      |                         |                    |                   |                        |      |                 |
| Capital expenditure                                  | 21                   | 2,796                   | 4,777              | 4,370             | -                      | B    | 11,964          |
| Depreciation                                         | 6                    | 4,677                   | 11                 | 620               | -                      |      | 5,314           |
| Non-cash (income)/expense<br>other than depreciation | (825)                | 179                     | -                  | 1                 | -                      | C    | (645)           |

Notes to segment information:

A Inter-segment revenue are eliminated on consolidation.

B Additions to non-current assets consist of:

|                               | 2014<br>RM'000 | 2013<br>RM'000 |
|-------------------------------|----------------|----------------|
| Property, plant and equipment | 15,688         | 7,256          |
| Investment properties         | -              | 4,708          |
|                               | <b>15,688</b>  | <b>11,964</b>  |

C Other material non-cash expenses/(income) consist of the following items:

|                                                   | 2014<br>RM'000 | 2013<br>RM'000 |
|---------------------------------------------------|----------------|----------------|
| Bad debts                                         | 13             | 12             |
| Gain on disposal of property, plant and equipment | (308)          | (25)           |
| Impairment loss on receivables                    | 150            | 192            |
| Property, plant and equipment written off         | 57             | 1              |
| Share of results of joint venture                 | (752)          | (825)          |
| Unrealised gain on foreign exchange               | (431)          | -              |
|                                                   | <b>(1,271)</b> | <b>(645)</b>   |

### Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

|           | Revenue        |                | Non-current assets |                |
|-----------|----------------|----------------|--------------------|----------------|
|           | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000     | 2013<br>RM'000 |
| Malaysia  | 144,435        | 135,421        | 142,872            | 140,672        |
| Singapore | 9,072          | 9,699          | 69                 | 76             |
|           | <b>153,507</b> | <b>145,120</b> | <b>142,941</b>     | <b>140,748</b> |

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

|                               | 2014<br>RM'000 | 2013<br>RM'000 |
|-------------------------------|----------------|----------------|
| Property, plant and equipment | 107,398        | 103,700        |
| Investment properties         | 17,275         | 17,275         |
| Investment in a joint venture | 13,889         | 15,637         |
| Goodwill on consolidation     | 675            | 675            |
| Trade receivable              | 3,704          | 3,461          |
|                               | <b>142,941</b> | <b>140,748</b> |

### Major customers

During the financial year, there was no single customer that contributed to more than 10% of the Group's revenue.

### 34. RELATED PARTY DISCLOSURES

#### (i) Transactions with subsidiaries

|                                   | <b>COMPANY</b> |               |
|-----------------------------------|----------------|---------------|
|                                   | <b>2014</b>    | <b>2013</b>   |
|                                   | <b>RM'000</b>  | <b>RM'000</b> |
| Interest income from subsidiaries | <b>275</b>     | <b>354</b>    |

#### (ii) Transactions with related parties

|                                                                                                   | <b>GROUP</b>  |               |
|---------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                   | <b>2014</b>   | <b>2013</b>   |
|                                                                                                   | <b>RM'000</b> | <b>RM'000</b> |
| Sales to a related party<br>- City Packaging Industry Sdn. Bhd.                                   | <b>40</b>     | <b>65</b>     |
| Purchases from a related party<br>- Tompac Industrial Sdn. Bhd.                                   | <b>81</b>     | <b>-</b>      |
| Rental of property for staff accommodation from a related party<br>- Fame Pack Holdings Sdn. Bhd. | <b>184</b>    | <b>184</b>    |
| Rental of office lot from a related party<br>- Fame Pack Holdings Sdn. Bhd.                       | <b>67</b>     | <b>66</b>     |
| Rental of premise paid to a director of the Company                                               | <b>18</b>     | <b>-</b>      |
| Rental of premise paid to a director of a subsidiary                                              | <b>5</b>      | <b>5</b>      |
| Rental of motor vehicle from a related party<br>- Koay Boon Pee Holding Sdn. Bhd.                 | <b>27</b>     | <b>-</b>      |

#### (iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

|                                                    | <b>GROUP</b>  |               | <b>COMPANY</b> |               |
|----------------------------------------------------|---------------|---------------|----------------|---------------|
|                                                    | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|                                                    | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Salaries and other<br>short-term employee benefits | <b>4,355</b>  | <b>3,778</b>  | <b>78</b>      | <b>78</b>     |

