



塑易新科技有限公司
PLASTRADE TECHNOLOGY BERHAD
(Company no. : 591077-X)

ANNUAL REPORT
2016



PLASTRADE TECHNOLOGY BERHAD
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Plastrade Technology Berhad (591077-X)

NOTICE OF 15TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 15th Annual General Meeting of Plastrade Technology Berhad will be held at the Tavern Room, Ponderosa Golf & Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor Darul Takzim on Friday, the 26th day of May, 2017 at 9.30 am for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 1)**
2. To re-elect the following Director retiring by rotation pursuant to Article 101 of the Company's Constitution.
 - MR VINCENT WONG SOON CHOY **RESOLUTION 1**
3. To re-elect the following Director retiring pursuant to Article 106 of the Company's Constitution.
 - MR NG KOK CHAI **RESOLUTION 2**
4. To re-appoint MR CHOW KWAI FONG as Director of the Company. **(See Explanatory Note 2)**
RESOLUTION 3
5. To approve the payment of Directors' Fees for the financial year ended 31 December 2016. **RESOLUTION 4**
6. To approve the payment of Directors' Benefit for the period commencing from 31 January 2017 up to the date of the next Annual General Meeting. **(See Explanatory Note 3)**
RESOLUTION 5
7. To re-appoint Messrs Crowe Horwath as Auditors of the Company for the year ending 31 December 2017 and to authorise the Directors to fix their remuneration. **RESOLUTION 6**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION

8. PROPOSED RETENTION OF INDEPENDENT DIRECTOR

- (i) **"THAT** subject to the passing of Ordinary Resolution 3, MR CHOW KWAI FONG who has served as an Independent Non-Executive Director for a cumulative term of more than 9 years be retained and remain as an Independent Director of the Company."
RESOLUTION 7

ORDINARY RESOLUTION

9. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 & 76 OF THE COMPANIES ACT, 2016

"THAT pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
RESOLUTION 8

ORDINARY RESOLUTION

10. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

NOTICE OF 15TH ANNUAL GENERAL MEETING (Cont'd)

“THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad for the ACE Market, the Company shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.3 of the Circular to Shareholders dated 27 April 2017 which are necessary for the day-to-day operations of the Company and/or its subsidiary companies and is within the ordinary course of business of the Company and/or its subsidiary companies (“Proposed Shareholders’ Mandate”), subject further to the following:

RESOLUTION 9

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and are made on an arm’s length basis and on normal commercial terms and are not detrimental to the shareholders; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the financial year including amongst others, the following information:-
 - (i) the type of Recurrent Transaction; and
 - (ii) the names of the Related Party involved in each Recurrent Transaction entered into and their relationship with the Company;

AND THAT, such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company; or
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Malaysian Companies Act, 2016 (the “Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Proposed Shareholders’ Mandate.”

ORDINARY RESOLUTION

11. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE TO ENABLE PLASTRADE TECHNOLOGY BERHAD TO PURCHASE UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL (“PROPOSED RENEWAL OF SHARE BUY-BACK”)

“THAT, subject to the Companies Act, 2016 (“Act”), provisions of the Company’s Constitution and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company’s ordinary shares (“Shares”) through Bursa Securities, subject to the following:-

RESOLUTION 10

- (a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the share premium account of the Company as at 31 December 2016;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-
 - (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM, at which this resolution was passed, at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 (2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340 (4) of the Act); or

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NOTICE OF 15TH ANNUAL GENERAL MEETING (Cont'd)

- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

- (d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner:-
- (i) cancel the Shares so purchased;
 - (ii) retain the Shares so purchased as treasury shares;
 - (iii) distribute the treasury shares as dividends to shareholders;
 - (iv) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
 - (v) any combination of the above (i), (ii), (iii) and (iv).

AND THAT the Directors be and are hereby authorised to implement the Proposed Renewal of Share Buy-Back with full power to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities and to do all such acts as they may consider necessary or expedient to implement the Proposed Renewal of Share Buy-Back.”

12. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340)
POW JULIET (MAICSA 7020821)
Secretaries

Date : 27 April 2017

NOTE :

1. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) does not require a formal approval of the shareholders and hence, is not put forward for voting.
2. Re-appointment of Mr Chow Kwai Fong
The proposed Ordinary Resolution 3 proposed in Agenda 4 is to seek shareholders' approval on the re-appointment of Mr Chow Kwai Fong who had been re-appointed in the previous Annual General Meeting held on 20 May 2016 as Director under Section 129(6) of the Companies Act, 1965 which was then in force and whose term would expire at the conclusion of this meeting as Director of the Company. If passed, the proposed Ordinary Resolution 3 will authorize the continuation of the Director in office from the date of this Annual General Meeting onwards.
3. Directors' Benefit
The Directors' benefit comprise of meeting allowance of RM300 per meeting payable to each and every Board member for their attendance.

PROXY :

- i. Pursuant to Section 334 of the Companies Act, 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
- ii. A member may appoint more than one (1) proxy to attend the meeting provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- iii. Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

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NOTICE OF 15TH ANNUAL GENERAL MEETING (Cont'd)

- iv. The instrument appointing a proxy shall be in writing signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. A proxy may, but need not be a member of the Company. A Member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
- v. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80000 Johor Bahru, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- vi. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2017, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Statement Regarding Effect Of Resolutions Under Special Business

- vii. Proposed Retention of Independent Director.
The proposed Ordinary Resolution 7 proposed in Agenda 8, if passed, will allow Mr Chow Kwai Fong to be retained and continue acting as Independent Director to fulfil the requirements of Rule 3.08 of Bursa Malaysia's Ace Market Listing Requirements and in line with the recommendation No 3.2 of the Malaysian Code of Corporate Governance 2012. The full details of the Board's justification and recommendations for the retention of Mr Chow Kwai Fong as Independent Director is set out in Section 3 of the Statement of Corporate Governance in the 2016 Annual Report on Page 21.
- viii. Authority to Allot and Issue Shares pursuant to Section 75 & 76 of the Companies Act, 2016.
The Ordinary Resolution No. 8 proposed in Agenda 9, if passed, will renew the general mandate given at the 14th Annual General Meeting in 2016, and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting unless, previously revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding ten per centum of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company.

As at the date of this Notice, the Company has not issued any new shares in the Company pursuant to the mandate granted to the Directors at the 14th Annual General Meeting held on 20 May 2016.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for purpose of funding future investment projects(s), working capital and/or acquisitions.

- ix. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate").
The Ordinary Resolution No. 9 proposed in Agenda 10, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature which are likely to occur with some degree of frequency and could arise at any time and from time to time. (Full details are set out in the Circular to Shareholders dated 27 April 2017 which is circulated together with the 2016 Annual Report)
- x. Proposed Renewal of Shareholders' Mandate to enable Plastrade Technology Berhad to purchase up to ten percent (10%) of its issued and paid-up share capital ("Proposed Renewal of Share Buy-Back").
The Ordinary Resolution No.10 proposed in Agenda 11, if passed, will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the above mentioned time period using internal funds of the Company and/or borrowings as long as the purchase is backed by an equivalent amount of retained profits and/or share premium of the Company. The shareholders' approval for the Proposed Renewal of Share Buy-Back does not impose an obligation to the Company to purchase its own Shares.
(Full details of the Proposed Renewal of Share Buy-Back are set out in the Circular to Shareholders dated 27 April 2017 which is circulated together with 2016 Annual Report)

Voting By Poll

Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, all resolutions set out in this notice are to be voted by poll.

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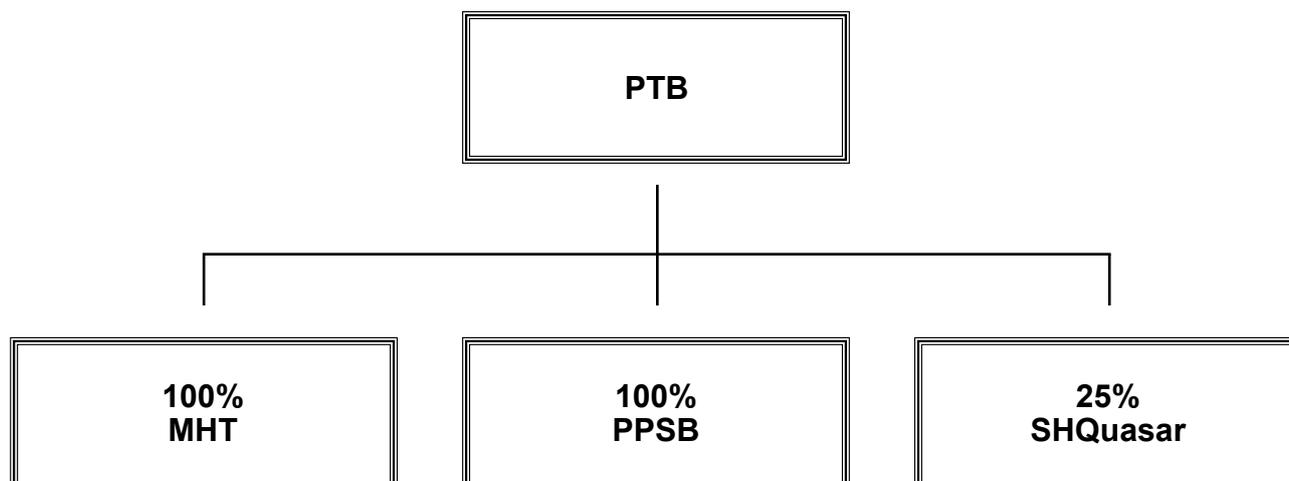
CORPORATE PROFILE

Plastrade Technology Berhad (“the Company” or “PTB”) was incorporated in Malaysia under the Companies Act, 1965 on 29 August 2002 as a public limited company. PTB is principally an investment holding company and was listed on the ACE Market of Bursa Malaysia Securities Berhad on 15 January 2004.

Particulars of subsidiaries and associate company:-

Subsidiary Company	Place of Incorporation	Principal Activities
MHT Manufacturing Sdn Bhd (“MHT”)	Malaysia	Manufacturing of medium voltage peroxide crosslinkable polyethylene compounds for power cable up to 35KV, halogenfree flame retardant compounds, crosslinkable mineral-filled flame resistance compounds and polyethylene compounds
Plascable Polymer Sdn Bhd (“PPSB”)	Malaysia	Manufacturing of conductor shield (bonded) and insulation (strippable) semi-conductive compounds for power cable up to 35KV, coloured concentrated plastic master batches, polymer additives, stabilizers and composites compounds
Associate Company	Place of Incorporation	Principal Activities
Shanghai Quasar Polymer Technology Co. Ltd (“SHQuasar”)	China	Manufacturing of crosslinkable polyethylene compounds for power cable insulation and jacket

The group structure of PTB Group is set out below:



Vision

To establish a well known tradename with high performance products.

Mission

To produce high performance products/compounds which are well accepted by industries worldwide.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Pua Kong Hoi	- Chairman and Managing Director
Teng Chee Kuan	- Executive Director
Chow Kwai Fong	- Senior Independent Non-Executive Director
Vincent Wong Soon Choy	- Independent Non-Executive Director
Ng Kok Chai	- Independent Non-Executive Director

COMPANY SECRETARIES

Lee Wee Hee (MAICSA 0773340)
Pow Juliet (MAICSA 7020821)

REGISTERED OFFICE

Suite 5.11 & 5.12,
5th Floor, Menara TJB,
No. 9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru, Johor Darul Takzim.
Tel : (607) 224 2823
Fax : (607) 223 0229

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre,
Jalan 51/205,
46050 Petaling Jaya,
Selangor.
Tel : (603) 7784 3922
Fax : (603) 7784 1988

AUDITORS

Crowe Horwath
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey,
80150 Johor Bahru,
Johor Darul Takzim.
Tel : (607) 288 6627
Fax : (6) 1700 81 3460

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

AUDIT COMMITTEE

Chow Kwai Fong (Chairman)
Ng Kok Chai (Member)
Vincent Wong Soon Choy (Member)

NOMINATION COMMITTEE

Ng Kok Chai (Chairman)
Chow Kwai Fong (Member)
Vincent Wong Soon Choy (Member)

REMUNERATION COMMITTEE

Vincent Wong Soon Choy (Chairman)
Chow Kwai Fong (Member)
Ng Kok Chai (Member)
Pua Kong Hoi (Member)
Teng Chee Kuan (Member)

PRINCIPAL PLACE OF BUSINESS

PLO 264, Jalan Firma 3,
Tebrau Industrial Estate IV,
81100 Johor Bahru,
Johor Darul Takzim.

WEB-SITE

www.plastrade-technology.com

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : PTB
Stock Code : 0038

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PROFILE OF DIRECTORS

Pua Kong Hoi

Chairman/Managing Director

Pua Kong Hoi, aged 69, male, a Malaysian, was appointed to the Board on 29 October 2003 as the Chairman and Managing Director. He is also a member of the Remuneration Committee. He holds a Bachelor of Science (Chemistry) degree from the Nanyang University, Singapore. He is also the Director of Plastrade Enterprise Sdn Bhd (PESB) and its subsidiaries, which he founded in 1992 as well as several other companies.

Mr. Pua has very vast experience in the plastic industry spanning well over forty years in a variety of supervisory and management position in several plastic industry related companies and PESB, a company involved in trading and distribution of plastic resins and other chemical products. Presently, Mr. Pua is a member of the Malaysian Plastics Manufacturers Association, Johor Branch (MPMA) and a Licentiate of the Malaysian Institute of Chemistry (LMIC).

He does not have any family relationship with any Director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving the Company other than as disclosed under:

- Additional Compliance Information (Recurrent Related Party Transactions) in page 24 of this Report;
- Note 28(b) - Related Party Disclosures in page 79 of this Report; and
- Sections 2.2, 2.3 and 5 of the Circular in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction Of A Revenue Or Trading Nature.

He does not hold any directorship in any other public companies and has had no convictions for any offences (other than traffic offences, if any) within the past 5 years and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board meetings held during the financial year ended 31 December 2016.

Teng Chee Kuan

Executive Director

Teng Chee Kuan, aged 53, female, a Malaysian, was appointed to the Board on 29 October 2003 as an Executive Director. She is also a member of the Remuneration Committee. She holds a Bachelor of Economics (Hons) degree from University Utara Malaysia. She began her career in the field of sales and marketing and joined PESB as the Marketing Manager in year 1992. She was promoted to General Manager in year 1999. Currently, she is engaged with MHT and PPSB as the Group General Manager and has more than twenty (20) years of experience in the plastic industry.

She does not have any family relationship with any Director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She does not hold any directorship in any other public companies and has had no convictions for any offences (other than traffic offences, if any) within the past 5 years and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She attended all five (5) Board meetings held during the financial year ended 31 December 2016.

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PROFILE OF DIRECTORS (Cont'd)

Chow Kwai Fong

Senior Independent Non-Executive Director

Chow Kwai Fong, aged 79, male, a Malaysian, was appointed to the Board on 12 May 2004 as an Independent Non-Executive Director. He is also Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee. Mr. Chow has also been identified by the Board as the Senior Independent Non-Executive Director. Presently, he is the Managing Director of Advance Management Pte Ltd, a company incorporated in the Republic of Singapore whose main activities are the provision of secretarial and management consultancy services.

He graduated from Foon Yew High School, Johor Bahru in 1955 with Senior Middle level. He is a Member of The English Association of Secretaries, UK since 1976. Mr. Chow has more than sixty (60) years of experience in the accountancy, secretarial and management consultancy field dating back to 1956 where he first started his career with Lee, Song & Co, Public Accountant, Singapore. In 1974, he took over a firm known as Advance Management Pte Ltd and has held the position of Managing Director up to the present date. He presently acts as Corporate Secretary for about 250 Singapore private limited companies and as management consultant and advisor to 30 companies and 10 non-profit making organizations.

