



MASTER-PACK

GROUP BERHAD 297020-W

SYNERGISING
FOR SUCCESS



ANNUAL REPORT 2017

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Enclosed Proxy Form



Group Financial Highlights

Year Ended 31 December

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	68,924	76,751	74,463	82,465	115,960
EBITA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	9,516	9,736	7,193	7,132	9,507
Profit Before Tax	6,009	6,297	3,736	3,512	5,387
Profit After Tax	4,723	4,833	2,734	2,556	3,936
Net profit Attributable to Owners of the Company	4,720	4,874	2,872	3,067	3,945
Total Assets	78,542	88,533	90,378	93,648	107,884
Total Loans and Borrowings	15,375	14,757	8,938	11,069	18,832
Shareholders' Equity	53,634	63,139	69,560	72,103	75,517
Capital Expenditure	969	2,436	2,687	1,182	1,014
Earnings per share	9.51 sen	9.82 sen	5.38 sen	5.62 sen	7.22 sen
Net assets per share	RM1.08	RM1.27	RM1.27	RM1.32	RM1.38



Corporate Information

As At 16 March 2018

BOARD OF DIRECTORS

DATO' SYED MOHAMAD BIN SYED MURTAZA *Executive Chairman*

MR. CHEW HOCK LIN *Independent and Non-Executive Director*

DATO' SERI KHOR TENG TONG *Independent and Non-Executive Director*

EN. AMINUDDIN BIN SAAD *Independent and Non-Executive Director*

PUAN NAZRIAH BINTI SHAIK ALAWDIN *Non-Independent and Non-Executive Director*

DR. JUNID BIN ABU SAHAM *Independent and Non-Executive Director*

COMPANY SECRETARIES

Mr. Lee Peng Loon
(MACS 01258)

Ms. P'ng Chiew Keem
(MAICSA 7026443)

REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya, Selangor.
Tel : 03 - 7784 3922
Fax : 03 - 7784 1988

AUDITORS

Crowe Horwath AF1018
Chartered Accountants
Level 6, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Penang.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Market

SHARE CAPITAL

No. of ordinary shares : 54,620,150
Issued & Paid-Up : RM55,339,000
Class of Share : Ordinary shares
Voting Right : One voting right for one ordinary share
Number of Shareholders : 2405

REGISTERED OFFICE

51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.
Tel : 04 - 210 8833
Fax : 04 - 210 8831

WEBSITE

<http://www.master.net.my>

PRINCIPAL BANKERS

Malayan Banking Berhad
Penang Main Branch,
No. 9, Lebuhr Union,
10200 Penang.

HSBC Bank Malaysia Berhad
No. 1, Downing Street,
10300 Penang.



Company Profile

AN OVERVIEW OF MASTER-PACK GROUP BERHAD BUSINESS OPERATIONS

Master-Pack Group Berhad (“MPG”) and its subsidiaries are primarily engaged in the business of manufacturing corrugated cartons and providing one-stop packaging solutions to its customers. The Master-Pack Group of companies has over the last 26 years, made a name for itself as an innovative niche market player in the packaging industry.

The two main company subsidiaries’ packaging plants are located in Nibong Tebal and Sungai Baong, Penang in the northern region of West Malaysia and Kuching, Sarawak in East Malaysia. In addition, it has an associated company, Richmond Technology Sdn. Bhd. located in Kota Bahru, Kelantan the east coast of West Malaysia. Another associate, Excelfood Pack Sdn. Bhd. is located in Seberang Perai, Penang.

The packaging plants are strategically located to service both east and west Malaysia markets. There is a warehouse in Bayan Lepas, Penang for Just-in time delivery to customers as part of our Total Packaging Solutions Services.

VISION AND MISSION

Our vision is to be the “Preferred Total Packaging Solutions Provider”. Our mission statement is “We are in the Business of Providing Total Packaging Solutions in Partnership with Our Customers”.

The vision and mission are communicated internally through various mechanisms within the company such as the employee handbook to all employees within the Group.