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

**Related party relationship:**

| Related party                       | Relationship                                                                                                                                                                                                        |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| City Packaging Industry Sdn. Bhd. : | A company in which person connected to certain directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chue Beng, Koay Teng Liang, Koay Chiew Kang and Koay Teng Kheong, have substantial financial interest. |
| Tompac Industrial Sdn. Bhd. :       | Subsidiary of joint venture.                                                                                                                                                                                        |
| Fame Pack Holdings Sdn. Bhd. :      | A substantial shareholder of the Company and connected to Mr. Koay Chiew Poh.                                                                                                                                       |
| Koay Boon Pee Holding Sdn. Bhd. :   | A company in which the directors of the Company, namely Messrs. Koay Chiew Poh, Koay Chiew Kang and Koay Chue Beng, have substantial financial interest.                                                            |

**35. FINANCIAL INSTRUMENTS****35.1 Categories of financial instruments**

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

- (i) Loans and receivables (“L&R”);
- (ii) Available-for-sale financial assets (“AFS”); and
- (iii) Financial liabilities measured at amortised cost (“FL”).

|                                                       | Carrying<br>amount<br>RM'000 | AFS<br>RM'000 | L&R<br>RM'000 | FL<br>RM'000  |
|-------------------------------------------------------|------------------------------|---------------|---------------|---------------|
| <b>2014</b>                                           |                              |               |               |               |
| <b>GROUP</b>                                          |                              |               |               |               |
| <b>Financial assets</b>                               |                              |               |               |               |
| Other investments                                     | 524                          | 524           | -             | -             |
| Trade receivables                                     | 41,438                       | -             | 41,438        | -             |
| Other receivables and refundable deposits             | 872                          | -             | 872           | -             |
| Short term funds with licensed financial institutions | 19,442                       | -             | 19,442        | -             |
| Fixed deposits with licensed banks                    | 456                          | -             | 456           | -             |
| Cash and bank balances                                | 12,280                       | -             | 12,280        | -             |
|                                                       | <b>75,012</b>                | <b>524</b>    | <b>74,488</b> | <b>-</b>      |
| <b>Financial liabilities</b>                          |                              |               |               |               |
| Finance lease liabilities                             | 12,741                       | -             | -             | 12,741        |
| Borrowings                                            | 42,029                       | -             | -             | 42,029        |
| Trade payables                                        | 8,399                        | -             | -             | 8,399         |
| Other payables and accruals                           | 4,640                        | -             | -             | 4,640         |
|                                                       | <b>67,809</b>                | <b>-</b>      | <b>-</b>      | <b>67,809</b> |
| <b>COMPANY</b>                                        |                              |               |               |               |
| <b>Financial assets</b>                               |                              |               |               |               |
| Other investment                                      | *                            | *             | -             | -             |
| Other receivables and refundable deposits             | 2                            | -             | 2             | -             |
| Amount due from subsidiaries                          | 21,956                       | -             | 21,956        | -             |
| Short term funds with licensed financial institutions | 17,520                       | -             | 17,520        | -             |
| Cash and bank balances                                | 2,930                        | -             | 2,930         | -             |
|                                                       | <b>42,408</b>                | <b>*</b>      | <b>42,408</b> | <b>-</b>      |

|                              | Carrying<br>amount<br>RM'000 | AFS<br>RM'000 | L&R<br>RM'000 | FL<br>RM'000 |
|------------------------------|------------------------------|---------------|---------------|--------------|
| <b>COMPANY</b>               |                              |               |               |              |
| <b>Financial liabilities</b> |                              |               |               |              |
| Borrowings                   | 798                          | -             | -             | 798          |
| Other payables and accruals  | 33                           | -             | -             | 33           |
|                              | <b>831</b>                   | <b>-</b>      | <b>-</b>      | <b>831</b>   |

2013

**GROUP**

|                                                       |               |            |               |               |
|-------------------------------------------------------|---------------|------------|---------------|---------------|
| Financial assets                                      |               |            |               |               |
| Other investments                                     | 416           | 416        | -             | -             |
| Trade receivables                                     | 38,194        | -          | 38,194        | -             |
| Other receivables and refundable deposits             | 1,521         | -          | 1,521         | -             |
| Short term funds with licensed financial institutions | 14,365        | -          | 14,365        | -             |
| Fixed deposits with licensed banks                    | 2,012         | -          | 2,012         | -             |
| Cash and bank balances                                | 7,155         | -          | 7,155         | -             |
|                                                       | <b>63,663</b> | <b>416</b> | <b>63,247</b> | <b>-</b>      |
| Financial liabilities                                 |               |            |               |               |
| Finance lease liabilities                             | 8,366         | -          | -             | 8,366         |
| Borrowings                                            | 45,732        | -          | -             | 45,732        |
| Trade payables                                        | 8,822         | -          | -             | 8,822         |
| Other payables and accruals                           | 4,719         | -          | -             | 4,719         |
|                                                       | <b>67,639</b> | <b>-</b>   | <b>-</b>      | <b>67,639</b> |