He does not have any family relationship with any Director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He does not hold any directorship in any other public companies and has had no convictions for any offences (other than traffic offences, if any) within the past 5 years and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board meetings held during the financial year ended 31 December 2016.

Vincent Wong Soon Choy

Independent Non-Executive Director

Vincent Wong Soon Choy, aged 48, male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 05 August 2011. He is also a member of the Audit Committee and a member of the Nomination Committee. He is the Chairman of the Remuneration Committee.

He graduated from Flinders University of South Australia, Adelaide, Australia with a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit. He is also a member of Malaysian Institute of Accountants (MIA) and a member of CPA Australia. His experiences include being the Head of Operations in Hwang-DBS Securities Bhd, Group Accountant for Kia Lim Berhad, a public listed company, Accountant for Peninsula Securities Sdn Bhd and auditing experience during his previous employment with Ernst & Young. He has more than twenty (20) years of working experience with exposure to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring.

He is currently also an Independent Non-Executive Director and Chairman of the Audit Committee of Pelangi Publishing Group Berhad a company listed on the Main Market of Bursa Securities.

He does not have any family relationship with any Director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no convictions for any offences (other than traffic offences, if any) within the past 5 years and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board meetings held during the financial year ended 31 December 2016.

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PROFILE OF DIRECTORS (Cont'd)

Ng Kok Chai

Independent Non-Executive Director

Ng Kok Chai, aged 58, male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 08 August 2016. He is also a member of the Audit Committee and a member of the Remuneration Committee. He is the Chairman of the Nomination Committee.

He graduated from University of Sheffield, United Kingdom with a Bachelor of Engineering (Hons). Later he obtained his Master in Business Administration from University of Bradford, United Kingdom. An Engineer by profession, he has more than 30 years of working experience in various positions and industries involved in engineering, contracts, banking, hotel management and venture capitalist. He was formerly with Tractors Malaysia Berhad (a wholly owned subsidiary of Sime Darby Berhad), Esso Production Malaysia Inc., Citibank Malaysia & United Arab Emirates. He is currently Dealers Representative attached with Kenanga Investment Bank Berhad.

He does not have any family relationship with any Director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no convictions for any offences (other than traffic offences, if any) within the past 5 years and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended one (1) out of one (1) Board meeting held since his appointment to the Board of Directors.

PROFILE OF KEY SENIOR MANAGEMENT

Hay Phooi Quan

Accounts cum Finance Manager

Hay Phooi Quan, aged 51, female, a Malaysian. She graduated with a Diploma in Commerce from Tunku Abdul Rahman College in 1989. Currently she is an Associate Member of Chartered Institute of Management Accountants, England and a Chartered Accountant with the Malaysian Institute of Accountants.

She has more than twenty (20) years of experience in accounting, finance and human resource and joined the Group in July 2002.

She does not have any family relationship with any Director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has had no convictions for any offences (other than traffic offences, if any) within the past 5 years and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She attended all five (5) Board meetings held during the financial year ended 31 December 2016.

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MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the management of PTB, it is our pleasure to present the Annual Report and Financial Statements of the Group for the financial year ended 31 December 2016.

FINANCIAL AND OPERATIONS REVIEW

For the financial year ended 31 December 2016 (FY2016), the Group recorded a turnover of RM57.639 million as compared to the financial year ended 31 December 2015 (FY2015) of RM56.226 million. The Group recorded a profit after taxation of RM1.157 million for FY2016 compared with a profit after taxation of RM1.546 million registered in FY2015. The decrease in profit was mainly due to higher staff costs, foreign exchange loss and provision for doubtful debts for the financial year under review.

Basic earnings per share of the Group for FY2016 was 0.77 sen compared to 1.03 sen for FY2015.

Net tangible asset per share of the Group as at 31 December 2016 was 23.14 sen or 2.9% higher compared to 22.48 sen in 2015.

PTB has an issued and paid up share capital of RM15,040,000 comprised of 150,400,000 shares.

Resin compound for wire and cable segment:

For FY2016, revenue increased by 13.1% to RM45.912 million as compared to FY2015. This segment recorded a profit after taxation of RM1.502 million for FY2016 compared with a profit after taxation of RM1.405 million for FY2015. The increase in profit was mainly due to adjustment of deferred taxation for the financial year under review.

Resin compound for other industries segment:

For FY2016, revenue decreased by 25% to RM11.727 million as compared to FY2015. This segment recorded a loss after taxation of RM0.272 million for FY2016 compared with a profit after taxation of RM0.469 million for FY2015. The decrease in profit was mainly due to lower demand of the products and provision for doubtful debt for the financial year under review.

In 2016, global economic activity remained subdued, which further affected the Group's total export sales for the financial year ended 31 December 2016 that has dropped approximately 11.5% compared to the financial year ended 31 December 2015. Local demand for the financial year ended 31 December 2016 had increased approximately 6.6% compared to the financial year ended 31 December 2015 due to a slight growth of domestic consumption in Malaysia.

BUSINESS RISKS

Global Economy

The Group expects the global economic growth to remain subdued in 2017 and will endeavour to explore into new territories.

Foreign Currency

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The Group monitors closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Cost

Fluctuating prices of materials cost and increase in operating costs requires the Group to ensure that it diversifies its portfolio of suppliers and engage in cost saving measures.

DIVIDENDS

No dividend is recommended for the financial year ended 31 December 2016.

PROSPECTS

The Board of Directors of PTB is of the view that its financial performance for the forthcoming financial year ending 2017 will continue to be challenging due to the subdued global economy. The Group will continue its best effort for the Group to remain competitive through our ongoing costs saving measures and the marketing of our products to new markets.

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MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

APPRECIATION

On behalf of PTB, we would like to take this opportunity to express our sincere appreciation to all valued shareholders, customers, vendors, bankers, business associates and regulatory authorities for their continued support and confidence in us. We also wish to express our gratitude to the management team and staff for their continued dedication and commitment.

We would like to record our utmost appreciation to Mr Winston Paul Wong Chi-Huang who resigned as a Director on 8th December 2016 for his valued contributions to the Company during his tenure in office.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Plastrade Technology Berhad ('PTB') recognises that good Corporate Governance practices is important to protect, enhance and support the business affairs and financial performance of the Group to safeguard shareholders' investment and shareholders' value.

On 19 December 2016, Bursa Malaysia released its Analysis of Corporate Governance Disclosures in Annual Reports conducted on Annual Reports issued by listed issuers for 2014-2015. The review and analysis carried out by Bursa Malaysia were to assess the level and quality of the Corporate Governance Disclosures by listed issuers.

PTB's Corporate Governance Disclosures scores and a detailed report of Bursa Malaysia's findings were tabled to the Board for noting and review. The Board has since conducted a review based on the findings and taken appropriate measures to strengthen and enhance its governance practices to address these weaknesses.

In line with this review, the Board has enhanced and adopted amongst others new policies and made it available together with other existing policies on the Company's website at www.plastrade-technology.com as follows:

- Whistle Blowing Policy
- Code of Business Conduct and Ethics
- Board Policy on Time Commitments
- Corporate Disclosure Policy
- Shareholders Communication Policy
- Board's Procedures for Appointment of Directors

The Board is pleased to set out below, the manner in which the Group has applied the Corporate Governance Principles and Recommendations set out in the Code and the extent to which the Company has complied during the financial year under review.

1. **Board's Roles and Responsibilities**

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through the Company's website at www.plastrade-technology.com.

It is the primary governance responsibilities of the Board to lead and control the Group. The Board's responsibilities in respect of the stewardship of the Group includes plans for the strategic direction, development and control of the Group and initiatives to embrace the responsibilities listed in the Code. While the Board sets the strategic plan and policies, the Executive Directors are responsible for making and implementing operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of the shareholders.

As explained in the earlier paragraph, the Board has defined the roles and responsibilities for the Board and its Directors. In discharging their fiduciary responsibilities, the Board during its Board meetings focuses on the deliberation and review of the financial performance of the Group, the execution of strategic plan by the Executive Directors, the principal risks faced by the Group and effectiveness of management mitigation plan, the appraisal of executive management and senior management succession plan as well as the integrity of the management information and systems of internal control of the Group.

The respective roles and responsibilities of the Board and Management are clearly set out and understood to ensure accountability. The Board is responsible for the overall performance and management of the Group, focusing mainly on the following six specific responsibilities:

- the setting of the Group's strategic direction
- control and oversight of the Group's business
- risk management
- succession planning
- development and implementation of plans to enhance and sustain long term shareholders value
- ensuring the integrity of the Group's processes and control systems

The Board maintains specific Board Committees namely Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific board agenda. The Board has defined the terms of reference for each Committee and the Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

1. **Board's Roles and Responsibilities (Cont'd)**

- ***Oversight of Group's Business***

Currently, the day-to-day management of the business operations of the Group is headed by the Managing Director, supported by the Executive Director and a team of Senior Management Executives. Their performance under the lead of the Managing Director and Executive Director is assessed by the Board based on the financial and management reports tabled during its quarterly reporting periods. The Board is also kept updated on the Group's strategic direction initiatives, significant operational and regulatory challenges faced by the Group during its meetings.

The Managing Director and Executive Director meet with Senior Management on a regular basis where policies, strategies and operational matters are deliberated and brought to the attention of the Board where appropriate during the quarterly Board Meetings.

The Board has adopted a Board Charter since 12 April 2014 which sets out clear roles and responsibilities for the Board and Management. In line with the review of its governance practices, the Board Charter was reviewed and revised on 1 April 2017 to further enhance and strengthen the Board's governance.

- ***Access to Information and Board Effectiveness***

The Board members have full and unrestricted access to the information on the Group's business and affairs to enable them to discharge their duties and responsibilities effectively. All Directors have access to the Management and may interact directly with the management or request further explanations, request for information in relation to any areas of the Group's operations or business.

All Directors also have full and unrestricted access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. The Board is regularly updated on new guidelines, directions and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretary together with the Executive Directors and Accounts cum Finance Manager (Chief Financial Officer designate pursuant to the ACE Market Listing Requirements) assist the Chairman of the Board and Chairmen of Board Committees to deal with the Board agenda and to provide the relevant information and documents to directors on a timely basis. The Board is satisfied with the support and performance provided by the Company Secretaries in assisting the Board to discharge its duties.

In reviewing and analysing the quarterly interim financial results, the Board was provided with various corroborative information and data. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the scheduled meetings via emails or physical copies to ensure sufficient time is given to the Directors to read the Board papers and seek clarification, if necessary, and enable them to deliberate issues raised during Board meetings more effectively. Additionally, management was also invited to brief and report in meetings of the Board and Board Committees.

The Board was also kept informed progressively of the various requirements and updates issued by the various regulatory authorities. These requirements and updates were provided and briefed by the Management, the Company Secretary, External and Internal Auditors. The Management, External and Internal Auditors were invited to attend Board/Committee meetings to provide additional insights and professional advice on specific items on the meeting agenda.

Procedurally, when external advice are necessary, the director who intends to seek such consultation or advice shall notify the Chairman for approval. Upon approval, the Chairman will facilitate obtaining such advice and, where appropriate, disseminate the advice to all directors. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the authority to retain at the Company's expense, such as legal, accounting or other services, consultants, advisers or experts as it considers necessary from time to time in the performance of its duties.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

1. **Board's Roles and Responsibilities (Cont'd)**

- **Support of Company Secretary**

Both Company Secretaries of PTB are external secretaries attached with a professional services firm, qualified to act as Company Secretary under Section 235 of the Companies Act 2016, and are associate members of the Malaysian Institute of Chartered Secretaries & Administrators.

The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with regulatory requirements, codes, guidance and legislation.

The Board are of the view that the Company Secretaries have been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board.

- **Risk Management System, Integrity of Management Information and Internal Control**

Risk Management is regarded by the Board to be an integral part of the business operations, and good governance practices. Risk is inherent in all business activities, and the Group's objective is not to eliminate risk totally but to provide structural means to identify, prioritise and manage risks involved in all the Group's activities and to balance between the costs and benefits of managing and treating risks, as well as the anticipated returns to be derived therefrom. The Managing Director and Executive Director together with Senior Management and Heads of Department review and update the risks face by the Group to ensure that existing mitigation actions against such risks are adequately addressed and reported to the Audit Committee and ultimately the Board. In the periodic management meetings, key risks and mitigating controls are deliberated.

The Board is overall responsible for maintaining and ensuring the integrity of a sound system of Internal Control which supports effective and efficient operations to safeguard shareholders interests and the Group's business and assets. The Internal Audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on page 25 of this Annual Report provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.

- **Shareholder Communication Policy**

The Board recognises the need for transparency and accountability to the Company's shareholders and importance of regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Group. On this note, the Board has defined its shareholder communication policy with the aim of empowering its shareholders through effective communication. In this policy, the Board has set out the practices and means of the Company when communicating with its shareholders (both current and prospective) on the quarterly financial results, circulars, annual reports, corporate announcements and press releases in Bursa Malaysia's website. The Company also maintains its website at www.plastrade-technology.com containing business, investor and product information for the access of the general public.

The Group's Annual General Meeting serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to raise questions pertaining to the operations and financials of the Group. In order to encourage shareholders' participation at the general meetings, the Board also takes additional measures as recommended by the Code. This includes Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, conducting of poll voting in respect of resolutions involving related party transactions and a review of the performance of the Company during Annual General Meetings.

Effective 1 July 2016, Rule 8.29A of the Listing Requirements provides that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. Also, at least one (1) scrutineer will be appointed to validate the votes cast at the General Meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process.

Other than the Board Chairman and Managing Director, shareholders may convey any concerns that they may have to the Senior Independent Non-Executive Director, Mr Chow Kwai Fong.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

2. **Strengthen Composition**

The Code emphasises the importance of right Board composition in enhancing the Board's decision making process and the transparency of policies and procedures in selection and evaluation of Board members. The Board currently comprises of five (5) members, of which two (2) are Executive Directors and three (3) Independent Non-Executive Directors.

In accordance with Rule 3.08 of Bursa Malaysia ACE Market Listing Requirements, at least two (2) directors or one-third (1/3) of the Board of Directors, whichever is higher, shall be Independent Directors. If the number of directors is not three (3) or multiple of 3, then the number nearest one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgement. PTB currently has three (3) Independent Directors which is more than the one-third (1/3) requirement.

PTB is led and managed by a diverse competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied spectrum of expertise in the fields of business, manufacturing of plastic, resin and compounds, accounting and taxation. This enables the Board to carry out its responsibilities effectively and ensures accountability. The current Board is drawn from different cultural and socio-economic background with their age ranging from 48 years to 79 years to ensure that different view points are considered in the decision making process.

Gender diversity in the Boardroom has also been met with the presence of a female member on the Board who is an Executive Director.

- ***Separation of positions of Chairman and Managing Director***

PTB's Board is led by an Executive Chairman and supported by one (1) Executive Directors and three (3) Independent Non-Executive Directors.

The Chairman, Mr Pua Kong Hoi, holds the roles of Chairman and Managing Director due to his entrepreneurship, business expertise and in-depth experience in the resin and compound industries. While the roles are combined, and is a deviation from the recommendations of the Code, the Board is also of the view that there are sufficient Independent Non-Executive Directors on the Board who are capable of exercising independent judgement to ensure fair and objective deliberations at the Board Meetings. The current Board is now comprised of more than 50% Independent Non-Executive Directors.

The Board is of the view taking into consideration the size and nature of the industry in which it is involved in, that the strong leadership, focus, commitment and integrity of Mr. Pua is more vital and important in moving the Group forward.

2.1 **Board Commitment**

A policy on time commitment was adopted by the Board following the Board's review of its governance procedures to enhance and affirm the directors' commitment to the Group and ensure their devotion of time towards the affairs of the Group and to continuously improve their knowledge and skillsets.