CORE VALUES

- EXCEL IN SERVING OUR CHOSEN MARKETS

The Company focuses its resources and services to the best of its abilities and therein practices customer centric, earmarking on the Pareto Principle 80-20 rule. We specialize in customized packaging and as such we attend to customers and work closely to understand the pertinent needs to that customer, wherever possible, in order to innovate packaging best suited for each individual customer. We are a customer focused company as evidenced by our total concentration in one area of industry that is customized packaging solution for our customers. We do not sell retail products to public customers. As such our website only state details where each of our companies may be contacted.

- DELIVER HIGH QUALITY AND VALUED PRODUCTS TO OUR CUSTOMERS

Our strength lies in being professionally knowledgeable in many aspects of the business such as in design, in suitable materials and reengineering. We are one of the pioneers to obtain accreditation for ISO 14001:2004 Environment Management System signifying our commitment in doing what we think is ethically right from the start. We serve domestic and international customers adhering to high standards, conditions and structures demanded by multi-national customers.

- CARE FOR THE WELFARE OF OUR EMPLOYEES

The Company take cognizance that the strength and the well-being of its employees are of utmost importance. As such, it embraces that cross diversity can help a company to galvanize the multi-faceted mix of age, gender, race and thus has created a harmonious conducive industrial climate to garner the strength of its diverse workforce by providing fair and equitable employment terms and opportunities. Towards this end, the Company tries to inculcate a good and enjoyable work environment whilst embedding adequate measures on operational and safety procedures. The Company involves all level of employees in organizing major events i.e. company annual dinners to inculcate a culture of inclusiveness which encourages employees to mingle freely and cohesively to nurture team spirit and synergy.

As part of “work life benefits” provided by the group, employees are allowed two days paternity leave per year up to the fifth child and a maximum of six days exam leave for those motivated to gain professional qualifications. Two days compassionate leave is also provided for bereavement on the demise of the spouse, parent, grandparent, brother, sister or child of the employee including in-law.

CORE VALUES (cont'd)

- SERVE THE INTERESTS OF OUR SHAREHOLDERS AND STAKEHOLDERS

It is our core value that we serve the best interests of all parties who are concerned with and have interest in Master-Pack's continuous growth of business and well-being. We are focused on serving the interests of our shareholders who are after all, the owners of the company. Our shareholders are primarily interested in the return of their investments in terms of Master-Pack's profitability or dividends distributed. In a nutshell, our shareholders are interested in us, maximizing their shareholders value whilst the other stakeholders are very interested in the total well-being of our company.

- CONTRIBUTE TO OUR SOCIETY

The Company believes in interacting with the community in which it operates its business. It has been our practice and our corporate social responsibility of offering people living around us the first right of refusal to work for our production facilities. We also offer people around us part time jobs when available. We provide Industrial Training Program and hence accept under-graduates from colleges and universities to gain hands-on experience in selected fields of study related to packaging business.

PRODUCTS AND SERVICES

Corrugated cartons manufactured by the Company's plants are fully recyclable products. Please refer to our company website www.master.net.my to pre-view samples of the various models of corrugated products manufactured by our company.

Our packaging is designed holistically with the product of our clients in mind in order to optimize overall environment performance; using clean production technologies and best practices; optimizing raw materials and energy. The packaging that we produce would be designed to be effective, beneficial and safe for users and communities throughout its life cycle and where possible, we aim at reducing the weight and volume of the packaging itself. We work to ensure our packaging meets market criteria for performance and cost as well as qualitatively meeting our customer's choices and expectations.

Services provided to our current customers include one stop packaging solution, warehousing as well as Vendor Managed Inventory.

BUSINESS SUSTAINABILITY

Packaging will always be in demand as packaging is required to protect and transport goods from one point to another and for many other purposes such as providing marketing appeal and information on the goods the package covers. There are many types and forms of packaging using different materials.