**COMPANY**

|                                                       |               |          |               |              |
|-------------------------------------------------------|---------------|----------|---------------|--------------|
| Financial assets                                      |               |          |               |              |
| Other investment                                      | *             | *        | -             | -            |
| Other receivables and refundable deposits             | 2             | -        | 2             | -            |
| Amount due from subsidiaries                          | 22,260        | -        | 22,260        | -            |
| Short term funds with licensed financial institutions | 14,007        | -        | 14,007        | -            |
| Cash and bank balances                                | 810           | -        | 810           | -            |
|                                                       | <b>37,079</b> | <b>*</b> | <b>37,079</b> | <b>-</b>     |
| Financial liabilities                                 |               |          |               |              |
| Borrowings                                            | 1,567         | -        | -             | 1,567        |
| Other payables and accruals                           | 33            | -        | -             | 33           |
|                                                       | <b>1,600</b>  | <b>-</b> | <b>-</b>      | <b>1,600</b> |

\* Represents RM1

## 35.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

## 35.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

### 35.3.1 Trade receivables

The Group gives its existing customers credit terms that range between 30 to 120 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The ageing of trade receivables and accumulated impairment losses as at the end of the reporting period is as follows:

|                            | <b>Gross<br/>RM'000</b> | <b>Impairment<br/>loss<br/>RM'000</b> | <b>Net<br/>RM'000</b> |
|----------------------------|-------------------------|---------------------------------------|-----------------------|
| <b>2014</b>                |                         |                                       |                       |
| Not past due               | 27,630                  | -                                     | 27,630                |
| 1 to 30 days past due      | 5,723                   | -                                     | 5,723                 |
| 31 to 60 days past due     | 2,080                   | -                                     | 2,080                 |
| 61 to 90 days past due     | 479                     | -                                     | 479                   |
| Past due more than 90 days | 5,858                   | (332)                                 | 5,526                 |
|                            | <b>14,140</b>           | <b>(332)</b>                          | <b>13,808</b>         |
|                            | <b>41,770</b>           | <b>(332)</b>                          | <b>41,438</b>         |
| <b>2013</b>                |                         |                                       |                       |
| Not past due               | 24,696                  | -                                     | 24,696                |
| 1 to 30 days past due      | 5,959                   | -                                     | 5,959                 |
| 31 to 60 days past due     | 1,966                   | -                                     | 1,966                 |
| 61 to 90 days past due     | 999                     | -                                     | 999                   |
| Past due more than 90 days | 4,766                   | (192)                                 | 4,574                 |
|                            | <b>13,690</b>           | <b>(192)</b>                          | <b>13,498</b>         |
|                            | <b>38,386</b>           | <b>(192)</b>                          | <b>38,194</b>         |



Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group.

The Group has trade receivables amounting to **RM13,808,000** (2013: RM13,498,000) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

As at the end of the reporting period, the Group has no significant concentration of credit risks.

### 35.3.2 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries as detailed in Note 32. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

### 35.3.3 Intercompany advances

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

## 35.4 Liquidity risk

Liquidity risk is the risk the Group will encounter difficulty in meeting financial obligations due to shortage of funds. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents and bank facilities to ensure that it will have sufficient liquidity to meet its liabilities as and when they fall due.

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

|                                   | Carrying<br>amount<br>RM'000 | Contractual<br>cash flows<br>RM'000 | Within<br>one<br>year<br>RM'000 | More than<br>one year<br>and less<br>than<br>two years<br>RM'000 | More than<br>two years<br>and less<br>than<br>five years<br>RM'000 | More<br>than<br>five<br>years<br>RM'000 |
|-----------------------------------|------------------------------|-------------------------------------|---------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|
| <b>2014</b>                       |                              |                                     |                                 |                                                                  |                                                                    |                                         |
| <b>GROUP</b>                      |                              |                                     |                                 |                                                                  |                                                                    |                                         |
| Finance lease liabilities         | 12,741                       | 14,300                              | 3,958                           | 3,359                                                            | 6,961                                                              | 22                                      |
| Interest bearing borrowings       | 42,029                       | 42,095                              | 37,643                          | 894                                                              | 1,912                                                              | 1,646                                   |
| Trade payables and other payables | 13,039                       | 13,039                              | 13,039                          | -                                                                | -                                                                  | -                                       |
|                                   | <b>67,809</b>                | <b>69,434</b>                       | <b>54,640</b>                   | <b>4,253</b>                                                     | <b>8,873</b>                                                       | <b>1,668</b>                            |

|                             | Carrying<br>amount<br>RM'000 | Contractual<br>cash flows<br>RM'000 | Within<br>one<br>year<br>RM'000 | More than<br>one year<br>and less<br>than<br>two years<br>RM'000 | More than<br>two years<br>and less<br>than<br>five years<br>RM'000 | More<br>than<br>five<br>years<br>RM'000 |
|-----------------------------|------------------------------|-------------------------------------|---------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|
| <b>COMPANY</b>              |                              |                                     |                                 |                                                                  |                                                                    |                                         |
| Interest bearing borrowings | 798                          | 798                                 | 798                             | -                                                                | -                                                                  | -                                       |
| Other payables              | 33                           | 33                                  | 33                              | -                                                                | -                                                                  | -                                       |
|                             | <b>831</b>                   | <b>831</b>                          | <b>831</b>                      | <b>-</b>                                                         | <b>-</b>                                                           | <b>-</b>                                |