The Board is scheduled to meet at least five (5) times a year to review the Group's operations and to approve the quarterly and annual financial statements, with additional meetings being convened when deemed necessary. Furthermore, a 50% minimum attendance requirement is adopted by the Board. To facilitate the Directors' scheduling and planning of their time, an annual meeting calendar is prepared and circulated in advance of each new year. All Directors are also required to inform the Board before accepting any other directorships in other listed companies or groups.

The Executive Directors are engaged full time in the management and operations while the Non-Executive Directors attend Board Meetings and Committee Meetings as and when required as dictated by circumstances. All Directors commit and devote their time to make themselves available to attend to any matters arising which requires their attention individually or collectively.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

2. Strengthen Composition (Cont'd)

2.1 Board Commitment (Cont'd)

The Board based on its annual assessment carried out by the Nomination Committee is satisfied with the time commitments given by its Directors as evidenced by the attendance record of the Directors at Board and Committee meetings as set out below:

Name of Director	Position	Attendance			
		Board	AC	NC	RC
Pua Kong Hoi	Chairman / Managing Director	5/5	-	-	1/1
Teng Chee Kuan (F)	Executive Director	5/5	-	-	1/1
Chow Kwai Fong	Senior Independent Non-Executive Director	5/5	5/5	2/2	1/1
Vincent Wong Soon Choy	Independent Non-Executive Director	5/5	5/5	-	1/1
Ng Kok Chai	Independent Non-Executive Director (Appointed on 08 August 2016)	1/1	1/1	-	-
Winston Paul Wong Chi-Huang	Independent Non-Executive Director (Resigned on 08 December 2016)	5/5	5/5	2/2	1/1

Note: AC – Audit Committee; NC – Nomination Committee; RC – Remuneration Committee.

• Directors' Training

The Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn Bhd in compliance with the Listing Requirements. Although no formal assessment of the training needs of each director was undertaken the Directors were encouraged to attend relevant training programmes/seminars/briefings to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties as Directors.

The Board has defined its training policy for its board members. Each Director is expected to attend at least one (1) continuing education programme each year. The extent and subject matter which may vary, is left to each individual director's discretion.

Details of the Directors attendance of training programs/seminars/workshops/briefing during the financial year 2016 are as follows:

Directors Attended	Training Programs/Seminars/Briefing
Pua Kong Hoi	<ul style="list-style-type: none"> o Briefing by BNM Assistant Governor on Economic Developments and Outlook 2016 o Maybank Economic Briefing o MPMA Roadshow 2016 (Industry Outlook)
Teng Chee Kuan (F)	<ul style="list-style-type: none"> o ISO 9001:2015 (Version) 2 days Training o Fire Drill & Fire Safety Training o MPMA Roadshow 2016 (Industry Outlook)
Chow Kwai Fong	<ul style="list-style-type: none"> o Auditor Reporting Standard Update o Overcoming New Challenge in Corporate Secretaries Practices o Focus Group Discussion – Tax Ecosystem and Practices
Vincent Wong Soon Choy	<ul style="list-style-type: none"> o The Interplay between CG, Non-Financial Information (NFI) and Investment Decision, by Bursa Securities o 2017 Budget Seminar

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

2. **Strengthen Composition (Cont'd)**

2.1 **Board Commitment (Cont'd)**

- Directors' Training (Cont'd)

Details of the Directors attendance of training programs/seminars/workshops/briefing during the financial year 2016 are as follows:

Directors Attended	Training Programs/Seminars/Briefing
Ng Kok Chai	<ul style="list-style-type: none"> o The Intelligent Investor in 21st Century o Products @ Bursa Malaysia o Money Laundering – A Comprehensive Top-Down Risk Assessment for the Securities & Fund Management Sector o Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies o Audit Committee Institute (ACI) Breakfast Roundtable

2.2 **Audit Committee**

The composition requirement of the Audit Committee ('AC') members is in accordance with the regulatory requirements. PTB's Audit Committee comprises exclusively of Independent Non-Executive Directors and is chaired by Mr Chow Kwai Fong, a Senior Independent Non-Executive Director. The AC Chairman has access to all the Executive Directors, Senior Management, External and Internal Auditors. On a separate note, the Board is mindful of the Listing Requirements on the review of the terms of office and performance of the AC and each of its members. The review of the terms of office and performance of the AC and each of its members are carried out annually.

The review was carried out in line with the assessment procedures adopted by the Board, by way of peer assessment in the form of evaluation questionnaires. The assessment carried out considered amongst others whether the Committee has met its purpose, whether its composition is appropriate, and whether it has the necessary authority and processes to carry out its functions and fulfil its obligations. Following the latest review, the Nomination Committee and the Board are of the opinion that the performance of the AC has been excellent and each member of the AC has carried out and discharged their responsibilities in accordance with the AC's Terms of Reference.

Further information on the constitution and summary of work of the AC are set out on pages 30 to 33 of this Annual Report.

2.3 **Nomination Committee**

The Board has established a Board Nomination Committee comprised exclusively of Independent Non-Executive Directors as follows:

- **Chairman**
Ng Kok Chai – Independent Non-Executive Director
- **Members**
Chow Kwai Fong – Senior Independent Non-Executive Director
Vincent Wong Soon Choy – Independent Non-Executive Director
Winston Paul Wong Chi-Huang – Independent Non-Executive Director
(ceased as member on 8 December 2016)

Currently the Chairman of the Nomination Committee is not the Senior Independent Non-Executive Director which is a deviation from the recommendation of the Code. The Board is of the view that this is not critical and that the current Chairman, Mr Ng Kok Chai, an Independent Non-Executive Director is capable of carrying out the roles and function as Chairman of the Nomination Committee to the Board's satisfaction.

It is also in line with the Board's intention for the Board Committees to be chaired by different Non-Executive Directors as Mr Chow Kwai Fong is already the Chairman of the Board's Audit Committee.

The primary responsibilities of the Nomination Committee are set out in detail in its Terms of Reference which can be viewed from the Company's website at www.plastrade-technology.com.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

2. Strengthen Composition (Cont'd)

2.3 Nomination Committee (Cont'd)

During the year the Nomination Committee carried out the following activities:

- reviewed the Board's size, composition and balance and concluded that there had not been any significant change in the legislative, business and operational landscape affecting the Group's principal activities. The Nomination Committee had concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Company forward. The Committee is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibility effectively.
- evaluated and assessed the performance and effectiveness of the Board as a whole, the Board Committees and the Performance of Each Individual Directors in accordance with the process for evaluating and assessment approved and adopted by the Board. The evaluation process amongst others considered whether the Directors had access to all necessary information and appropriate avenues for advice to carry out their responsibilities, whether the Committees had met its purpose, whether its composition was appropriate, and whether it had the necessary authority and processes to carry out its functions and fulfil its obligations. The Board was assessed amongst other criteria, in respect of its composition, and whether the Board had the appropriate vision, mission and strategies, whether processes and procedures were adequate and efficient to enable it to carry out its responsibilities.

Through this process carried out by way of evaluation questionnaires, the Nomination Committee concluded that the Board's dynamic were healthy and effective and that no necessary recommendations for actions were needed.

- evaluated and assessed the Independence of the Independent Directors in accordance with the process approved and adopted by the Board. Further details of this assessment is set out under paragraph 3 in this statement.

The Nomination Committee concluded that :

- i) The Board was in a position to draw on the benefits and experience of its Directors' in the core areas of manufacturing of plastic, resins and compounds, accounting and taxation as well as the wide and varied business experience of its Directors.

In areas where the Board may not be technically proficient, the Board would be able to garner advice from its consultants in the required field.

- ii) The Board was also sufficiently balanced with the right mix of executive and independent non-executive Directors.

- iii) Both the Nomination Committee and Board views diversity in the Boardroom as an essential factor in ensuring an effective and well-functioning Board and that its composition :-

- is currently comprised of Directors from a diversified background;
- age of the directors ranging between 48 years to 79 years;
- one Board member is of the female gender; and
- drawn from different cultural and socio-economic background and is sufficiently diverse that different viewpoints are considered in the decision-making process.

The Nomination Committee was therefore of the opinion that no changes need to be made to the existing structure, size and composition of the present Board and accordingly made its opinion and recommendation to the Board.

Director re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

2. **Strengthen Composition (Cont'd)**

2.3 **Nomination Committee (Cont'd)**

The above provisions are adhered to by the Board in every Annual General Meeting. Information of directors standing for re-election are outlined in the Profile of Directors covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth on page 8 of this Annual Report.

At the forthcoming 2017 AGM, Mr Ng Kok Chai is due to retire by casual vacancy under Article 106 and Mr Vincent Wong Soon Choy is retire by rotation under Article 101 of the Constitution respectively and being eligible have offered themselves for re-election. The Nomination Committee following its review on the performance of the two Directors and having noted their significant and valued contributions to the Board had recommended their re-election to the Board and the Board had concurred with such recommendation and are recommending that shareholders re-elect the said Directors at the 2017 AGM.

When reviewing the appointment of new director, the Nomination Committee is responsible for assessing the candidate for proposed directorship and thereupon submitting their recommendation to the Board for decision. The Nomination Committee's recommendation is made after due consideration of the Board's composition and requirements, and the candidate's fitness and propriety to be considered for appointment. Upon appointment, an induction will be provided to any new director in order to enable him/her to fit into the new board and to contribute and discharge his/her duties effectively.

2.4 **Remuneration Committee**

The Board has also established a Board Remuneration Committee comprised of a majority of Non-Executive Directors as follows:

- **Chairman**
Vincent Wong Soon Choy – Independent Non-Executive Director
- **Members**
Pua Kong Hoi – Chairman and Managing Director
Teng Chee Kuan – Executive Director
Chow Kwai Fong – Senior Independent Non-Executive Director
Ng Kok Chai – Independent Non-Executive Director
(appointed as member on 8 August 2016)
Winston Paul Wong Chi-Huang – Independent Non-Executive Director
(ceased as member on 8 December 2016)

The primary objectives of the Remuneration Committee are to :-

1. Recommend to the Board the remuneration of the Executive and Non-Executive Directors.
2. Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
3. Assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

In respect of the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors shall abstain from discussions pertaining to their own remuneration.

PTB has to date not adopted any formal remuneration policy and the Remuneration Committee currently reviews its Executive Directors remuneration after taking into consideration, the performance of the Group, the business strategies and long term objectives of the Group, the respective responsibilities, expertise and complexity of the Group's business activities.

The Remuneration Committee and Board in mindful of the need to remunerate its Directors and retain its Directors to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The Remuneration Committee and Board will look into the adoption of a formalised remuneration policy going forward.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

2. Strengthen Composition (Cont'd)

2.4 Remuneration Committee (Cont'd)

Director's fees and any changes are approved by the shareholders at the Annual General Meeting based on the recommendation of the Board.

The aggregate Directors' remuneration paid or payable to all Directors of the Group categorised into appropriate components for the financial year ended 31 December 2016 are as follows :-

The Company	Fees	Salaries and Other Emoluments	Total
	RM	RM	RM
Executive	-	3,000	3,000
Non-Executive	53,700	3,300	57,000
	53,700	6,300	60,000

The Group	Fees	Salaries and Other Emoluments	Total
	RM	RM	RM
Executive	-	479,330	479,330
Non-Executive	53,700	3,300	57,000
	53,700	482,630	536,330

Breakdown of aggregate remuneration for the year of Directors who had served during the financial year ended 31 December 2016 in bands of RM50,000 are as follows :-

Remuneration Band	No. of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-

3. Board Independence

• *Assessment of Independent Directors*

The Board has adopted a policy and procedures for the assessment of its Independent Directors annually.

The assessment carried out by the Nomination Committee apart from looking at the criteria and definition of an Independent Director set out under the Listing Requirements of the ACE Market of Bursa Malaysia Securities Berhad, also considers:

- whether the Independent Directors have developed, established or maintained any significant relationship which would impair their independence as an Independent Director with the Executive Directors and Major Shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as Independent Non-Executive Directors, Chairman or member of the Board's Committees;
- whether the Independent Directors have engaged in any transactions with the Group; and
- whether the Independent Directors have devoted sufficient time commitment and desire to serve

The Board notes that Mr Chow Kwai Fong who was appointed as Senior Independent Non-Executive Director on 12 May 2004 will have served for a period of more than a cumulative period of nine (9) years by 26 May 2017 (the proposed date for the 2017 Annual General Meeting).

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

3. Board Independence (Cont'd)

Pursuant to Recommendation 3.3 of MCCG 2012, and notwithstanding his long tenure in office, the Board based on the review and, recommendations made by the Nomination Committee, is unanimous in its opinion that Mr Chow's independence has not been compromised or impaired in any way after having noted the following considerations during the review and assessment of Mr Chow's independence:

- Mr Chow continues to fulfill the criteria and definition of an Independent Director as set out under Rule 1.01 of Bursa Malaysia's ACE Market Listing Requirement;
- During his tenure in office, Mr Chow has not developed, established or maintained any significant relationship which would impair his independence as an Independent Director with the Executive Directors and Major Shareholders other than normal engagements and interactions on a professional level consistent and expected of him to carry out his duties as Independent Non-Executive Directors, Chairman or member of the Board's Committees;
- During his tenure in office, Mr Chow has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 4 of Guidance Note 9 of Bursa Malaysia's ACE Market Listing Requirements;
- During his tenure in office as Senior Independent Non-Executive Director in the Company, Mr Chow has not been offered or granted any options by the Company. Other than Director's fees and allowances paid which has been an industry norm and within acceptable market rates, duly disclosed in the Annual Reports, no other incentives or benefits of whatsoever nature had been paid to him by the Company.

Both the Nomination Committee and the Board hold the view that a Director's independence should not solely be determined by reference to a set period of time alone and believe that the Group will benefit from long serving Independent Directors who have proven and demonstrated their commitment, experience and continued independence.

During his tenure in office, Mr. Chow has gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling him to offer a different perspective during the decision making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

Accordingly the Board strongly recommends retaining Mr Chow as Senior Independent Non-Executive Director and will be tabling an Ordinary Resolution to shareholders at the forthcoming Annual General Meeting for the said purpose.

4. Code of Business Conduct and Ethics

PTB's Code of Business Conduct and Ethics sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board through the Nomination Committee will periodically review the Code which is available on the Company's corporate website.

The Board has also adopted a Whistle Blowing Policy ('WBP') which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them. All whistle-blowing reports are addressed to the Audit Committee Chairman. This policy is administered by the Audit Committee with the assistance of the Management and overseen by Board of Directors.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

5. Uphold Integrity In Financial Reporting

The Board is responsible for ensuring the proper maintenance of the accounting records of the Group. The Group's financial reporting in the form of quarterly and annual financial statements present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring the information disclosed is accurate, adequate and complies with all applicable Financial Reporting Standards.

The Board's Audit Committee has adopted a policy and procedure to assess the suitability and independence of its external auditors. As part of these procedures, the External Auditors will be required to make a declaration to the Audit Committee and Board to confirm that they are and have been independent throughout the conduct of the audit engagement.

Subsequent to the financial year ended 31 December 2016, the Audit Committee had carried out an assessment. The Audit Committee and Board following this assessment are satisfied with the independence of the External Auditors and will be recommending the External Auditors to shareholders for re-appointment at the forthcoming Annual General Meeting.

6. Statement of Directors' Responsibility in Relation to the Financial Statements

The Directors are responsible for the preparation of the Annual Audited Financial Statements which give a true and fair view of the state of affairs of the Group and will ensure that they are presented in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

In the preparation of the financial statements for the year ended 31 December 2016, the Directors are satisfied that the Group had used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgment and estimates.

7. Ensure Timely and High Quality Disclosure

The Board acknowledges the importance of ensuring that it has in place, appropriate corporate disclosure policies and procedures which leverages on information technology as recommended by the Code.