Packaging using paper is by and large very versatile. The process and techniques of corrugating can transform paper into all kinds of shapes and forms that are not only strong but attractive in design. Corrugated materials can also be made into other usable articles such as paper plates and cups and even furniture.

Packaging using corrugated cartons has attracted much interest lately as the public is now more aware and more informed of the dangers that affect the ozone, the contamination and depletion of natural resources and the warming up of the planet earth. So these well-informed buyers' trend towards using recyclable packaging embracing sustainable activities; and henceforth corrugated packaging is one of the preferred options selected.

Packaging using corrugated cartons is the natural alternate material in place of other forms such as plastic, foams, wooden crates and metal. Consumer awareness and preferred selection on sustainable packaging continues to provide the drive and the momentum of the entire corrugating packaging industry.



Company Profile

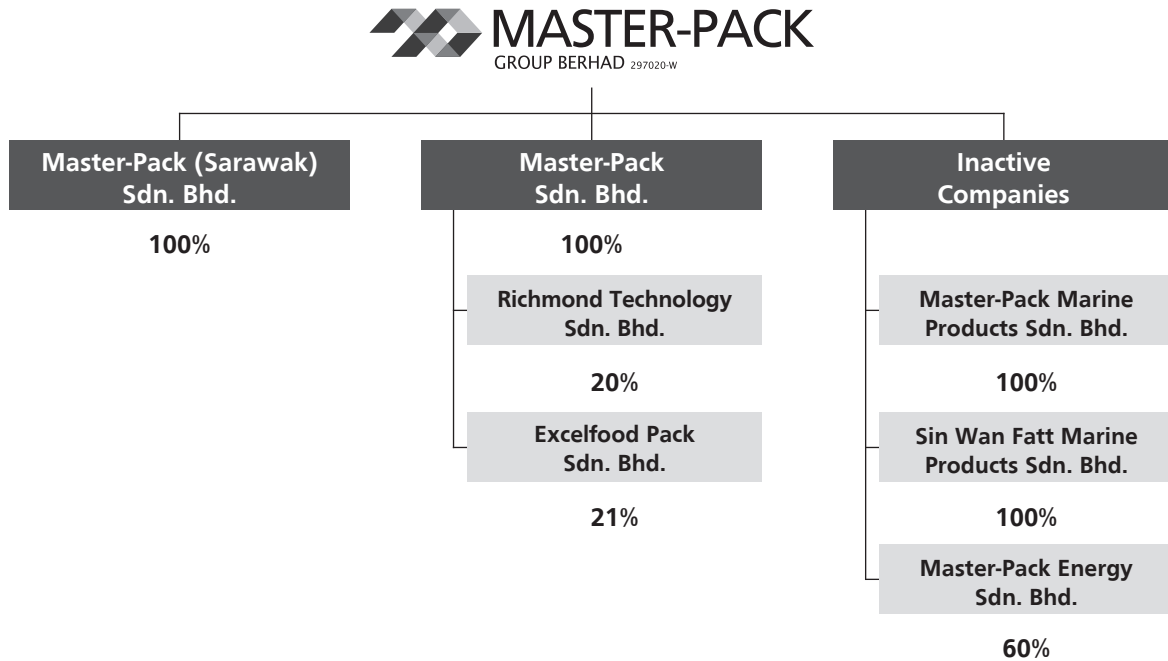
OPERATION AND FINANCIAL RISK

Corrugated original raw material comes from trees, which are managed through careful replanting and other responsible forest management practices. Long-term renewal of these resources brings the first, natural ingredient of corrugated to the paper mills in a continuous cycle that assures a steady supply of naturally, healthy and useful fibre to produce plentiful corrugated material. Today, most corrugated content is approximately 73 percent recovered from recycling i.e. proportionately more than any other packaging product material in the world.

In keeping with the Company’s Sustainable Policy and our Corporate Social Responsibility, our suppliers are assessed on price, quality, timely delivery and practical technical support. Most importantly, we are committed to ensure that our paper commodity sourcing is sustainable meaning our commodity paper purchases are made only from suppliers who fulfills the Forest Stewardship Council standards and other related legislation. Our manufacturing paper wastes are sold back to the paper mills for recycling.