2013

**GROUP**

|                                   |               |               |               |              |              |              |
|-----------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Finance lease liabilities         | 8,366         | 9,201         | 3,120         | 2,903        | 3,178        | -            |
| Interest bearing borrowings       | 45,732        | 45,917        | 39,476        | 1,925        | 2,383        | 2,133        |
| Trade payables and other payables | 13,541        | 13,541        | 13,541        | -            | -            | -            |
|                                   | <b>67,639</b> | <b>68,659</b> | <b>56,137</b> | <b>4,828</b> | <b>5,561</b> | <b>2,133</b> |

**COMPANY**

|                             |              |              |            |            |          |          |
|-----------------------------|--------------|--------------|------------|------------|----------|----------|
| Interest bearing borrowings | 1,567        | 1,567        | 881        | 686        | -        | -        |
| Other payables              | 33           | 33           | 33         | -          | -        | -        |
|                             | <b>1,600</b> | <b>1,600</b> | <b>914</b> | <b>686</b> | <b>-</b> | <b>-</b> |

**35.5 Interest rate risk**

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period are as follows:

|                               | 2014<br>RM'000 | 2013<br>RM'000 |
|-------------------------------|----------------|----------------|
| <b>GROUP</b>                  |                |                |
| <b>Fixed rate instruments</b> |                |                |
| Financial assets              | 19,898         | 20,467         |
| Financial liabilities         | 12,741         | 8,366          |

|                                  | 2014<br>RM'000 | 2013<br>RM'000 |
|----------------------------------|----------------|----------------|
| <b>GROUP</b>                     |                |                |
| <b>Floating rate instruments</b> |                |                |
| Financial liabilities            | <b>42,029</b>  | 45,732         |
|                                  | <hr/>          | <hr/>          |
| <b>COMPANY</b>                   |                |                |
| <b>Fixed rate instruments</b>    |                |                |
| Financial assets                 | <b>21,683</b>  | 19,113         |
|                                  | <hr/>          | <hr/>          |
| <b>Floating rate instruments</b> |                |                |
| Financial liabilities            | <b>798</b>     | 1,567          |
|                                  | <hr/>          | <hr/>          |

#### **Fair value sensitivity analysis for fixed rate instruments**

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

#### **Cash flow sensitivity analysis for variable rate instruments**

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by the amount shown below and a decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

|                                    | 2014<br>RM'000 | 2013<br>RM'000 |
|------------------------------------|----------------|----------------|
| <b>GROUP</b>                       |                |                |
| Decrease in profit before taxation | <b>91</b>      | 106            |
|                                    | <hr/>          | <hr/>          |
| <b>COMPANY</b>                     |                |                |
| Decrease in profit before taxation | <b>3</b>       | 4              |
|                                    | <hr/>          | <hr/>          |

### 35.6 **Foreign currency risk**

The objectives of the Group's foreign exchange policy are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD").

The Group's exposure to foreign currency risk based on carrying amounts as at the end of the reporting period is as follows:

| <b>GROUP</b>           | <b>USD<br/>RM'000</b> | <b>OTHERS<br/>RM'000</b> |
|------------------------|-----------------------|--------------------------|
| <b>2014</b>            |                       |                          |
| Trade receivables      | 4,433                 | 2,890                    |
| Other receivables      | 365                   | 18                       |
| Cash and bank balances | 2,617                 | 3,165                    |
| Trade payables         | (356)                 | -                        |
| Other payables         | (96)                  | (318)                    |
|                        | <b>6,963</b>          | <b>5,755</b>             |
| <b>2013</b>            |                       |                          |
| Trade receivables      | 4,345                 | 29                       |
| Other receivables      | 870                   | 8                        |
| Cash and bank balances | 1,969                 | -                        |
| Trade payables         | (147)                 | -                        |
| Other payables         | (88)                  | (6)                      |
|                        | <b>6,949</b>          | <b>31</b>                |

#### **Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, on the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) profit before taxation by the amount shown below and a corresponding weakening would have an equal but opposite effect.

|                                        | <b>GROUP</b>           |                        |
|----------------------------------------|------------------------|------------------------|
|                                        | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| USD                                    | (696)                  | (695)                  |
| Others                                 | (575)                  | (3)                    |
| Net decrease in profit before taxation | <b>(1,271)</b>         | <b>(698)</b>           |

#### **35.7 Fair value of financial instruments**

The carrying amounts of financial assets (other than investments in unquoted shares) and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The unquoted shares are carried at cost as it is not practicable to reasonably estimate the fair values due to lack of comparable quoted market prices and available market data for valuation. Therefore, these investments are carried at their original costs less any allowance for diminution in value.

### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

|         |                                                                                                                                                                                                                                   |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.                                                                                                  |
| Level 2 | Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3 | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).                                            |

|                             | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|-----------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>GROUP</b>                |                   |                   |                   |                 |
| <b>2014</b>                 |                   |                   |                   |                 |
| <b>Financial assets</b>     |                   |                   |                   |                 |
| Investment in quoted shares | 524               | -                 | -                 | 524             |
| <b>2013</b>                 |                   |                   |                   |                 |
| <b>Financial assets</b>     |                   |                   |                   |                 |
| Investment in quoted shares | 416               | -                 | -                 | 416             |

### 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

### 37. LAND HELD FOR DEVELOPMENT

|                                               | <b>GROUP</b>           |                        |
|-----------------------------------------------|------------------------|------------------------|
|                                               | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Freehold land, at surrogate carrying amount   | -                      | 15,465                 |
| Development expenditure                       | -                      | 4,753                  |
|                                               | -                      | 20,218                 |
| Reclassified to property, plant and equipment | -                      | (20,218)               |
|                                               | -                      | -                      |

**SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

Bursa Malaysia Securities Berhad has, on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of retained profit as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:

|                                                                   | <b>GROUP</b>           |                        | <b>COMPANY</b>         |                        |
|-------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                                   | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> | <b>2014<br/>RM'000</b> | <b>2013<br/>RM'000</b> |
| Total retained profits of<br>the Company and its<br>subsidiaries: |                        |                        |                        |                        |
| - Realised                                                        | <b>118,229</b>         | 102,206                | <b>28,010</b>          | 22,322                 |
| - Unrealised                                                      | <b>(11,192)</b>        | (11,486)               | <b>-</b>               | -                      |
|                                                                   | <b>107,037</b>         | 90,720                 | <b>28,010</b>          | 22,322                 |
| Total share of retained<br>profits from joint venture:            |                        |                        |                        |                        |
| - Realised                                                        | <b>4,715</b>           | 6,463                  | <b>-</b>               | -                      |
|                                                                   | <b>111,752</b>         | 97,183                 | <b>28,010</b>          | 22,322                 |
| Less: Consolidation<br>adjustments                                | <b>(12,466)</b>        | (10,268)               | <b>-</b>               | -                      |
|                                                                   | <b>99,286</b>          | 86,915                 | <b>28,010</b>          | 22,322                 |

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

**LIST OF PROPERTIES OWNED BY  
PUBLIC PACKAGES HOLDINGS BERHAD AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2014**

| <b>Location</b>                                                       | <b>Title</b>            | <b>Existing Use</b>         | <b>Date of Last Revaluation</b> | <b>Age of Building (years)</b> | <b>Land area / Built-up area (sq.feet)</b> | <b>Carrying Amount as at 31.12.14 RM</b> |
|-----------------------------------------------------------------------|-------------------------|-----------------------------|---------------------------------|--------------------------------|--------------------------------------------|------------------------------------------|
| <b>PUBLIC PACKAGES SDN. BHD.</b>                                      |                         |                             |                                 |                                |                                            |                                          |
| Plot 72 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang    | Leasehold<br>2.10.2047  | Factory building            | 28.11.2007                      | 25                             | 22,509 / 11,516                            | 1,303,665                                |
| Plot 96(A) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang | Leasehold<br>22.5.2050  | Factory building            | 28.11.2007                      | 25                             | 32,356 / 5,688                             | 1,611,326                                |
| Plot 96(B) Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang | Leasehold<br>5.7.2054   | Factory building            | 28.11.2007                      | 18                             | 16,985 / 9,979                             | 564,934                                  |
| Plot 67 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang    | Leasehold<br>14.8.2047  | Factory and office building | 28.11.2007                      | 26                             | 44,083 / 94,249                            | 2,994,433                                |
| Plot 116 Lintang Kampong Jawa Bayan Lepas Industrial Estate, Penang   | Leasehold<br>18.10.2055 | Factory and office building | 28.11.2007                      | 20                             | 84,183 / 7,317                             | 2,315,979                                |
| Block F95 Taman Pelangi, Prai (10 units)                              | Leasehold<br>22.4.2092  | Hostel                      | 28.11.2007                      | 18                             | - / 500<br>(per unit)                      | 435,882                                  |
| <b>NEW MERIT DEVELOPMENT SDN. BHD.</b>                                |                         |                             |                                 |                                |                                            |                                          |
| Lot 5631 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang       | Freehold                | Vacant land                 | 25.07.2012                      | -                              | 522,253 / -                                | 7,868,000                                |