The Board has adopted a Corporate Disclosure Policy which takes into consideration the Guidance set out under Bursa Corporate Disclosure Guide issued in September 2011. The Board's Corporate Disclosure Policy aims to ensure that all stakeholders are provided with comprehensive, accurate and quality information on a timely and even basis to all shareholders and investors.

Currently, the Company's information is disseminated through various disclosures and announcements made to Bursa Malaysia. This information is also published at Bursa Malaysia's website and the Company's website at www.bursamalaysia.com. Pursuant to Rule 9.25 of the Listing Requirements, the Board has leveraged on its corporate website to communicate, disseminate and add depth to its governance reporting. Shareholders and public investors can view the principal governance information such as board charter, board committees' terms of reference, policies and codes in the corporate website.

The policy together with the Board Charter is available on the Company's website at www.plastrade-technology.com together with other principle information of the Group.

8. Compliance Statement

The Board recognises and views that Corporate Governance is an ongoing process and is of the view that the Company has substantially complied with the recommendations of the Code and will take appropriate steps towards embracing the Principles and Recommendations under the Code at a pace and time frame consistent with the size, priority and dynamics of the Group.

ADDITIONAL COMPLIANCE INFORMATION

• Utilisation of Proceeds

There were no proceeds raised by the Company during the financial year.

Plastrade Technology Berhad (591077-X)

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

• Recurrent Related Party Transactions

During the year, the Shareholders of the Company have approved a mandate for Recurrent Related Party Transactions of a revenue or trading nature during its Annual General Meeting held on 20 May 2016. Details of the Recurrent Transactions made during the financial year ended 31 December 2016 are as follow :-

Name of Related Party	Relationship with the Group	Nature of Transactions	Total Value (RM)
Plastrade Enterprise Sdn Bhd	Company in which certain directors have interest	Sales of goods	473,105
		Purchase of goods	973,254
Plextech (Malaysia) Sdn Bhd		Sales of goods	279,725
Plascolour Compound Sdn Bhd		Purchase of goods and services	77,168
Shanghai Quasar Polymer Technology Co. Ltd	Associate	Sales of Goods	2,004,235

The Company will seek for the Shareholders' approval for renewal of the Shareholders' mandate at the forthcoming Annual General Meeting of the Company to be held on 26 May 2017. The details of the proposed renewal of the Shareholders' mandate to be sought are furnished in the Circular to Shareholders.

• Audit and Non-Audit Fee

The amount of audit fees and non-audit fees paid or payable to the external auditors by the Company and the Group for financial year are as follows :-

	Group (RM)	Company (RM)
Audit Fee	65,000	25,000
Non Audit Fee	5,000	5,000
Total	70,000	30,000

• Material Contracts

Other than those contracts entered into and disclosed as Related Party Transactions as disclosed in Note 28 to the Financial Statements on page 79, there were no material contracts by PTB and its subsidiaries involving the interest of the directors' chief executive who is not a director or major shareholders' interests.

• Contracts Relating to Loan by the Company

There were no contracts relating to loan by the Company and its subsidiaries in respect of the preceding item.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is defined as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders.

PTB acknowledges the importance of embracing this philosophy and is committed to instilling a corporate culture within PTB that emphasises on good Corporate Social Responsibility and being an exemplary corporate citizen.

In line with this PTB continues to conduct and enhance its business practices based on good ethical and moral values with due consideration and respect to the community, employees, the environment, shareholders and other stakeholders in an open and transparent manner.

PTB's human resources policy includes ensuring its human capital is sufficiently diverse in various aspects such as age, gender, ethnicity, cultural and socio-economic background.

In particular, PTB continuously advocates a corporate culture of caring for its employees by investing in training, provision of career growth opportunities, employee safety and welfare at all levels to ensure continuous growth in its human capital development.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Guidance Note 11 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“AMLR”) in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), the Board of Directors (“the Board”) of Plastrade Technology Berhad (“the Company”) (collectively with its subsidiaries, “the Group”) is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 December 2016.

BOARD RESPONSIBILITIES

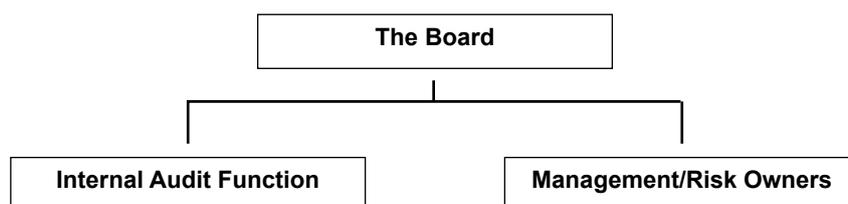
The Board affirms its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness so as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board is responsible to determine the acceptable risk appetite of the Group as well as to articulate and implement risk management and internal control system and the Audit Committee is tasked with the duty and responsibility to review the adequacy and effectiveness of risk management and internal control systems of the Group and to report the results of the review to the Board for deliberation. Through the Audit Committee, the Board is kept informed on all significant control issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditors.

The system of internal controls covers inter-alia, risk assessment as well as financial, operational, environmental and compliance controls. However, in view of the limitations that are inherent in any system of internal controls, the system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

RISK MANAGEMENT

The Board recognise risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. The Board had put in place a formal Risk Management framework, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second-line-of-defense. The duties for the identification, evaluation and management of the key business risk are delegated to the Management, led by the Managing Director.

The Risk Management Framework established lays down the risk management’s objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board (which may delegate the duty to review to the Audit Committee), the Management (also as risk owners) and internal audit function are defined in the Risk Management Framework. In particular, the roles and responsibilities of the Management in relation to the risk management are as follows:-

- (a) Educate the employees on the importance of risk management, communicate the risk attitude/appetite and involve them in the risk identification by embedding risk management in all aspects of the Group’s activities;
- (b) Implement and regularly monitor the risks and internal controls in accordance with the strategic vision and overall risk appetite, take appropriate and timely corrective actions as needed and provide assurance to the Board that the processes are carried on;
- (c) Integrate risk management process into the ISO manuals;
- (d) Identify changes to risks or emerging risks, take action as appropriate and promptly bring these to the attention of the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Systematic risk management process is stipulated in the Policy, whereby each step of the risk identification, risk analysis, risk evaluation, risk treatment and continuous monitoring and review are laid down for application by the Management. Risk analysis, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board that are stipulated in the Policy. Based on the risk management process, key risk registers were compiled by the Management, with relevant key risks identified rated based on the agreed upon risk rating before report to the Board. The key risk registers are used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risk monitoring mechanism, the Management is scheduled to review the key risk registers of key departments and assessment of emerging risks identified at strategic and operational level on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review and assessment.

During the financial year under review, the Management conducted a review and assessment exercise whereby existing key risks were reviewed with emerging risks assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Key risk profile, consists of summary of key risks, was compiled and tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility of the risk management of the Group.

As first-line-of-defense, respective heads of departments/divisions (i.e. risk owners) are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Top Management and Managing Director for the final decision on the formulation and implementation of effective internal controls and reported to the Audit Committee and the Board by the Managing Director respectively.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:-

- **Board of Directors/Board Committees**

Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical value are enshrined in formal Code of Ethics and Conduct For Directors established and approved by the Board on 12 April 2014. A revised Code of Business Conduct & Ethics was approved by the Board on 01 April 2017. This formal code forms the foundation of integrity and ethical value for the Group.

Integrity and ethical value expected from the employees are incorporated in the employee manuals and handbooks whereby the ethical behaviours expected with the customers, suppliers and employees are stated. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in employee manuals and handbooks.

- **Organisation Structure and Authorisation Procedures**

The Group has a formal organization structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. The authorisation procedures for key processes are stated in the Group's policies and procedure.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

- **Policies and Procedures**

The Group has well documented internal policies and procedures, work instructions, employee manuals and handbooks, which are periodically updated and when needs arise to meet the changing requirements.

- **Human Resource Policy**

Guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

Performance evaluations are carried out for all levels of staff to identify performance gaps and for training needs identification.

- **Information and Communication**

At operational level, clear reporting lines established across the Group and operation reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and the Management's attention are highlighted for review, deliberation and decision on a timely basis.

The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection.

- **Monitoring and Review**

Regular operational and informal meetings are held to review and monitor operational and financial performances as well as formulate action plans to address any areas of concern.

The monitoring of compliance with relevant laws and regulations are further enhanced by review of specific areas of safety, health and environment by relevant Authorities and independent consultants engaged by the Group.

In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits and annual audit by external quality auditors to ensure the quality system are in compliance with the requirements of the ISO 9001:2008 Certifications (which serves as an assurance to customers on the quality of Group's products and services) as well as surveillance audit by independent consultants engaged by the Group serve as the fourth-line-of-defense.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, who, through the Audit Committee provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's systems on the risk management and internal control.

The outsourced internal audit function is reporting to the Audit Committee directly and the engagement director is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global.

Risk-based internal audit plan in respect of financial year ended 31 December 2016 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified in the key risk profile of the Group, the Senior Management's opinion and previous internal audits performed, and was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL AUDIT FUNCTION (Cont'd)

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 31 December 2016, the outsourced internal audit function has conducted two (2) reviews for human resources and the payroll processing management for key manufacturing subsidiaries based in Malaysia as approved by the Audit Committee.

Upon the completion of the individual internal audit field works during the financial year, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated with the members of the Audit Committee. Update on the status of action plans as identified in the previous internal audit report are presented at subsequent Audit Committee meeting for review and deliberation.

In addition, during the Audit Committee meeting, the outsourced internal audit function reports its staff strength, qualification and experience as well as continuous professional education for the Audit Committee's review.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2016 amounted to RM30,000.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND ACCOUNTS CUM FINANCE MANAGER

In line with the Guidelines, the Managing Director, being highest ranking executive in the Company and Accounts cum Finance Manager (Chief Finance Officer designate pursuant to the Ace Market Listing Requirements), being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

OPINION & CONCLUSION

Based on the review of the risk management process and internal control system as well as the monitoring and review mechanism stipulated above, coupled with the assurance provided by the Managing Director and the Accounts cum Finance Manager, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's business objectives.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

APPLICABILITY TO ASSOCIATED COMPANY

Even though the Board does not have direct control over the associated company's operations, the Group's interests are served through the following:

- Representative from our Company on the associated company's board of directors. This Board representation also provides the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies and critical business decision contemplated by the associated company.
- Application of financial monitoring control through the receipt and review of management accounts of the associated company and enquiries made thereon, as appropriate; and
- Having access to the external auditors of the associated company who report to the Board on an annual basis.

Plastrade Technology Berhad (591077-X)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the AMLR, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

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AUDIT COMMITTEE REPORT

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The members of the Audit Committee are as follows:

Name	Designation	Directorship
Chow Kwai Fong	Chairman	Senior Independent Non-Executive Director
Vincent Wong Soon Choy	Member	Independent Non-Executive Director
Ng Kok Chai	Member	Independent Non-Executive Director (Appointed as member on 8 August 2016)
Winston Paul Wong Chi-Huang	Member	Independent Non-Executive Director (Ceased as member on 8 December 2016)

During the financial year ended 31 December 2016, Mr Ng Kok Chai was appointed to the Audit Committee as a member on 8 August 2016. Mr Winston Paul Wong Chi-Huang, a member of the Audit Committee, resigned as a Director of the Company on 8 December 2016 and accordingly ceased to be a member of the Audit Committee.

The Audit Committee would like to place on record its gratitude and utmost appreciation to Mr Winston Paul Wong-Chi Huang for his past services as a Director and member of the Audit Committee.

SECRETARY

The secretary(ies) to the Audit Committee are the Company Secretary(ies) of the Company.

TERMS OF REFERENCE

The detailed Terms of Reference of the AC outlining the composition, duties and functions, authority and procedures of the Audit Committee last reviewed on 29th November 2016 are published and available on the Company's website at www.plastrade-technology.com.

The Audit Committee is now required amongst others to review significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed.

MEETINGS

During the financial year ended 31 December 2016, the Audit Committee convened five (5) meetings. The attendance records of all members of the Audit Committee are as follows:

Name	Number of Meetings Attended	Percentage of Attendance (%)
Chow Kwai Fong	5/5	100
Vincent Wong Soon Choy	5/5	100
Ng Kok Chai (Appointed as member on 8 August 2016)	1/1	100
Winston Paul Wong Chi-Huang (Ceased as member on 8 December 2016)	5/5	100

The Agenda for meetings, the relevant reports and papers were furnished to Audit Committee members by the Secretary after consultation with the Audit Committee Chairman in advance to facilitate effective deliberation and decision making at the respective meetings.

During its scheduled quarterly meetings, the Audit Committee reviewed the risk management and internal control processes (with the assistance of its outsourced Internal Audit Function), the interim and year-end financial report, the internal and external audit plans and reports, Related Party Transaction ('RPT'), and all other areas within the scope of responsibilities of the Audit Committee under its Terms of Reference.

All issues and challenges were deliberated during Audit Committee meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board where necessary. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each Audit Committee meeting were properly recorded by the Company Secretary and subsequently elevated to the Board for review and notation.

AUDIT COMMITTEE REPORT (Cont'd)

MEETINGS (Cont'd)

Accounts cum Finance Manager (Chief Financial Officer designate pursuant to the ACE Market Listing Requirements) was invited to and attended all Audit Committee meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues.

The representatives of the outsourced Internal Audit Function attended the Audit Committee meetings to table their respective Internal Audit reports.

The External Auditors of the Company represented by the Partner and Audit Manager leading the Audit attended AC meetings to present their Audit Plan, Audit Memorandum and Findings.

SUMMARY OF ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following: -

a) Internal Audit

During the financial year, the PTB Group had engaged a new professional internal audit services company to provide internal audit services. The primary responsibility of this internal audit function is to assist the Board and the AC in reviewing and assessing whether the management systems of internal control procedures are adequate and effective as well as provide recommendations to strengthen these internal control procedures so as to foster a strong control environment.

The Internal Audit Function has organised its work in accordance to the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

An internal audit plan based on risk profile of the Group was produced and presented to the AC for approval. Upon approval by the AC, internal audit reviews were carried out in accordance with the approved internal audit plan.

Prior to the presentation of reports and findings to the AC, comments from the management were obtained and incorporated into the internal audit findings and reports. The internal audit reports will also cover the follow-up by the management on the implementation of recommendations in their earlier reports.

The Internal Auditors had performed two (2) audit cycles during the financial year. The functional areas and operating processes reviewed by the Internal Auditors were as follows: -

- i. Group's Human Resources Management; and
- ii. Group's Payroll Processing Management.

The findings arising from the above reviews were reported to management for their response and subsequently tabled to the AC for deliberation. Where weaknesses were identified, recommended procedures have been or are being put in place to enhance and strengthen the Group's control processes.

On 29th November 2016, the AC reviewed and received the Group's Risk Management Framework and Key Risk Profile which had been updated by the Management and its heads of department.