The main challenge in our operations is to ensure a consistently high volume of sales. The management has embarked on a program to widen its sales base to cover various industry sectors and not to rely heavily on any single industry. Currently the group’s turnover is spread over a multitude of industries with the top five leading industries being solar energy, food-beverage & agro based, electronics & electrical, converter and ceramics. Furthermore, as it turns out products manufactured by the company are patented, thus providing the added advantage to us over our competitors.

Corporate Structure



Management Discussion and Analysis



**Dato' Syed Mohamad bin
Syed Murtaza**
Group Executive Chairman

INTRODUCTION / WELCOME

For the year 2017, I am delighted to announce the Company's stellar achievement of RM116 million in revenue, an increase by 40.6% from the previous year of 2016 and profit for the year 2017 was RM3.9 million against RM2.6 million for last year.

This is the first time the Company's revenue surpassed the RM100 million mark. We are excited to continue to move forward and keep achieving good results going into the future.

The word QUAD has a special significance to the Company as it owns the Registered Trade Mark of "QUAD WALL ®"

One of its subsidiary, Master-Pack Sdn Bhd (MP) received the Grant of A Patent for its invention of "Quadruple-wall Corrugated paperboard and method of manufacture" from Intellectual Property Corporation of Malaysia (MyIPO) on 31 May 2017. Prior to receiving the Patent Grant from MyIPO, seven other countries that have awarded patents to MP are USA, Germany, France, Thailand, Indonesia, Vietnam and Singapore.

With this recognition, we hope to garner the confidence of more customers and therefore more business opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed results for the year ended 31 December 2017 are presented in the following Management Discussion and Analysis Report.

OUTLOOK FOR 2018

The momentum of high demand from customers set in 2017 is expected to continue to run into 2018 for further growth as we continue to work closely with existing customers as well as getting new customers. By being focused on customers' needs and innovative in our business processes, we hope to introduce new products and achieve another robust year in revenue.

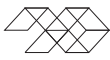
Availability of raw materials continue to be a challenge due to world shortage of paper production and corresponding high cost of paper will impact profit margins. New regulations on foreign workers levy and the Employment Insurance Scheme will also increase operating cost.

The Company will dispose of a piece of land that has been lying idle for the past 20 years, to raise some funds to renovate an existing factory. The renovated factory will be used to derive rental income.

DIVIDEND POLICY

The Board of Directors has not adopted any dividend policy and would prefer to consider payment of dividends based on availability of surplus cash and current year's profits while also taking into consideration retention of profits for working capital and capital expenditure on the back of ease of obtaining borrowings from financial institutions. However, the Board is also mindful that Equity Holders are rewarded for their loyal following and confidence in the Group. The decision for payout will be deliberated annually.

The Company paid an interim single tier dividend of 1 sen per share for the financial year ended 31 December 2017.



Management Discussion and Analysis

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

	2016 RM'000	2017 RM'000	Change RM'000	%
Revenue	82,465	115,960	33,495	40.6%
EBITA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	7,132	9,507	2,375	33.3%
PBT (Profit Before Tax)	3,512	5,387	1,875	53.4%
PBT Margin	4.3%	4.6%	+0.3%	
PAT (Profit After Tax)	2,556	3,936	1,380	54.0%
PAT Margin	3.1%	3.4%	+0.3%	