| Location                                                                                    | Title               | Existing Use                | Date of Last Revaluation | Age of Building (years) | Land area / Built-up area (sq.feet) | Carrying Amount as at 31.12.14 RM |
|---------------------------------------------------------------------------------------------|---------------------|-----------------------------|--------------------------|-------------------------|-------------------------------------|-----------------------------------|
| <b>PUBLIC PACKAGES (NT) SDN. BHD.</b>                                                       |                     |                             |                          |                         |                                     |                                   |
| Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang                             | Freehold            | Factory Building            | 28.11.2007               | 20                      | - / 137,152                         | 8,540,405                         |
| <b>PPH PRINTING &amp; PACKAGING (PENANG) SDN. BHD.</b>                                      |                     |                             |                          |                         |                                     |                                   |
| Plot 482 Jalan Perusahaan Baru, Prai Industrial Estate, Penang                              | Leasehold 23.2.2049 | Factory and office building | 28.11.2007               | 25                      | 43,738 / 38,474                     | 2,005,762                         |
| A-1-3 Kelisa Apartment Lorong Kikik Satu, Taman Inderawasih, Seberang Perai                 | Freehold            | Hostel                      | 28.11.2007               | 22                      | - / 726                             | 77,400                            |
| Block F95 Taman Pelangi, Prai (10 units)                                                    | Leasehold 22.4.2092 | Hostel                      | 28.11.2007               | 18                      | - / 500 (per unit)                  | 435,882                           |
| Plot 468 Jalan Perusahaan Baru, Prai Industrial Estate, Penang                              | Leasehold 19.4.2049 | Factory and office building | 28.11.2007               | 25                      | 93,329 / 77,727                     | 4,599,608                         |
| <b>PUBLIC PACKAGES (PRAI) SDN. BHD.</b>                                                     |                     |                             |                          |                         |                                     |                                   |
| Plot 60 P.T. No: 2941 Prai Industrial Estate Phase 4 Mukim 11 Seberang Perai Tengah, Penang | Leasehold 29.6.2052 | Factory and office building | 28.11.2007               | 20                      | 261,361 / 140,924                   | 7,178,594                         |
| <b>PPH PRINTING &amp; PACKAGING (KULIM) SDN. BHD.</b>                                       |                     |                             |                          |                         |                                     |                                   |
| Plot 75 Kulim Industrial Estate Kulim, Kedah                                                | Leasehold 21.9.2049 | Factory and office building | 28.11.2007               | 24                      | 52,272 / 54,140                     | 2,323,038                         |



| Location                                                                  | Title                | Existing Use        | Date of Last Revaluation | Age of Building (years) | Land area / Built-up area (sq.feet) | Carrying Amount as at 31.12.14 RM |
|---------------------------------------------------------------------------|----------------------|---------------------|--------------------------|-------------------------|-------------------------------------|-----------------------------------|
| <b>PUBLIC PACKAGES PROPERTIES SDN. BHD.</b>                               |                      |                     |                          |                         |                                     |                                   |
| Lot 5632 Mukim 11 (Nibong Tebal) Seberang Perai Selatan, Penang           | Freehold             | Rental              | 25.07.2012               | -                       | 511,877 / -                         | 7,700,000                         |
| 84 Lebuhraya Kapal, Penang                                                | Freehold             | Rental              | 25.07.2012               | 30                      | 1,389 / 2,800                       | 265,000                           |
| 5-2-4 Edgecumbe Court, Penang                                             | Freehold             | Rental              | 25.07.2012               | 26                      | - / 700                             | 320,000                           |
| Unit SB15 Block A, No. 1 Persiaran Gurney, Penang                         | Freehold             | Rental              | 25.07.2012               | 27                      | - / 1,815                           | 820,000                           |
| Unit I-4-3 Taman Desa Relau, Penang                                       | Freehold             | Rental              | 25.07.2012               | 23                      | - / 700                             | 170,000                           |
| Unit 368-2-04 Belisa Row Jalan Burma, Penang                              | Freehold             | Rental              | 25.07.2012               | 20                      | - / 1,055                           | 500,000                           |
| No. A-17-02, Verticas Residensi, off Jalan Ceylon, Kuala Lumpur           | Freehold             | Rental              | -                        | 5                       | - / 2,111                           | 1,840,350                         |
| Lot15 Jalan Utas 15/7 Section 15 40000 Shah Alam, Selangor                | Leasehold 31.10.2070 | Rental              | 1.08.2013                | 31                      | 14966 / 273                         | 4,369,317                         |
| <b>PPH PLAZA SDN. BHD.</b>                                                |                      |                     |                          |                         |                                     |                                   |
| Lot 741, 742 & 743 Section 23 Bandar Georgetown Daerah Timur Laut, Penang | Freehold             | Project Development | 23.12.2002               | -                       | 56,244                              | 21,137,092                        |
|                                                                           |                      |                     |                          |                         |                                     | <hr/> 79,376,667 <hr/>            |