The total cost incurred during the current financial year for the internal audit function of the Group was RM30,000.

b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

- i. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The 1st, 2nd, 3rd and 4th Quarter Interim Financial Reports were tabled at the AC meetings held on 20th May 2016, 6th August 2016, 29th November 2016 and 27th February 2017.
- ii. The quarterly reports and Audited Financial Statements ('AFS') were prepared in compliance with the Malaysian Financial Reporting Standard ('MFRS') while the quarterly reports took into consideration Rule 9.22 including Appendix 9B of Bursa Malaysia's Ace Market Listing Requirements;

AUDIT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES (Cont'd)

b) Financial Reporting (Cont'd)

- iii. Reviewed the External Auditors' Audit Planning Memorandum for the financial year ended 31st December 2016 on 29th November 2016;
- iv. Reviewed the AFS and the External Auditors' findings and recommendations for the financial year ended 31st December 2016 on 27th February 2017;
- v. Conducted independent meeting session with the External Auditors without the presence of executive board members and management personnel on 29th November 2016 and 27th February 2017;
- vi. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;
- vii. To ensure the integrity of the financial information, received assurance from the Managing Director and Accounts cum Finance Manager, that: -
 - Appropriate accounting policies had been adopted and applied consistently;
 - The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
 - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
 - Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Bursa Malaysia's ACE Market Listing Requirements; and
 - The consolidated Annual Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.
- viii. Reviewed the Statement of Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from the Managing Director and Accounts cum Finance Manager that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board of Directors.

c) External Audit

Messrs Crowe Horwath the External Auditors for PTB led by their engagement partner presented their Audit Planning Memorandum for the financial year ended 31st December 2016 on 29 November 2016 and had declared and confirmed that they were independent and would be independent throughout their audit engagement.

The AC met with the External Auditors in the absence of management on two (2) occasions held on 29th November 2016 and 27th February 2017. The AC had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's financial department.

There were no areas of major concern raised by Messrs. Crowe Horwath that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

At the same time Messrs Crowe Horwath had the opportunity to obtain feedback from the AC on their perspectives on the areas of major concerns, which they would like the External Auditors to look into.

The AC carried out an assessment of the performance and suitability of Messrs Crowe Horwath based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The AC has been generally satisfied with the independence, performance and suitability of Messrs Crowe Horwath based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Messrs Crowe Horwath as External Auditors for the financial year ending 31st December 2017.

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AUDIT COMMITTEE REPORT (Cont'd)

CORPORATE GOVERNANCE PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on Corporate Governance 2012, other applicable laws, rules, directives and guidelines.

During the financial year under review, the AC took note and reviewed the 2016 Analysis of Corporate Governance Disclosures in Annual Reports conducted by Bursa Malaysia via their letter dated 19th December 2016.

The review and analysis carried out by Bursa Malaysia was to assess the level and quality of the Corporate Governance Disclosures by listed issuers.

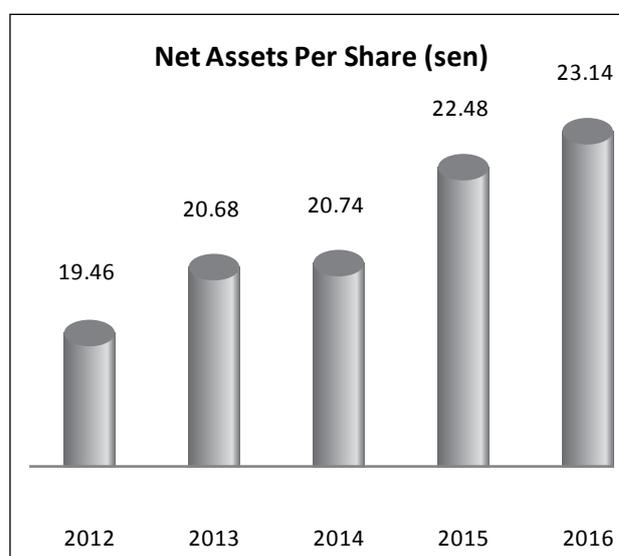
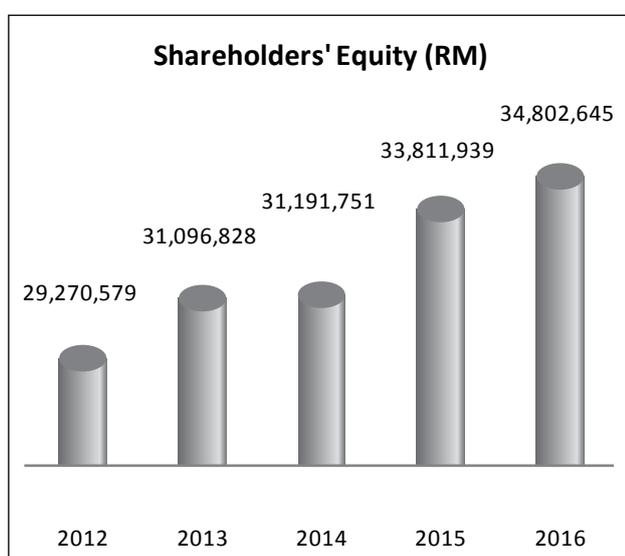
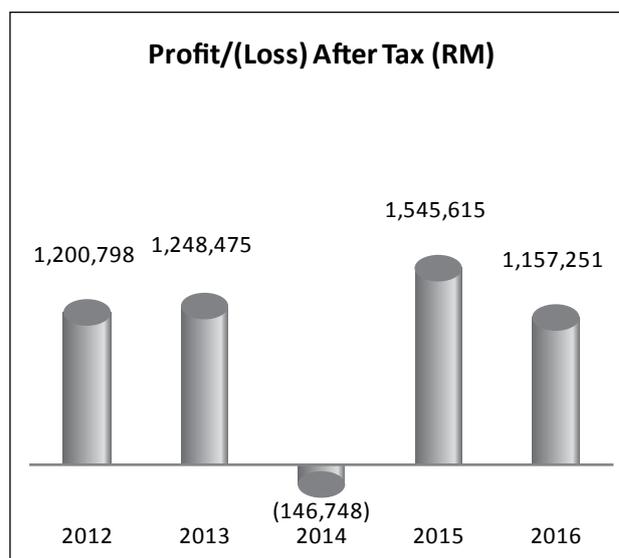
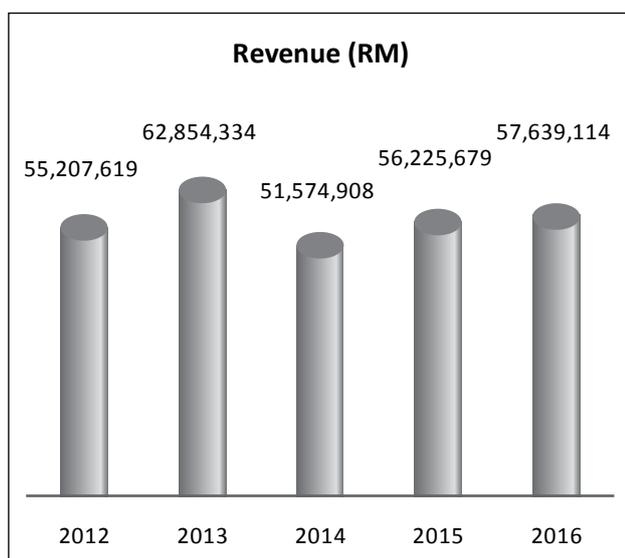
PTB's Corporate Governance Disclosure scores and a detailed report of Bursa Malaysia's findings was tabled to the AC in February 2017 meeting, reviewed and noted together with appropriate recommendations for the Board's further action. PTB has since reviewed and enhanced its governance practices accordingly which is described in more detail in the Board's Statement of Corporate Governance on pages 13 to 24 of this Annual Report.

In addition, before finalising the various governance disclosures in the Annual Report, the AC together with all other Board Members and management had reviewed the Corporate Governance Statement, AC Report, Statement on Risk Management and Internal Control together with other compliance disclosures.

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FINANCIAL HIGHLIGHTS

Financial Year	2012	2013	2014	2015	2016
	RM	RM	RM	RM	RM
Revenue	55,207,619	62,854,334	51,574,908	56,225,679	57,639,114
Profit/(Loss) After Tax	1,200,798	1,248,475	(146,748)	1,545,615	1,157,251
Profit/(Loss) After Tax Attributable To Owners Of The Company	1,200,798	1,248,475	(146,748)	1,545,615	1,157,251
Total Assets	49,727,598	50,393,412	45,254,370	54,999,312	51,634,334
Total Liabilities	20,457,019	19,296,584	14,062,619	21,187,373	16,831,689
Shareholders' Equity	29,270,579	31,096,828	31,191,751	33,811,939	34,802,645
Earnings/(Loss) Per Share (sen)	0.80	0.83	(0.10)	1.03	0.77
Net Assets Per Share (sen)	19.46	20.68	20.74	22.48	23.14



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Plastrade Technology Berhad (591077-X)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after tax for the financial year	1,157,251	(2,214)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity and Note 23 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the making of additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

Plastrade Technology Berhad (591077-X)

DIRECTORS' REPORT (Cont'd)

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are set out in Note 29 to the financial statements. At the date of this report, there does not exist:-

- (a) 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
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent 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 when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

PUA KONG HOI
 CHOW KWAI FONG
 TENG CHEE KUAN
 VINCENT WONG SOON CHOY
 NG KOK CHAI (APPOINTED ON 08 AUGUST 2016)
 WINSTON PAUL WONG CHI-HUANG (RESIGNED ON 08 DECEMBER 2016)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			AT 31.12.2016
	AT 1.1.2016	BOUGHT	SOLD	
PUA KONG HOI	55,669,156	-	-	55,669,156
TENG CHEE KUAN	1,500,000	-	-	1,500,000

By virtue of his shareholding in the Company, Pua Kong Hoi is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

Plastrade Technology Berhad (591077-X)

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director 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 directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 03 APRIL 2017**

Pua Kong Hoi

Teng Chee Kuan

Plastrade Technology Berhad (591077-X)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Pua Kong Hoi and Teng Chee Kuan, being two of the directors of Plastrade Technology Berhad, state that, in the opinion of the directors, the financial statements set out on pages 44 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 34, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 03 APRIL 2017**

Pua Kong Hoi

Teng Chee Kuan

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Pua Kong Hoi, I/C No.: 480605-10-5493, being the officer primarily responsible for the financial management of Plastrade Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 94 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 Declaration Act 1960.

Subscribed and solemnly declared by
Pua Kong Hoi, I/C No.: 480605-10-5493,
at Johor Bahru in the state of Johor
on this 03 April 2017

Before me

Pua Kong Hoi

NUR SABRINA BINTI ABDULLAH
NO. J276
Commissioner For Oaths
No.8, Jalan Dhoby,
80000 Johor Bahru,
Johor.

Plastrade Technology Berhad (591077-X)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLASTRADE TECHNOLOGY BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Plastrade Technology Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the 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.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Goodwill impairment	
Refer to Notes 4.1(g) and 8 to the financial statements	
Key audit matter	How our audit addressed the key audit matter
<p>At 31 December 2016, the Group had goodwill of RM1,792,432 which arose from the acquisition of a subsidiary. We consider the impairment of goodwill to be a significant audit risk because of the inherent uncertainty and judgement involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability of the goodwill amount.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Making enquiries of assumptions used by the management in preparing the profit forecasts and the process by which they were drawn up, including reviewing the accuracy and the underlying calculations. • Evaluating the reasonableness of the management's forecast by comparing the assumptions made to internal and external data and identify if there are any indicators of possible management bias. In particular: <ul style="list-style-type: none"> ▶ assessing the achievability of future margins based on past and current performance; ▶ assessing the reasonableness of the projected growth rate by comparing to the available market data; and ▶ assessing the discount rate used to determine the present value by assessing the cost of capital for the Company. • Assessing management's sensitivity analysis and performed our own sensitivity calculations to assess the level of headroom in place based on reasonably expected movements in such assumptions. • Considering the adequacy of management's disclosures in respect of impairment testing.

Plastrade Technology Berhad (591077-X)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLASTRADE TECHNOLOGY BERHAD (Cont'd)

Key Audit Matters (Cont'd)

Inventories obsolescence	
Refer to Notes 4.1(e) and 10 to the financial statements	
Key audit matter	How our audit addressed the key audit matter
<p>At 31 December 2016, the Group held inventories of RM10,115,784. As described in the accounting policies in Note 4.10, inventories are carried at lower of cost and net realisable value. The Group determines the amount of impairment for slow moving or obsolete inventories based upon the age of the slow moving inventories.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Performing ageing test on the inventory ageing report by checking to the date of the inventory purchased and produced to ensure inventories were grouped in the appropriate age brackets. • Reviewing the accuracy of the impairment of slow moving inventories made by the management for inventories aged more than 1 year by re-calculating the impairment amount through multiplying certain percentages, which are derived from the past historical movement trend of inventories, to the sub-total of each age bracket in the inventories ageing report. • Comparing the net realisable value, obtained through a detailed review of sales invoice subsequent to the year end on sampling basis, to ensure selling price is higher than cost of finished goods items so that not subject to write off or write down.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditor's report thereon), which we obtained prior to the date of this auditors' report, and the other sections of the 2016 Annual Report, which is expected to be made available to us after that date.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Plastrade Technology Berhad (591077-X)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLASTRADE TECHNOLOGY BERHAD (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Plastrade Technology Berhad (591077-X)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLASTRADE TECHNOLOGY BERHAD (Cont'd)

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 are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 on page 95 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.

Crowe Horwath
Firm No.: AF 1018
Chartered Accountants

03 April 2017

Johor Bahru

Fong Kiat Keong
Approval No: 3048/06/17 (J)
Chartered Accountant

Plastrade Technology Berhad (591077-X)

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016

	NOTE	THE GROUP		THE COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	12,019,998	9,749,998
Investment in an associate	6	8,008,123	8,145,531	4,215,390	4,215,390
Property, plant and equipment	7	10,205,927	11,187,032	-	-
Goodwill on consolidation	8	1,792,432	1,792,432	-	-
Amount owing by related companies	9	-	-	2,198,406	4,743,674
		20,006,482	21,124,995	18,433,794	18,709,062
CURRENT ASSETS					
Inventories	10	10,115,784	10,467,685	-	-
Trade receivables	11	9,686,755	7,494,401	-	-
Other receivables, deposits and prepayments	12	509,413	331,765	1,405	1,763
Amount owing by related companies	9	-	-	375,000	375,000
Amount owing by an associate	13	1,088,979	1,672,559	-	-
Current tax assets		87,836	-	5,763	7,163
Fixed deposits with licensed banks	14	7,587,254	10,986,096	-	-
Cash and bank balances		2,551,831	2,921,811	464,393	177,853
		31,627,852	33,874,317	846,561	561,779
TOTAL ASSETS		51,634,334	54,999,312	19,280,355	19,270,841

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016 (Cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	15,040,000	15,040,000	15,040,000	15,040,000
Reserves	16	19,762,645	18,771,939	4,140,377	4,142,591
SHAREHOLDERS' EQUITY		34,802,645	33,811,939	19,180,377	19,182,591
NON-CURRENT LIABILITY					
Deferred tax liabilities	17	238,000	535,000	-	-
		238,000	535,000	-	-
CURRENT LIABILITIES					
Trade payables	18	4,663,710	4,852,389	-	-
Other payables and accruals	19	924,560	1,352,199	99,978	88,250
Bankers' acceptance	20	11,005,419	14,147,011	-	-
Bank overdrafts	21	-	228,874	-	-
Current tax liabilities		-	71,900	-	-
		16,593,689	20,652,373	99,978	88,250
TOTAL LIABILITIES		16,831,689	21,187,373	99,978	88,250
TOTAL EQUITY AND LIABILITIES		51,634,334	54,999,312	19,280,355	19,270,841

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	THE GROUP		THE COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
REVENUE	22	57,639,114	56,225,679	120,000	120,000
COST OF SALES		(52,695,421)	(51,656,224)	-	-
GROSS PROFIT		4,943,693	4,569,455	120,000	120,000
OTHER INCOME		372,473	1,088,970	99,848	108,980
		5,316,166	5,658,425	219,848	228,980
ADMINISTRATIVE EXPENSES		(2,556,674)	(2,025,748)	(218,780)	(220,181)
SELLING AND DISTRIBUTION EXPENSES		(769,760)	(883,794)	-	-
FINANCE COSTS		(607,844)	(541,933)	-	-
SHARE OF RESULTS IN ASSOCIATE, NET OF TAX		29,137	(224,863)	-	-
PROFIT BEFORE TAX	23	1,411,025	1,982,087	1,068	8,799
TAX EXPENSE	24	(253,774)	(436,472)	(3,282)	(2,795)
PROFIT/(LOSS) AFTER TAX		1,157,251	1,545,615	(2,214)	6,004
OTHER COMPREHENSIVE (EXPENSES)/ INCOME, NET OF TAX					
<u>Items that May be Reclassified Subsequently to Profit or Loss</u>					
- Share of associate's other comprehensive (expenses)/income		(166,545)	1,074,573	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		990,706	2,620,188	(2,214)	6,004