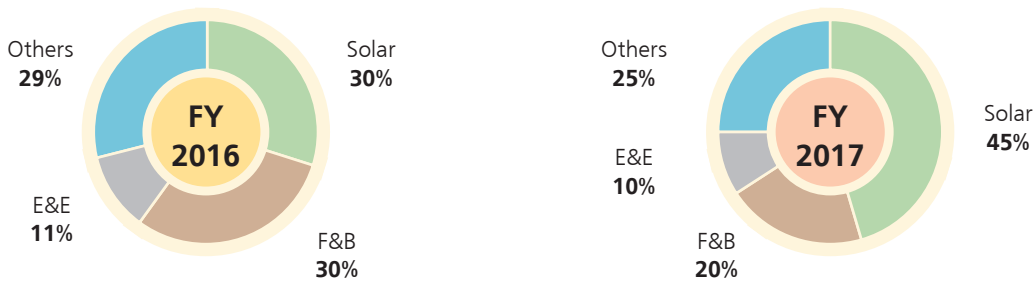
The exceptional performance of 2017 with revenue surpassing the RM100 million mark was from higher sales to customers and some selling price adjustments during the year. The price adjustment was necessary to accommodate changes in raw materials and related cost. Revenue increased by 40.6% over that of the previous year. EBITA (Earnings before Interest, Taxes, Depreciation and Amortization) improved 33.3% from RM7.1 million to RM9.5 million. With the higher revenue, PBT and PAT improved by RM1.8 million and RM1.4 million respectively.

The Company continue to serve only the Malaysian market with just 1% export to Brunei from its manufacturing plant in Kuching, Sarawak, East Malaysia.

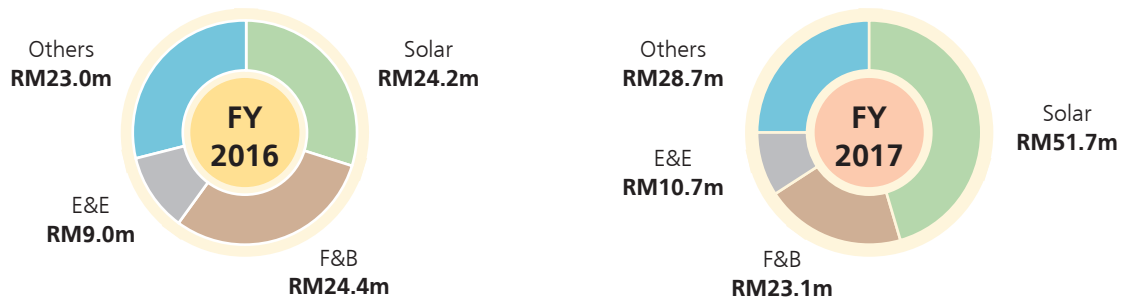
Revenue Contribution from different Industry

Revenue from the solar industry was RM51.7 million (45%) of total revenue for 2017 compared to RM24.2 million (30%) in 2016. Revenue from Food and Beverage Industry dropped by RM1.3 million. While revenue from Electronics & Electrical Industry increase in value terms by RM1.7 million but composition of total revenue dropped from 11% to 9%. Similarly, revenue from all the other sectors increased by RM5.7 million and dropped in composition from 29% to 25%.

Contribution by percentage



Contribution in Ringgit



The different industries :

Solar – Solar Equipment Manufacturers

F&B – Food and Beverages

E&E – Electrical and Electronics

Others – all other sectors such as automotive, chemicals, medical and others

Management Discussion and Analysis

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

The changes in costs are tabulated as follows:-

	Change RM'000	%
Revenue	33,495	40.6%
Raw materials, consumables and related input cost	28,243	
Employee benefits expense	1,852	
Other expenses	1,628	
Other income	(603)	
	31,120	
Change in EBITA	2,375	33.3%
Depreciation	278	
Finance Cost	222	
Change in Profit Before Tax	1,875	53.4%
Taxation	(495)	
Change in Profit After Tax	1,380	54.0%

The increase in raw materials of RM28.2 million was due to the higher volume and also increase in unit cost of paper, the main raw materials. Purchase of paper in terms of tonnage increased 15.1% to meet the higher output but the corresponding cost increased by 36.8%.

Additional direct workers were added to the workforce during the year resulting in an increase of RM1.9 million (17.6%) in employee benefits expense.

The increase in other expenses was mainly in respect of transportation cost in tandem with the increase in delivery.