## ANALYSIS OF SHAREHOLDINGS

### SHARE CAPITAL as at 02 APRIL 2015

|                                  |   |                                |
|----------------------------------|---|--------------------------------|
| Authorised Capital               | : | RM100,000,000                  |
| Issued and Fully Paid Up Capital | : | RM54,948,249                   |
| Classes of Shares                | : | Ordinary Shares of RM0.50 each |
| Voting Rights                    | : | One vote per ordinary share    |
| No. of Shareholders              | : | 2,436                          |

### SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees) as at 02 APRIL 2015

| Name                                  | <u>No. of Ordinary Shares Held</u> |       |                   |       |
|---------------------------------------|------------------------------------|-------|-------------------|-------|
|                                       | Direct Interest                    | %     | Indirect Interest | %     |
| 1. Fame Pack Holdings Sdn. Bhd.       | 45,232,670                         | 41.16 | -                 | -     |
| 2. Multiple Accomplishments Sdn. Bhd. | 8,804,410                          | 8.01  | -                 | -     |
| 3. Koay Chiew Poh                     | 4,226,480                          | 3.85  | 49,167,670 *      | 44.74 |
| 4. Ooi Siew Hong                      | -                                  | -     | 49,167,670 *      | 44.74 |

Note:

- \* Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Fame Pack Holdings Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.

### DIRECTORS' SHAREHOLDINGS as at 02 APRIL 2015

| Name                   | <u>No. of Ordinary Shares Held</u> |      |                   |       |
|------------------------|------------------------------------|------|-------------------|-------|
|                        | Direct Interest                    | %    | Indirect Interest | %     |
| 1. Koay Chiew Poh      | 4,226,480                          | 3.85 | 49,167,670 (a)    | 44.74 |
| 2. Koay Chue Beng      | 358,692                            | 0.33 | 3,935,000 (b)     | 3.58  |
| 3. Koay Teng Liang     | 46,664                             | 0.04 | -                 | -     |
| 4. Koay Teng Kheong    | -                                  | -    | -                 | -     |
| 5. Koay Chiew Kang     | 1,069,896                          | 0.97 | 4,038,664 (c)     | 3.67  |
| 6. Nurjannah Binti Ali | -                                  | -    | -                 | -     |
| 7. Ng Thim Fook        | -                                  | -    | -                 | -     |
| 8. Ong Eng Choon       | -                                  | -    | -                 | -     |

Notes:

- a) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Fame Pack Holdings Sdn. Bhd. and Koay Boon Pee Holding Sdn. Bhd.
- b) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Koay Boon Pee Holding Sdn. Bhd.
- c) Deemed interested by virtue of Section 6A and Section 134(12)(c) of the Companies Act, 1965 held through Koay Boon Pee Holding Sdn. Bhd. and his spouse respectively.

## DISTRIBUTION OF SHAREHOLDERS as at 02 APRIL 2015

| Holdings            | No. of Holders | %             | No. of Shares      | %             |
|---------------------|----------------|---------------|--------------------|---------------|
| Less than 100       | 190            | 7.80          | 8,661              | 0.01          |
| 100 - 1,000         | 162            | 6.65          | 74,673             | 0.06          |
| 1,001 - 10,000      | 1,424          | 58.46         | 8,646,900          | 7.87          |
| 10,001 - 100,000    | 587            | 24.10         | 18,063,700         | 16.44         |
| 100,001 - 5,494,823 | 71             | 2.91          | 29,065,484         | 26.45         |
| 5,494,824 and above | 2              | 0.08          | 54,037,080         | 49.17         |
| <b>TOTAL</b>        | <b>2,436</b>   | <b>100.00</b> | <b>109,896,498</b> | <b>100.00</b> |