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:-					
- Owners of the Company		1,157,251	1,545,615	(2,214)	6,004
- Non-controlling interests		-	-	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
- Owners of the Company		990,706	2,620,188	(2,214)	6,004
- Non-controlling interests		-	-	-	-
EARNINGS PER SHARE					
- BASIC (SEN)	25	0.77	1.03		
- DILUTED (SEN)	25	N/A	N/A		

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

THE GROUP	NON-DISTRIBUTABLE RESERVE			DISTRIBUTABLE RESERVE	TOTAL RM
	SHARE CAPITAL RM	SHARE PREMIUM RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	RETAINED PROFITS RM	
Balance at 1.1.2015	15,040,000	6,082,453	710,681	9,358,617	31,191,751
Profit after tax for the financial year	-	-	-	1,545,615	1,545,615
Other comprehensive income for the financial year:					
- Foreign currency translation differences	-	-	1,074,573	-	1,074,573
Total comprehensive income for the financial year	-	-	1,074,573	1,545,615	2,620,188
Balance at 31.12.2015/1.1.2016	15,040,000	6,082,453	1,785,254	10,904,232	33,811,939
Profit after tax for the financial year	-	-	-	1,157,251	1,157,251
Other comprehensive expenses for the financial year:					
- Foreign currency translation differences	-	-	(166,545)	-	(166,545)
Total comprehensive (expenses)/ income for the financial year	-	-	(166,545)	1,157,251	990,706
Balance at 31.12.2016	15,040,000	6,082,453	1,618,709	12,061,483	34,802,645

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

THE COMPANY	SHARE CAPITAL RM	NON-DISTRIBUTABLE RESERVE SHARE PREMIUM RM	ACCUMULATED LOSSES RM	TOTAL RM
Balance at 1.1.2015	15,040,000	6,082,453	(1,945,866)	19,176,587
Profit after tax/Total comprehensive income for the financial year	-	-	6,004	6,004
Balance at 31.12.2015/1.1.2016	15,040,000	6,082,453	(1,939,862)	19,182,591
Loss after tax/Total comprehensive expenses for the financial year	-	-	(2,214)	(2,214)
Balance at 31.12.2016	15,040,000	6,082,453	(1,942,076)	19,180,377

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit before tax	1,411,025	1,982,087	1,068	8,799
Adjustments for:-				
Allowance for impairment losses on trade receivables	199,701	-	-	-
Inventories written down to net realisable value	467,758	88,040	-	-
Depreciation of property, plant and equipment	1,336,915	1,469,779	-	-
Equipment written off	-	13,463	-	-
Gain on disposal of plant and equipment	(10,000)	-	-	-
Interest expense	522,888	433,666	-	-
Interest income	(272,020)	(129,906)	(99,848)	(108,980)
Reversal of previously written down inventories	(169,589)	(107,529)	-	-
Share of results of an associate	(29,137)	224,863	-	-
Operating profit/(loss) before working capital changes	3,457,541	3,974,463	(98,780)	(100,181)
Decrease/(Increase) in inventories	53,732	(431,060)	-	-
(Increase)/Decrease in trade and other receivables	(2,569,703)	(1,619,980)	358	(1,763)
Decrease in amount owing by an associate	583,580	1,272,088	-	-
Decrease in amount owing to a related party	-	(745,909)	-	-
(Decrease)/Increase in trade and other payables	(616,295)	2,912,470	11,728	(513)
CASH FROM/(FOR) OPERATIONS	908,855	5,362,072	(86,694)	(102,457)
Interest paid	(522,888)	(433,666)	-	-
Tax paid	(814,292)	(463,413)	(10,000)	(5,795)
Tax refund	103,782	-	8,118	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(324,543)	4,464,993	(88,576)	(108,252)

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Interest received		272,020	129,906	117	185
Repayment from/(Advances to) related companies		-	-	374,999	(224,999)
Proceeds from disposal of plant and equipment		10,000	-	-	-
Purchase of plant and equipment		(355,833)	(1,183,291)	-	-
Release/(Placement) of fixed deposits pledged		445,342	(69,627)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		371,529	(1,123,012)	375,116	(224,814)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITY					
Net (repayment)/drawdown of bankers' acceptance		(3,141,592)	5,104,301	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITY		(3,141,592)	5,104,301	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,094,606)	8,446,282	286,540	(333,066)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,389,437	2,943,155	177,853	510,919
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26	8,294,831	11,389,437	464,393	177,853

The annexed notes form an integral part of these financial statements.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 5.11 & 5.12 5 th Floor, Menara TJB No.9, Jalan Syed Mohd Mufti 80000 Johor Bahru
Principal place of business	:	PLO 264, Jalan Firma 3 Tebrau Industrial Estate IV 81100 Johor Bahru Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 03 April 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following applicable new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 10, MFRS 12, and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the applicable above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following applicable accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

3. BASIS OF PREPARATION (Cont'd)

- 3.2 The Group has not applied in advance the following applicable accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above mentioned applicable accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

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

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

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *Income Taxes*

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

(c) *Impairment of Non-Financial Assets*

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

(d) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(e) *Write down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement, estimates, future demand for the products and subsequent events. The Group adopts the written down policy for slow moving inventories by marking down the carrying amount of those slow moving inventories which are aged more than 1 year by using certain percentages which are derived based on the past historical movement trend of the inventories.

In general, such evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(f) *Classification of Leasehold Land*

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

(g) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(h) *Fair Value Estimates for Certain Financial Assets and Financial Liabilities*

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

4.2 Functional and Foreign Currencies

(a) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) *Foreign Operations*

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.3 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provision of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

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

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Financial Instruments (Cont'd)

(a) *Financial Assets (Cont'd)*

(ii) *Held-to-maturity Investments (Cont'd)*

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

(iii) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(iv) *Available-for-sale Financial Assets*

As at the end of the reporting period, there were no financial assets classified under this category.

(b) *Financial Liabilities*

(i) *Financial Liabilities at Fair Value through Profit or Loss*

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) *Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Financial Instruments (Cont'd)

(c) *Equity Instruments*

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) *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 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 expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) *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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 Basis of Consolidation (Cont'd)

(a) *Business Combinations*

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) *Non-Controlling Interests*

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) *Changes in Ownership Interests in Subsidiaries without Change of Control*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) *Loss of Control*

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.5 Investment in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.6 Investment in an Associate

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in an associate are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statement using the equity method based on the financial statements of the associate made up to 31 December 2016. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction cost.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

4.7 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.8 Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Property, Plant and Equipment (Cont'd)

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Short-term leasehold land	Over the remaining lease period
Buildings	2% or over the remaining lease period, whichever is shorter
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 40%
Renovation and electrical installation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.9 Impairment

(a) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), 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.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 Impairment (Cont'd)

(b) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Income Taxes

(a) *Current Tax*

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) *Deferred Tax*

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.11 Income Taxes (Cont'd)

(b) *Deferred Tax (Cont'd)*

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

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

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

(c) *Goods and Services Tax ("GST")*

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.13 Operating Segments

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

4.14 Employee Benefits

(a) *Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.15 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (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 benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (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 entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.16 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 Earnings Per Ordinary Share

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary share, which comprise share options granted to employees.

4.18 Borrowing Costs

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 Fair Value Measurement

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 Revenue and Other Income

(i) Sales of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, cash, and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Management Fees

Management fee is recognised on an accrual basis.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2016	2015
	RM	RM
Unquoted shares, at cost	9,749,998	9,749,998
Add: Capitalisation of quasi loans (Note 9)	2,270,000	-
	<u>12,019,998</u>	<u>9,749,998</u>

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2016	2015	
		%	%	
MHT Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing of polyethylene compound for wire and cable insulation and jacketing.
Plascable Polymer Sdn. Bhd.	Malaysia	100	100	Compounding of plastic master batches, polymer additives, plastic compounds and composites.

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares, at cost	4,215,390	4,215,390	4,215,390	4,215,390
Share of post acquisition profits	2,174,024	2,144,887	-	-
Share of post acquisition other comprehensive income	1,618,709	1,785,254	-	-
	<u>8,008,123</u>	<u>8,145,531</u>	<u>4,215,390</u>	<u>4,215,390</u>

Details of the associate is as follows:

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
		%	%	
Shanghai Quasar Polymer Technology Co. Ltd.*	The People's Republic of China	25	25	Manufacturing and trading of cross linkable polyethylene compounds, polyethylene compounds and related products.

* Audited by a firm other than Crowe Horwath

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

6. INVESTMENT IN AN ASSOCIATE (Cont'd)

The summarised audited financial information that is material to the Group is as follows:-

	2016 RM	2015 RM
<u>At 31 December</u>		
Non-current assets	994,730	1,162,158
Current assets	29,751,308	30,868,887
Current liabilities	(2,701,032)	(3,436,407)
Net assets	<u>28,045,006</u>	<u>28,594,638</u>
<u>Financial Year Ended 31 December</u>		
Revenue	36,170,030	48,722,341
Profit/(Loss) for the financial year	116,549	(899,452)
Total comprehensive (expenses)/income	<u>(549,632)</u>	<u>3,398,838</u>
Group's share of profit/(loss) for the financial year	29,137	(224,863)
Group's share of other comprehensive (expenses)/income	<u>(166,545)</u>	<u>1,074,573</u>
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets above	7,011,252	7,148,660
Goodwill	996,871	996,871
Carrying amount of the Group's interests in the associate	<u>8,008,123</u>	<u>8,145,531</u>

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	At 1.1.2016 RM	Additions RM	Adjustment RM	Depreciation Charge RM	At 31.12.2016 RM
2016					
Net book value					
Freehold land	700,000	-	-	-	700,000
Short-term leasehold land	1,683,416	-	-	(64,782)	1,618,634
Buildings	5,728,915	68,857	-	(209,058)	5,588,714
Plant and machinery	2,755,872	250,917	-	(987,444)	2,019,345
Furniture, fittings and office equipment	105,848	22,164	(23)	(40,160)	87,829
Renovation and electrical installation	212,981	13,895	-	(35,471)	191,405
	<u>11,187,032</u>	<u>355,833</u>	<u>(23)</u>	<u>(1,336,915)</u>	<u>10,205,927</u>

THE GROUP	At 1.1.2015 RM	Additions RM	Written Off RM	Depreciation Charge RM	At 31.12.2015 RM
2015					
Net book value					
Freehold land	700,000	-	-	-	700,000
Short-term leasehold land	1,748,199	-	-	(64,783)	1,683,416
Buildings	5,808,976	121,347	-	(201,408)	5,728,915
Plant and machinery	2,996,870	924,900	(8,193)	(1,157,705)	2,755,872
Furniture, fittings and office equipment	74,914	66,846	(5,270)	(30,642)	105,848
Renovation and electrical installation	158,024	70,198	-	(15,241)	212,981
	<u>11,486,983</u>	<u>1,183,291</u>	<u>(13,463)</u>	<u>(1,469,779)</u>	<u>11,187,032</u>

THE GROUP	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2016			
Freehold land	700,000	-	700,000
Short-term leasehold land	2,575,000	(956,366)	1,618,634
Buildings	8,218,152	(2,629,438)	5,588,714
Plant and machinery	26,055,977	(24,036,632)	2,019,345
Furniture, fittings and office equipment	470,471	(382,642)	87,829
Renovation and electrical installation	414,724	(223,319)	191,405
	<u>38,434,324</u>	<u>(28,228,397)</u>	<u>10,205,927</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

THE GROUP	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2015			
Freehold land	700,000	-	700,000
Short-term leasehold land	2,575,000	(891,584)	1,683,416
Buildings	8,149,295	(2,420,380)	5,728,915
Plant and machinery	25,880,060	(23,124,188)	2,755,872
Furniture, fittings and office equipment	448,330	(342,482)	105,848
Renovation and electrical installation	400,829	(187,848)	212,981
	<u>38,153,514</u>	<u>(26,966,482)</u>	<u>11,187,032</u>

The following property, plant and equipment at net book value pledged as securities for banking facilities granted to the Group as disclosed in Notes 20 and 21 to the financial statements:-

	THE GROUP	
	2016 RM	2015 RM
Freehold land	700,000	700,000
Short-term leasehold land	1,618,634	1,683,416
Buildings	5,588,714	5,728,915
	<u>7,907,348</u>	<u>8,112,331</u>

8. GOODWILL

	THE GROUP	
	2016 RM	2015 RM
At cost:-		
At 1 January/31 December	<u>1,792,432</u>	<u>1,792,432</u>

(a) The carrying amount of goodwill allocated to the cash-generating unit is as follows:-

	THE GROUP	
	2016 RM	2015 RM
Resin compound for wires and cables	<u>1,792,432</u>	<u>1,792,432</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

8. GOODWILL (Cont'd)

- (b) The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount is as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2016	2015	2016	2015	2016	2015
	%	%	%	%	%	%
Resin compound for wires and cables	8.5	7.9-8.3	4.0	4.5	8.3	11.2

- (i) Budgeted gross margin Average gross margin achieved in 2 financial years immediately before the forecast period.
- (ii) Growth rate Based on the estimated GDP growth for Malaysia forecast by World Bank.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trend in the cash-generating unit and are based on both external sources and internal historical data.

- (c) The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to be exceeded its recoverable amount.

9. AMOUNT OWING BY RELATED COMPANIES

	THE COMPANY	
	2016	2015
	RM	RM
Non-current:-		
Quasi loans		
Subsidiaries	-	2,270,000
Non-trade related balances		
Subsidiaries	2,198,406	2,473,674
	<u>2,198,406</u>	<u>4,743,674</u>
Current:-		
Non-trade related balances		
Subsidiaries	375,000	375,000
	<u>375,000</u>	<u>375,000</u>
	<u>2,573,406</u>	<u>5,118,674</u>

Quasi loans

Quasi loans represent payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any. During the financial year, quasi loans of RM2,270,000 had been capitalised by the subsidiaries by way of 2,270,000 shares of RM1.00 each issued to the Company.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

9. AMOUNT OWING BY RELATED COMPANIES (Cont'd)

Non-trade balances

The current and non-current portions are unsecured and bear interest rates ranging from 3.25% to 3.81% (2015: 3.25% and 3.81%) per annum.

Non-current portion represents amount not to be repayable within the next twelve months.

Current portion represents amount to be repayable on demand.

10. INVENTORIES

	THE GROUP	
	2016 RM	2015 RM
Raw materials	6,504,143	6,501,260
Finished goods	3,611,641	3,966,425
	<u>10,115,784</u>	<u>10,467,685</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	52,695,421	51,656,224
Amount written down to net realisable value	467,758	88,040
Reversal of inventories previously written down	(169,589)	(107,529)

11. TRADE RECEIVABLES

	THE GROUP	
	2016 RM	2015 RM
Trade receivables	10,065,291	7,673,236
Less: Allowance for impairment losses	(378,536)	(178,835)
	<u>9,686,755</u>	<u>7,494,401</u>
Allowance for impairment losses on trade receivable:-		
At 1 January	178,835	178,835
Addition during the year	199,701	-
At 31 December	<u>378,536</u>	<u>178,835</u>

The Group's normal trade credit terms ranging from 30 to 60 days (2015: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	18,593	112,416	-	-
Deposits	282,135	18,750	-	-
Prepayments	50,567	59,065	-	-
Goods and services tax recoverable	158,118	141,534	1,405	1,763
	<u>509,413</u>	<u>331,765</u>	<u>1,405</u>	<u>1,763</u>

13. AMOUNT OWING BY AN ASSOCIATE

	THE GROUP	
	2016 RM	2015 RM
<i>Current:-</i>		
<i>Trade related balances</i>		
Associate	<u>1,088,979</u>	<u>1,672,559</u>

The Group's normal trade credit terms granted to the above related party is 60 days (2015: 60 days). The amount owing is to be settled in cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of RM1,844,254 (2015: RM2,289,596) have been pledged with licensed banks as securities for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

The effective interest rate of fixed deposits at the end of the reporting period is at 2.94% (2015: 2.93%) per annum. The fixed deposits have maturity periods ranging from 7 days to 365 days (2015: 7 days to 365 days).

15. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2016 Number of shares	2015 Number of shares	2016 RM	2015 RM
ORDINARY SHARES OF RM0.10 EACH				
AUTHORISED	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
ISSUED AND FULLY PAID-UP	<u>150,400,000</u>	<u>150,400,000</u>	<u>15,040,000</u>	<u>15,040,000</u>

16. RESERVES

16.1 Share Premium

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

16. RESERVES (Cont'd)

16.2 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the Group's share of an associate's foreign currency translation differences.

16.3 Retained profits

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

17. DEFERRED TAX LIABILITIES

The Group	At 1.1.2016 RM	Recognised in Profit or Loss (Note 24) RM	At 31.12.2016 RM
2016			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	1,037,000	(298,000)	739,000
<i>Deferred Tax Assets</i>			
Unutilised capital allowances	(41,000)	(30,000)	(71,000)
Unabsorbed business losses	(101,000)	4,000	(97,000)
Unutilised reinvestment allowances	(360,000)	27,000	(333,000)
	(502,000)	1,000	(501,000)
	535,000	(297,000)	238,000

The Group	At 1.1.2015 RM	Recognised in Profit or Loss (Note 24) RM	At 31.12.2015 RM
2015			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	973,000	64,000	1,037,000
<i>Deferred Tax Assets</i>			
Unutilised capital allowances	(91,000)	50,000	(41,000)
Unabsorbed business losses	(101,000)	-	(101,000)
Unutilised reinvestment allowances	-	(360,000)	(360,000)
	(192,000)	(310,000)	(502,000)
	781,000	(246,000)	535,000

18. TRADE PAYABLES

The normal trade credit terms granted to the Group ranging from 30 to 60 days (2015: 30 to 60 days). Other credit terms are granted on a case-by-case basis.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

19. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	473,225	954,097	16,278	-
Accrued expenses	290,354	253,140	83,700	88,250
Payroll liabilities	160,981	144,962	-	-
	<u>924,560</u>	<u>1,352,199</u>	<u>99,978</u>	<u>88,250</u>

20. BANKERS' ACCEPTANCE

Bankers' acceptance is drawn for a period of up to 150 days (2015: 150 days). Interest is charged at rates ranging from 3.15% to 5.32% (2015: 3.76% to 5.36%) per annum.

Bankers' acceptance is secured as follows:-

- (i) by legal charges over the Group's and a related party's landed properties;
- (ii) by a pledge of the fixed deposits of the Group; and
- (iii) by corporate guarantee from the Company.

21. BANK OVERDRAFTS

In the previous financial year, bank overdrafts of the Group bore floating interest rate of 8.10% per annum and are secured in the same manner as the bankers' acceptance as disclosed in Note 20 to the financial statements.

22. REVENUE

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	57,639,114	56,225,679	-	-
Management fees	-	-	120,000	120,000
	<u>57,639,114</u>	<u>56,225,679</u>	<u>120,000</u>	<u>120,000</u>

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

23. PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax is arrived at after charging/(crediting):-				
Auditors' remuneration				
- audit fees	65,000	60,000	25,000	21,000
- non-audit fees	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment (Note 7)	1,336,915	1,469,779	-	-
Directors' remuneration (Note 27)	536,330	501,080	60,000	71,650
Equipment written off	-	13,463	-	-
Allowance for impairment losses on trade receivables	199,701	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bankers' acceptance	512,727	410,389	-	-
- bank overdrafts	10,161	23,277	-	-
Loss on foreign exchange - realised	23,423	-	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	3,895,804	3,435,994	-	-
- defined contribution plan	380,052	320,470	-	-
Gain on disposal of plant and equipment	(10,000)	-	-	-
Gain on foreign exchange - realised	-	(865,586)	-	-
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposits with licensed banks	(271,699)	(129,369)	-	-
- imputed interest income recognised under MFRS 139	-	-	(99,731)	(108,795)
- others	(321)	(537)	(117)	(185)

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

24. TAX EXPENSE

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax				
- Current year	558,400	678,000	3,400	2,000
- (Over)/Under provision in prior year	(7,626)	4,472	(118)	795
	<u>550,774</u>	<u>682,472</u>	<u>3,282</u>	<u>2,795</u>
Deferred taxation (Note 17)				
- Origination and recognition of temporary differences	(114,000)	(72,000)	-	-
- (Over)/Under provision in prior year	(183,000)	177,000	-	-
- Recognition of deferred tax assets previously not recognised	-	(351,000)	-	-
	<u>(297,000)</u>	<u>(246,000)</u>	<u>-</u>	<u>-</u>
	<u>253,774</u>	<u>436,472</u>	<u>3,282</u>	<u>2,795</u>

Subject to agreement with the tax authorities, at the end of the reporting period, the unutilised capital allowances, unutilised reinvestment allowances and unabsorbed business losses of the Group are as follows:

	THE GROUP	
	2016 RM	2015 RM
Unutilised capital allowances	296,000	166,000
Unutilised reinvestment allowances	8,121,000	8,121,000
Unabsorbed tax losses	402,000	402,000
	<u>8,819,000</u>	<u>8,689,000</u>

The unabsorbed tax losses and unutilised capital allowances do not expire under current tax legislation. However, the availability of unabsorbed tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

24. TAX EXPENSE (Cont'd)

Reconciliations of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rates of the Group and of the Company are as follows:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	1,411,025	1,982,087	1,068	8,799
Malaysian tax at statutory rate	338,646	495,522	256	2,200
Tax effects of:-				
Effect of foreign tax rate in foreign jurisdiction	(6,993)	56,200	-	-
Non-deductible expenses	123,107	112,384	27,107	27,000
Non-taxable income	(52,360)	(58,106)	(23,963)	(27,200)
(Over)/Under provision of income tax in prior year	(7,626)	4,472	(118)	795
(Over)/Under provision of deferred tax in prior year	(183,000)	177,000	-	-
Recognition of deferred tax previously not recognised	-	(351,000)	-	-
Deferred tax asset not recognised during the financial year	42,000	-	-	-
	253,774	436,472	3,282	2,795

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 – 25%) of the estimated assessable profit for the financial year.

25. EARNINGS PER SHARE

	THE GROUP	
	2016	2015
Earnings attributable to owners of the Company (RM)	1,157,251	1,545,615
Weighted average number of ordinary shares	150,400,000	150,400,000
Basic earnings per share (sen)	0.77	1.03

No disclosure on diluted earnings per share as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

26. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed deposits with licensed banks (Note 14)	7,587,254	10,986,096	-	-
Cash and bank balances	2,551,831	2,921,811	464,393	177,853
Bank overdrafts (Note 21)	-	(228,874)	-	-
	10,139,085	13,679,033	464,393	177,853
Less: Fixed deposits pledged to licensed banks	(1,844,254)	(2,289,596)	-	-
	8,294,831	11,389,437	464,393	177,853

As disclosed in Note 14 to the financial statements, fixed deposits of the Group totalling of RM1,844,254 (2015: RM2,289,596), that have been pledged to banks for banking facilities granted to certain subsidiaries are not available for general use by the Group other than to meet the obligations under the banking facilities.

27. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and the Company include executive directors and non-executive directors of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors				
<u>Directors of the Company</u>				
Executive Directors:				
Short-term employee benefits				
- Salaries, bonuses and other benefits	432,440	390,440	3,000	3,000
- Defined contribution benefits	46,890	41,990	-	-
	479,330	432,430	3,000	3,000
Non-executive Directors:				
Short-term employee benefits				
- Fee	53,700	63,250	53,700	63,250
- Allowance	3,300	5,400	3,300	5,400
	57,000	68,650	57,000	68,650
Total directors' remuneration (Note 23)	536,330	501,080	60,000	71,650

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

27. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Number of Directors		Number of Directors	
Executive Directors				
Below RM50,000	-	-	2	2
RM200,001 – RM250,000	1	2	-	-
RM250,001 – RM300,000	1	-	-	-
Non-executive Directors				
Below RM50,000	3	4	3	4
	<u>5</u>	<u>6</u>	<u>5</u>	<u>6</u>

28. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP	
	2016	2015
	RM	RM
Associate		
Sales of goods	2,004,235	2,369,913
Companies in which certain directors have interests		
Compounding charges paid/payable	11,698	21,933
Purchase of goods	1,038,724	2,526,516
Sales of goods	<u>752,830</u>	<u>2,596,671</u>
	THE COMPANY	
	2016	2015
	RM	RM
Subsidiaries		
Management fee received/receivable	120,000	120,000
Imputed interest income recognised under MFRS 139	<u>99,731</u>	<u>108,795</u>

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

29. CONTINGENT LIABILITY

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	THE COMPANY	
	2016	2015
	RM	RM
Unsecured:		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	31,100,000	38,100,000

30. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group's managing director in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three main reportable segments as follows:-

- Resin compound for wires and cables – involved in business of manufacturing polyethylene compound for wire and cable insulation and jacketing.
- Resin compound for other industries – compounding of plastic master batches, polymer additives, plastic compounds and composites.
- Others – management services.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

30. OPERATING SEGMENTS (Cont'd)

(a) BY BUSINESS SEGMENT:-

2016

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
SEGMENT REVENUE					
Revenue from external customers	45,911,674	11,727,440	-	-	57,639,114
Inter-segment revenue	713,991	4,761,951	120,000	(5,595,942)	-
Total revenue	<u>46,625,665</u>	<u>16,489,391</u>	<u>120,000</u>	<u>(5,595,942)</u>	<u>57,639,114</u>
SEGMENT RESULTS					
Segment results	2,130,011	(41,616)	(98,663)	-	1,989,732
Finance costs					(607,844)
Share of results in associate					29,137
Profit before tax					<u>1,411,025</u>
Tax expense					(253,774)
Profit after tax					<u>1,157,251</u>
Segment profit before interest and tax includes the followings:-					
Allowance for impairment losses on trade receivables	-	199,701	-	-	199,701
Depreciation of property, plant and equipment	792,994	543,921	-	-	1,336,915
Interest expense	376,796	364,145	-	(218,053)	522,888
Loss on foreign exchange	8,320	15,103	-	-	23,423
Interest income	(362,171)	(28,054)	(99,848)	218,053	(272,020)
Inventory written down to net realisable value	376,512	91,246	-	-	467,758
Reversal of inventories previously written down	(156,486)	(13,103)	-	-	(169,589)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

30. OPERATING SEGMENTS (Cont'd)

(a) BY BUSINESS SEGMENT (Cont'd):-

2016

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Segment assets	32,498,243	13,800,188	3,039,204	(5,799,260)	43,538,375
Investment in an associate					8,008,123
Current tax assets					87,836
Consolidated total assets					<u>51,634,334</u>
Additions to non-current assets other than financial instruments are:-					
Plant and equipment	<u>262,259</u>	<u>93,574</u>	-	-	<u>355,833</u>
Segment liabilities	14,618,616	7,674,355	99,978	(5,799,260)	16,593,689
Deferred tax liabilities					238,000
Consolidated total liabilities					<u>16,831,689</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

30. OPERATING SEGMENTS (Cont'd)

(a) BY BUSINESS SEGMENT (Cont'd):-

2015

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
SEGMENT REVENUE					
Revenue from external customers	40,582,443	15,643,236	-	-	56,225,679
Inter-segment revenue	3,320,305	3,640,406	120,000	(7,080,711)	-
Total revenue	<u>43,902,748</u>	<u>19,283,642</u>	<u>120,000</u>	<u>(7,080,711)</u>	<u>56,225,679</u>
SEGMENT RESULTS					
Segment results	2,443,730	405,149	(99,996)	-	2,748,883
Finance costs					(541,933)
Share of results in associate					(224,863)
Profit before tax					<u>1,982,087</u>
Tax expense					(436,472)
Profit after tax					<u><u>1,545,615</u></u>
Segment profit before interest and tax includes the followings:-					
Depreciation of property, plant and equipment	868,875	600,904	-	-	1,469,779
Interest expense	301,305	364,311	-	(231,950)	433,666
Gain on foreign exchange	(340,164)	(525,422)	-	-	(865,586)
Interest income	(230,504)	(22,372)	(108,980)	231,950	(129,906)
Inventory written down to net realisable value	86,769	1,271	-	-	88,040
Reversal of inventories previously written down	(54,281)	(53,248)	-	-	(107,529)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

30. OPERATING SEGMENTS (Cont'd)

(a) BY BUSINESS SEGMENT (Cont'd):-

2015

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Segment assets	33,372,106	16,568,300	3,028,290	(6,114,915)	46,853,781
Investment in an associate					8,145,531
Consolidated total assets					<u>54,999,312</u>
Additions to non-current assets other than financial instruments are:-					
Plant and equipment	224,490	958,801	-	-	1,183,291
Segment liabilities	16,540,338	10,066,800	88,250	(6,114,915)	20,580,473
Current tax liabilities					71,900
Deferred tax liabilities					535,000
Consolidated total liabilities					<u>21,187,373</u>

The Group's assets are located in Malaysia and the cost of acquisition of property, plant and equipment arose from Malaysia.