Other income increase of RM0.6 million was from gain from realized foreign exchange amounting to RM0.2 million and insurance claim compensation received of RM0.4 million for a fire that occurred at one of its plant during the year.

Depreciation charge increased for the year as new machinery were added during the year.

Finance cost increased due to additional hire-purchase loans undertaken to finance the new machinery and higher utilization of trade facilities to support higher working capital requirement as a result of the higher volume of operating activities.

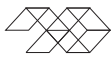
Tax charge increase due to the higher operating profit.

Financial Position of the Group

	2016 RM'000	2017 RM'000	Change RM'000	%
Non-current Assets	52,452	54,685	2,233	4.3%
Current Assets	41,196	53,199	12,003	29.1%
Loans and Borrowings	11,069	18,832	7,763	70.1%

The increase in non-current assets is due to addition of property, plant and equipment amounting to RM5.3 million and increase in value of Investment properties by RM0.2 million, offset by depreciation for the year of RM3.2 million.

Current assets increased by a hefty RM12 million mainly due to increase in trade receivables. As credit terms extended to customers range from 30 days to 120 days, the higher sales towards the end of the financial year result in higher trade receivables not yet due.



Management Discussion and Analysis

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

Financial Position of the Group (cont'd)

Total loans and borrowings increased by RM7.8 million, of which RM3.2 million is net increase in hire-purchase loans for the addition of machinery and the balance to finance higher working capital requirement.

Cash-flow

	2016 RM'000	2017 RM'000	Change RM'000	%
Net cash from/(used in) operating activities	2,359	(2,817)	(5,176)	-219.4%
Net cash used in investing activities	(1,486)	(979)	507	-34.1%
Net cash from financing activities	1,182	2,040	858	72.6%
Net increase / (decrease) in cash and cash equivalents	2,055	(1,756)	(3,811)	-185.5%

For the year ended 31 December 2017, net cash from operating activities was an outflow of RM2.8 million compared to an inflow of RM2.4 million in the previous year. Higher working capital requirement during the year was funded internally.

For investing activities, total capital expenditure in 2017 for machinery was RM5.3 million of which RM4.3 million was financed by hire-purchase loans.

Net increase in short-term loans and borrowings for the year 2017 is RM4.8 million to finance higher working capital requirement. After repayment of hire-purchase obligations, repayment of term loans, payment of interest and dividend, net cash from financing activities is RM2.0 million.

ACKNOWLEDGEMENT

Thank you to all customers, suppliers, bankers, business associates and regulatory bodies for your support as well as the management, staff and fellow Board members.

Dato Syed Mohamad bin Syed Murtaza

Group Executive Chairman

Sustainability Report

MASTER-PACK group of companies strongly subscribes to corporate sustainability ideas as we want to remain as a business entity that is ethical as well as environmentally and socially responsible. We believe there is value in all of these, and we strive to maintain a business that is reputed to have all of these values as our business imperatives. In achieving the same, we acknowledge our crucial role in aiding the nation to become more sustainable by reducing the environment and social impacts and risks through improved management practices, support for stakeholders and efficient use of natural resources in our manufacturing process.

In simple terms, corporate sustainability consists of Economic Sustainability, Environment Sustainability and Social Responsibility; all which the management of Master-Pack at all levels are committed to follow.

OUR SUSTAINABILITY JOURNEY

We take this opportunity to share with you Master-Pack's sustainability initiatives under taken during 2017. While this Sustainability Report is our very first report, the practice of sustainability itself is not new at Master-Pack group of companies. We strive to achieve sustainability in business by holistically embedding into the company's culture ideals and practices which are intrinsically sustainable.

This Sustainability Report aims to provide our stakeholders, customers, suppliers, financiers, investors and the public with an account of how we addressed the most material sustainability matters in Master-Pack for the last two years of 2016 and 2017. This sustainability report covers only the plant located in East Malaysia. However as we progress along our sustainability journey, we expect to improve our reporting in depth.