## THIRTY LARGEST SHAREHOLDERS as at 02 APRIL 2015

| No. | Name                                                                                                  | No. of Shares     | %            |
|-----|-------------------------------------------------------------------------------------------------------|-------------------|--------------|
| 1.  | Fame Pack Holdings Sdn. Bhd.                                                                          | 45,232,670        | 41.16        |
| 2.  | Multiple Accomplishments Sdn. Bhd.                                                                    | 8,804,410         | 8.01         |
| 3.  | Koay Chiew Poh                                                                                        | 4,226,480         | 3.85         |
| 4.  | Koay Boon Pee Holding Sdn. Bhd.                                                                       | 3,935,000         | 3.58         |
| 5.  | Koay Chew Guan                                                                                        | 1,537,480         | 1.40         |
| 6.  | Song Kim Lee                                                                                          | 1,250,000         | 1.14         |
| 7.  | Koay Chiew Kang                                                                                       | 796,564           | 0.73         |
| 8.  | Koay Chew Kooi                                                                                        | 675,000           | 0.62         |
| 9.  | Lee Yen Wei                                                                                           | 672,300           | 0.61         |
| 10. | Public Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Cheam Heng Ming (E-KTN/RAU)    | 609,300           | 0.55         |
| 11. | Koay Chew Huat @ Koay Chiew Huat                                                                      | 603,320           | 0.55         |
| 12. | Liau Choon Hwa & Sons Sdn. Bhd.                                                                       | 579,500           | 0.53         |
| 13. | Leng Bee Bee                                                                                          | 559,000           | 0.51         |
| 14. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Kong Kok Choy (8092812) | 550,000           | 0.50         |
| 15. | Yap Wing Chun                                                                                         | 515,012           | 0.47         |
| 16. | Fu Lai Chee                                                                                           | 502,600           | 0.46         |
| 17. | Acme Asset Holdings Sdn. Bhd. – In Voluntary Liquidation                                              | 500,000           | 0.45         |
| 18. | Leong Ngak Keong                                                                                      | 476,000           | 0.43         |
| 19. | Lee Yen Wei                                                                                           | 400,000           | 0.36         |
| 20. | Leong Ngak Keong                                                                                      | 400,000           | 0.36         |
| 21. | Ooi Chin Hock                                                                                         | 370,300           | 0.34         |
| 22. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Ooi Chin Hock (8058312) | 362,100           | 0.33         |
| 23. | Koay Chue Beng                                                                                        | 358,692           | 0.33         |
| 24. | Loh Chung Hai                                                                                         | 355,900           | 0.32         |
| 25. | Tok Ley Siang                                                                                         | 353,332           | 0.32         |
| 26. | PM Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Kong Kok Choy (B)                  | 350,000           | 0.32         |
| 27. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account For Liau Thai Min                 | 348,700           | 0.32         |
| 28. | PM Nominees (Tempatan) Sdn. Bhd.<br>Malpac Management Sdn. Bhd.                                       | 345,000           | 0.31         |
| 29. | George Lee Sang Kiang                                                                                 | 300,000           | 0.27         |
| 30. | Ng Eng Siong                                                                                          | 300,000           | 0.27         |
|     |                                                                                                       | <u>76,268,660</u> | <u>69.40</u> |

# PUBLIC PACKAGES HOLDINGS BERHAD

(Company No. 162413-K)

(Incorporated in Malaysia under the Companies Act, 1965)

## Proxy Form

\*I/We.....(\*NRIC No./ Passport No./ Company No .....)  
(Full Name in Block Letter)

of.....  
(Address)

being a \*member/members of the abovenamed Company, hereby appoint .....  
(Full Name in Block Letter)

.....(\*NRIC No. / Passport No./ Company No.....)

of .....  
(Address)

or failing whom, the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held at 3rd Floor, Meeting Room of Plot 468 & 482, Jalan Perusahaan Baru, Prai Industrial Estate, 13600 Prai, Penang on Monday, 25 May 2015 at 10.00 a.m., and at any adjournment thereof.

| RESOLUTIONS | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------|---|---|---|---|---|---|---|
| FOR         |   |   |   |   |   |   |   |
| AGAINST     |   |   |   |   |   |   |   |

Please indicate with an “x” in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this .....day of.....,2015.

No. of shares held

.....

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

For appointment of two(2) proxies,  
percentage of shareholdings to be  
represented by the proxies :

|         | No. of Shares | %   |
|---------|---------------|-----|
| Proxy 1 |               |     |
| Proxy 2 |               |     |
|         |               | 100 |

### Notes

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act 1965 shall not apply to the Company.
2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member 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 accounts it holds.
4. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at Wisma Public Packages, Plot 67 Lintang Kampong Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
5. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized in which, it must be supported by a certified true copy of the resolution appointing the officer or certified true copy of the power of attorney.

*\*strike out whichever is not desired.*

Fold along this line

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AFFIX  
STAMP



**PUBLIC PACKAGES HOLDINGS BERHAD**  
(Company No. 162413-K)

Wisma Public Packages,  
Plot 67 Lintang Kampong Jawa,  
Bayan Lepas Industrial Estate,  
11900 Bayan Lepas, Penang.

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PUBLIC PACKAGES HOLDINGS BERHAD (162413-K)

## **Public Packages Holdings Berhad**

Wisma Public Packages  
Lintang Kampung Jawa, Bayan Lepas Industrial Park  
11900 Penang, Malaysia.

Tel : +604 6444 777 Fax : +604 6436 699

Email : [solutions@pph.com.my](mailto:solutions@pph.com.my) / [www.pph.com.my](http://www.pph.com.my)