(b) GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located:-

	2016 RM	2015 RM
SALES REVENUE		
Malaysia	46,352,269	43,468,540
Other ASEAN countries	7,279,070	6,095,314
Other Asian countries	2,066,135	2,819,131
Europe	1,632,347	3,442,560
Others	309,293	400,134
	<u>57,639,114</u>	<u>56,225,679</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

30. OPERATING SEGMENTS (Cont'd)

(c) MAJOR CUSTOMERS

The following are major customers with revenue equals to or more than 10% of the Group's total revenue:-

	2016 RM'000	2015 RM'000	Segment
Customer #1	13,603	10,736	Resin compound for wires, cables, and other industries
Customer #2	7,324	6,512	Resin compound for wires and cables
Customer #3	6,134	-	Resin compound for wires and cables

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

31.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

THE GROUP 2016	USD RM	EUR RM	OTHERS RM
Financial assets			
Trade receivables	88,455	208,061	211,402
Amount owing by an associate	1,088,979	-	-
Cash and bank balances	218,670	99,906	4,734
	1,396,104	307,967	216,136
Financial liabilities			
Trade payables	(525,408)	-	-
Bankers' acceptance	(1,936,567)	-	-
	(2,461,975)	-	-
Net currency exposure	(1,065,871)	307,967	216,136

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

THE GROUP 2015	USD RM	EUR RM	OTHERS RM
Financial assets			
Trade receivables	323,439	221,825	112,209
Amount owing by an associate	1,672,559	-	-
Cash and bank balances	479,563	87,395	39,629
Fixed deposits with licensed banks	643,500	-	-
	3,119,061	309,220	151,838
Financial liabilities			
Trade payables	(1,245,658)	-	(21,764)
Bankers' acceptance	(3,319,607)	-	-
	(4,565,265)	-	(21,764)
Net currency exposure	(1,446,204)	309,220	130,074

Foreign currency risk sensitivity analysis

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

	THE GROUP	
	2016 RM	2015 RM
Effects on profit after tax		
USD/RM - strengthened by 4% (2015 : 23%)	(32,402)	(249,470)
- weakened by 4% (2015 : 23%)	32,402	249,470
EUR/RM - strengthened by 1% (2015 : 10%)	2,341	23,192
- weakened by 1% (2015 : 10%)	(2,341)	(23,192)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from short-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk that based on the carrying amounts of the financial liabilities at the end of the reporting period is disclosed in Notes 20 and 21 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	THE GROUP	
	2016	2015
	RM	RM
Effects on profit after tax		
Increase of 25 basis points (2015: 25 basis points)	(23,176)	(17,313)
Decrease of 25 basis points (2015: 25 basis points)	23,176	17,313

(iii) Equity Price Risk

The Group does not have any quoted investment and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by transacting with the established obliged multinational companies. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 to 60 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to all subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by four (4) (2015: 3) significant customers which constituted approximately 66% (2015: 57%) of its trade receivables (including related parties) as at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Credit Risk Concentration Profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	THE GROUP	
	2016 RM	2015 RM
Malaysia	9,178,836	6,836,928
China	1,088,979	1,672,559
Europe	191,058	236,294
Others	316,861	421,179
	<u>10,775,734</u>	<u>9,166,960</u>

Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

Ageing analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2016			
Not past due	6,429,064	-	6,429,064
Past due:-			
- less than 3 months	3,667,413	-	3,667,413
- 3 to 6 months	678,727	-	678,727
- over 6 months	200,231	(199,701)	530
- more than 1 year	178,835	(178,835)	-
	<u>11,154,270</u>	<u>(378,536)</u>	<u>10,775,734</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2015			
Not past due	6,291,597	-	6,291,597
Past due:-			
- less than 3 months	2,037,347	-	2,037,347
- 3 to 6 months	838,016	-	838,016
- more than 1 year	178,835	(178,835)	-
	9,345,795	(178,835)	9,166,960

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

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2016				
Trade payables	-	4,663,710	4,663,710	4,663,710
Other payables and accruals	-	924,560	924,560	924,560
Bankers' acceptance	3.15-5.32	11,005,419	11,005,419	11,005,419
		16,593,689	16,593,689	16,593,689

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2015				
Trade payables	-	4,852,389	4,852,389	4,852,389
Other payables and accruals	-	1,352,199	1,352,199	1,352,199
Bank overdrafts	8.10	228,874	228,874	228,874
Bankers' acceptance	3.76-5.36	14,147,011	14,147,011	14,147,011
		<u>20,580,473</u>	<u>20,580,473</u>	<u>20,580,473</u>

THE COMPANY	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
-------------	--------------------------------------	--------------------------	---	------------------------

2016

Other payables and accruals	-	<u>99,978</u>	<u>99,978</u>	<u>99,978</u>
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2015

Other payables and accruals	-	<u>88,250</u>	<u>88,250</u>	<u>88,250</u>
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31.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Capital Risk Management (Cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2016	2015
	RM	RM
Bankers' acceptance (Note 20)	11,005,419	14,147,011
Bank overdrafts (Note 21)	-	228,874
	<u>11,005,419</u>	<u>14,375,885</u>
Less: Fixed deposits with licensed banks (Note 14)	(7,587,254)	(10,986,096)
Less: Cash and bank balances	(2,551,831)	(2,921,811)
	<u>866,334</u>	<u>467,978</u>
Net debt	<u>866,334</u>	<u>467,978</u>
Total equity	<u>34,802,645</u>	<u>33,811,939</u>
Debt-to-equity ratio	<u>0.02</u>	<u>0.01</u>

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

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.3 Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
<u>Loans and Receivables Financial Assets</u>				
Amount owing by related companies (Note 9)	-	-	2,573,406	5,118,674
Trade receivables (Note 11)	9,686,755	7,494,401	-	-
Other receivables and deposits (Note 12)	300,728	131,166	-	-
Amount owing by an associate (Note 13)	1,088,979	1,672,559	-	-
Cash and bank balances	2,551,831	2,921,811	464,393	177,853
	<u>13,628,293</u>	<u>12,219,937</u>	<u>3,037,799</u>	<u>5,296,527</u>
<u>Held-to-maturity Financial Asset</u>				
Fixed deposits with licensed banks (Note 14)	7,587,254	10,986,096	-	-
Financial liabilities				
<u>Other Financial Liabilities</u>				
Trade payables (Note 18)	4,663,710	4,852,389	-	-
Other payables and accruals (Note 19)	924,560	1,352,199	99,978	88,250
Bankers' acceptance (Note 20)	11,005,419	14,147,011	-	-
Bank overdrafts (Note 21)	-	228,874	-	-
	<u>16,593,689</u>	<u>20,580,473</u>	<u>99,978</u>	<u>88,250</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.4 Fair Values Measurements

At the end of the reporting period, the fair value of the financial assets and financial liabilities maturity within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

As the Group does not have any financial instruments carried at fair value. The following table sets out only the fair value profile of the financial instruments that are not carried at fair value at the end of the reporting period:-

Company	Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM		
2016					
<u>Financial Asset</u>					
Amount owing by related companies	-	-	2,891,908	2,891,908	2,573,406
2015					
<u>Financial Asset</u>					
Amount owing by related companies	-	-	5,509,369	5,509,369	5,118,674

Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using cash flow projections discounted at rates ranging from 3.25% to 3.81% (2015 – 3.25% to 3.81%).

32. MATERIAL LITIGATION

Pursuant to a Writ and Statement of Claim dated 3 August 2016, the Company's wholly owned subsidiary, Plascable Polymer Sdn Bhd ("PPSB") had initiated legal proceedings against its trade debtor - Power Cables Malaysia Sdn Bhd ("PCM") in relation to unpaid invoices in the amount of RM199,700.92 (together with interest thereon) in regard to PPSB's supply of goods to PCM. The unpaid invoices were issued pursuant to PCM's purchase orders and PPSB's delivery orders.

However, PCM responded to the legal suit by denying PPSB's claim and further initiated a counter-claim against PPSB pursuant to their Defence and Counter-Claim dated 13 September 2016 in the amount of RM8,269,816 together with interest at 5% per annum for amongst others:-

- i) voltage failures caused by the goods supplied by PPSB to PCM;
- ii) loss of sales of the end product of the goods supplied by PPSB to PCM; and
- iii) losses due to the cancellation of retention of funds with PCM's vendors.

Having considered the facts, documentary evidence and advice from PPSB's external legal advisors, the Company is of the view that PPSB has a complete defence against PCM's alleged counter claim and will defend the counter-claim by PCM and pursue recovery of the debt due from PCM vigorously.

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

33. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Statement of Cash Flows (Extract):-		
<u>Changes in working capital</u>		
Decrease in amount owing by an associate	1,272,088	-
Decrease in amount owing (to)/by a related party	(745,909)	526,179
<u>Cash flows from/(for) investing activities</u>		
Placement of fixed deposits pledged	(69,627)	-
Cash and cash equivalents at beginning of the financial year	2,943,155	5,163,124
Cash and cash equivalents at end of the financial year	<u>11,389,437</u>	<u>13,679,033</u>

Plastrade Technology Berhad (591077-X)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

34. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as follows:-

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/(accumulated losses):				
- realised	14,246,544	13,248,885	(1,942,076)	(1,939,862)
- unrealised	(238,000)	(535,000)	-	-
	14,008,544	12,713,885	(1,942,076)	(1,939,862)
Total share of retained profits of associate:				
- realised	2,174,024	2,144,887	-	-
- unrealised	1,618,709	1,785,254	-	-
	17,801,277	16,644,026	(1,942,076)	(1,939,862)
Less: Consolidation adjustments	(5,739,794)	(5,739,794)	-	-
At 31 December	12,061,483	10,904,232	(1,942,076)	(1,939,862)

Plastrade Technology Berhad (591077-X)

LIST OF PROPERTIES

A summary of the Group's properties as at 31 December 2016 is as follows:-

Title No. / Location / Postal Address	Description/ Existing Use	Tenure / Date of Expiry of Leasehold Land	Date of Acquisition	Approximate Age of Building (years)	Land Area (square feet)	Built-up Area (square feet)	NBV as at 31 December 2016 RM
H S (D) 177841 Lot PTD No.52064 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim No. 5 Jalan Firma 2/2 Tebrau Industrial Estate 1 81100 Johor Bahru Johor Darul Takzim	Single storey detached factory with 2-storey office annex and a guard house	Freehold	31 July 2002	24 years	30,832	28,372	1,742,381
Lot PTD No. 76050 PLO 264 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim PLO 264 Jalan Firma 3 Tebrau Industrial Estate IV 81100 Johor Bahru Johor Darul Takzim	3 Blocks :- Block A (Single-storey detached factory with 3-storey office annex) Block B (1 ½-storey detached Factory) Block C (Single-storey detached Warehouse) Guard house and TNB substation	60 year leasehold/ Expiring on 14 July 2057	02 January 2002	17 years	94,133	69,378	5,283,729
H S (D) 270909 Lot PTD No. 68791 PLO 133 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim PLO 133, Jalan Firma 1/5 Tebrau Industrial Estate I 81100 Johor Bahru Johor Darul Takzim	Single storey detached warehouse with 2-storey integral office	30 year leasehold/ Expiring on 13 November 2025	19 February 2002	19 years	36,011	9,216	881,238

Plastrade Technology Berhad (591077-X)

ANALYSIS OF SHAREHOLDINGS**SHARE CAPITAL AS AT 31 MARCH 2017**

Issued and paid up capital : RM15,040,000-00 comprised of 150,400,000 ordinary shares fully paid
 Class of shares : Ordinary shares
 Voting rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS ACCORDING TO STATISTICAL SUMMARY OF THE RECORD OF DEPOSITORS AS AT 31 MARCH 2017

No. of holders	Size of shareholdings	No. of shares held	%
8	Less than 100 shares	303	0.00
196	100 to 1,000 shares	166,800	0.11
596	1,001 to 10,000 shares	3,698,400	2.46
461	10,001 to 100,000 shares	17,737,000	11.80
80	100,001 to less than 5% of issued shares	57,851,241	38.46
2	5% and above of issued shares	70,946,256	47.17
1,343	TOTAL	150,400,000	100.00

LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2017

No.	Name of shareholders	No. of shares held	%
1	PUA KONG HOI	53,982,156	35.89
2	AXD SYSTEM GLOBAL SDN BHD	16,964,100	11.28
3	TEE YEN CHONG	6,489,900	4.32
4	KHOO AI LIAN	5,953,300	3.96
5	WBW E BIT TRADE SDN BHD	5,000,900	3.33
6	LOW MAI KIN	2,995,000	1.99
7	SEOW YONG HAU	2,598,300	1.73
8	LEE CHEE HOON	2,497,300	1.66
9	TEE SAY HONG	2,397,200	1.59
10	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUA KONG HOI	1,687,000	1.12
11	LEE WEE TECK	1,479,000	0.98
12	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING HENG SEEK	1,231,100	0.82
13	TENG CHEE KUAN	1,200,000	0.80
14	ONG YAP MIN	1,150,000	0.76
15	NG GEAK HONG	1,102,000	0.73
16	HO KAR KOK	1,062,725	0.71
17	HO KAR KOK	1,019,216	0.68
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEONG HO LENG	1,000,000	0.66
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN SEW CHING	1,000,000	0.66
20	TEO CHIN SIONG	1,000,000	0.66
21	YIP HENG SWEE	1,000,000	0.66
22	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG HWEE CHIN	770,000	0.51
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW THIAM HOOI	720,000	0.48
24	CHANG AH TEE	700,000	0.47
25	TEOH HIN HENG	586,000	0.39

Plastrade Technology Berhad (591077-X)

ANALYSIS OF SHAREHOLDINGS (Cont'd)**LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2017 (Cont'd)**

No.	Name of shareholders	No. of shares held	%
26	LIM KOK HOOI	550,000	0.37
27	KONG HOCK LENG	500,000	0.33
28	TA NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM YEE FOONG	500,000	0.33
29	TAN YONG MING	500,000	0.33
30	LEE KOK HOONG	480,000	0.32
TOTAL		118,115,197	78.52

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

(As per Register of Substantial Shareholders)

No.	Name of shareholders	No. of shares held			
		Direct Interest	%	Deemed Interest	%
1	PUA KONG HOI	55,669,156	37.01	-	-
2	AXD SYSTEM GLOBAL SDN BHD	16,964,100	11.28	-	-
3	LUI LEONG ENG**	-	-	16,964,100	11.28

**Deemed interested via AXD System Global Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

DIRECTORS SHAREHOLDINGS AS AT 31 MARCH 2017

(As per Register of Directors' Shareholding)

No.	Name of shareholders	No. of shares held			
		Direct Interest	%	Deemed Interest	%
1	PUA KONG HOI	55,669,156	37.01	-	-
2	TENG CHEE KUAN (f)	1,200,000	0.80	-	-
3	CHOW KWAI FONG	-	-	-	-
4	VINCENT WONG SOON CHOY	-	-	-	-
5	NG KOK CHAI	-	-	-	-



塑易新科技有限公司
PLASTRADE TECHNOLOGY BERHAD
(Company no. : 591077-X)

PROXY FORM

I/We _____ (Nric No. _____)
of (full address) _____
a member / members of PLASTRADE TECHNOLOGY BERHAD hereby appoint

Name of Proxy (Full Name)	NRIC No. / Passport No.	% of Shareholding to be Represented (Refer to Note ii)
Address		

*and/or failing him/her

Name of Proxy (Full Name)	NRIC No. / Passport No.	% of Shareholding to be Represented (Refer to Note ii)
Address		

as *my/our proxy to vote for *me/us and on *my/our behalf at the 15th Annual General Meeting of the Company to be held on Friday, the 26th day of May, 2017 at 9.30 am and at every adjournment thereof to vote as indicated below in respect of the following Resolutions:-

ORDINARY BUSINESS		FOR	AGAINST
Ordinary Resolution 1	Re-election of Mr Vincent Wong Soon Choy		
Ordinary Resolution 2	Re-election of Mr Ng Kok Chai		
Ordinary Resolution 3	Re-appointment of Mr Chow Kwai Fong		
Ordinary Resolution 4	Approval of Directors' Fees		
Ordinary Resolution 5	Approval of Directors' Benefit		
Ordinary Resolution 6	Re-appointment of Auditors		
SPECIAL BUSINESS			
Ordinary Resolution 7	Proposed Retention of Independent Director - Mr Chow Kwai Fong		
Ordinary Resolution 8	Authority to allot and issue shares Pursuant to Section 75 & 76 of the Companies Act, 2016.		
Ordinary Resolution 9	Proposed Shareholders' Mandate for RRPT		
Ordinary Resolution 10	Proposed Renewal of Share Buy-Back Mandate		

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

Dated this _____ day of _____ 2017

No. of shares held : _____

Signature of member/s

NOTES :

- Pursuant to Section 334 of the Companies Act, 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
- A member may appoint more than one (1) proxy to attend the meeting provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. A proxy may, but need not be a member of the Company. A Member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80000 Johor Bahru, Johor DarulTakzim not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2017, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Fold along this line (1)

Postage

THE COMPANY SECRETARY
PLASTRADE TECHNOLOGY BERHAD (591077-X)

Suite 5.11 & 5.12
5th Floor, Menara TJB
No.9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru,
Johor Darul Takzim

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塑易新科技有限公司
PLASTRADE TECHNOLOGY BERHAD
(591077-X)

PLO 264, Jalan Firma 3, Tebrau Industrial Estate IV,
81100 Johor Bahru, Johor Darul Takzim, Malaysia.
Tel: (607) 352 3899 Fax: (607) 351 2882 / 352 8989
Website : www.plastrade-technology.com
Email : ptb@plastrade-technology.com