During our annual risk management assessment and strategy discussion, we have identified and prioritized sustainability matters and incorporated "to do" action in the group's business plans linking to budgetary expenditure. The budget is tabled and approved at the 4th quarter board meeting each year.

This year's report shall focus on two themes i.e. Environment and Social.

ENVIRONMENT

We recognized the potential environment impacts of our business and are committed to operating in a manner that respects the environment and stewards limited resources.

- I. Environment Stewardship
In keeping with environment sustainability, our suppliers are assessed on price, quality, delivery and technical support. Most importantly, we are committed to ensure that our paper commodity sourcing is sustainable meaning our commodity paper purchases are made only from suppliers who fulfils the Forest Stewardship Council standards and other legislation. Our manufacturing paper wastes are sold at a very low price back to the local paper mills for recycling.
- II. Compliance
This East Malaysia plant is certified with the Environment Management System ("EMS") MS ISO 14001:2004 as well as the MS ISO 9001:2008. EMS which ensure adherence to environment standards, emission standards, treatment of plant effluents and waste water. In so doing, we adhere to the local environment regulatory requirements as well as other authorities.
- III. Recyclable
Products manufactured are fully recyclable products. This packaging factory endeavor to enhance ways corrugated paper can be utilized and had been successful in producing paper pallets and layer pads to replace wooden pallets and packing saw dust or plastic bubble pads. These paper pallets are ideally used in containerized shipment and are acceptable to countries supporting the World Green Movement ideology, as the material used is easily recycled. We continuously work with customers to best design corrugated carton boxes that minimize superfluous material/ over design. In addition, the office and production departments proactively collect all scrap papers, production rejects and waste materials for recycling.

Employees are encouraged to practice the 5 R's – Refuse, Reuse, Reduce, Repair and Recycle' in their daily activities both at home as well as in the factory. This practice is encouraged as it supports the segregation of garbage for recycling/ disposal.



Sustainability Report

ENVIRONMENT (cont'd)

- IV. Energy efficiency
The Company has consistently kept records of energy efficiency of boiler fuel, forklift and clamplift petrol consumption as well as electricity consumption over the years.

Various project plans had been implemented towards energy savings from time to time. One such innovative process improvement was to recycle steam which is normally released during production back into operation process resulting in a reduction of energy and water consumption. In the year 2017 compared to 2016, boiler fuel consumption reduced by 0.23% in litres per sales tonnage, electricity consumption met the target set by a reduction of 0.8% in kWh per sales tonnage and forklift & clamplift fuel consumption reduced by 16% in litre per sale tonnage year on year.
- V. Waste Management
In compliance to MS ISO 9001:2008 and Environment Management System (“EMS”) MS ISO 14001:2004, the company identifies and monitors waste into uncontrollable and controllable waste categories. Targets are also set as bench-mark to market standards. During the year 2017, stringent controls were successfully implemented which resulted in the total plant waste decreasing by 0.74% as compared to total waste generated in the year 2016. However the 2017 waste management percentage achieved was still more than the set target by 0.52%.
- VI. Water Management
The cost of water consumption per metric ton had decreased by 4.26% in 2017 compared to the 2016 water consumption. The set target for water consumption in 2017 was achieved. In our efforts to conserve water, rain water harvesting had also been successfully implemented.

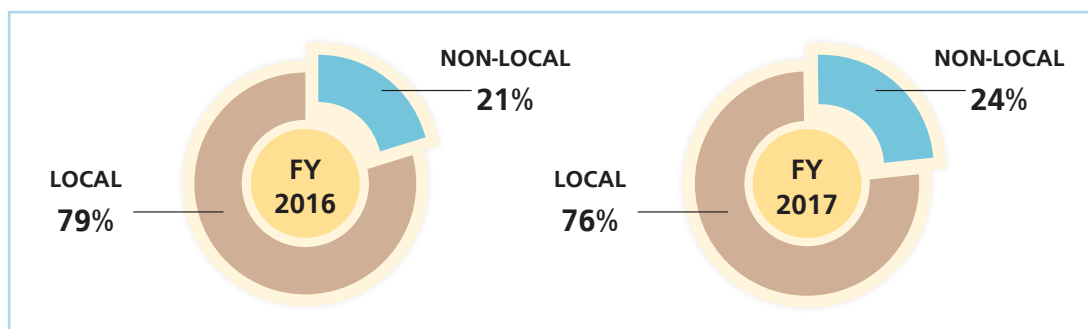
SOCIAL

The company takes cognizance that the strength and the well-being of its employees are of utmost importance. Our people are the driving force behind our financial performance; working relentlessly to provide exceptional customer services, quality products and delivery on time to our customers. Therefore, the management had created a good and enjoyable work environment whilst embedding adequate measures on operational and safety procedures.

- I. Occupational Health and Safety

The Safety and Health committee had carried out the following during the year 2017 towards improving safety awareness amongst employees.
 - a. Safety awareness on induction of new recruit
 - b. Provided safety gear such as cotton gloves, face mask, ear plugs and safety boots for workers protection.
 - c. Meetings to discuss improving safety in operating/ handling equipment
 - d. Emergency fire drills conducted twice a year.
 - e. The number of minor incidents happening in 2017 compared to the year 2016 drop by 1 case.
- II. Talent management

The Group is conscious of the need to contribute to the Community in which it operates its business. It has been our practice and our social responsibility of offering people living around us the first right of refusal to work for our production facilities. We offer people around us part time jobs when available and donate to the community services that benefit the local community surrounding us.



SOCIAL (cont'd)

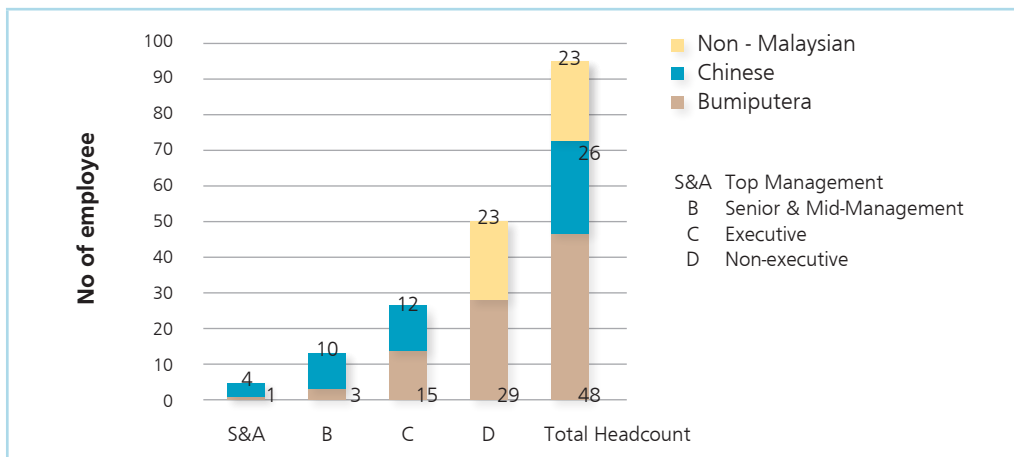
II. Talent management (cont'd)

The management has policies that governs the hiring processes i.e. age verification is done to ensure that child labour is not employed within our premises.

There is also no gender inequality in terms of remuneration package or rewards. Performing employees are duly promoted in line with the acquired skills.

There is sufficient cross diversity in the company to ensure smooth operations during the various ethnic cultural festivities. The group adopts a policy where vacancies are being filled by internal talent and recognizes employee's loyalty on every 5th year of the employee's service to the group. The workforce is relatively stable as the workers length of service with the company is quite evenly spread out through human resources activities to retain talent.

Ethnicity by Levels of Management as at 31 December 2017



The Company involves all level of employees in organizing major events to inculcate a culture of inclusiveness which encourages employees to mingle freely and cohesively to nurture team spirit and synergy.

During the year, activities carried out to inculcate inclusiveness are:-

- a. Recognizing the birthday by month for each employee with a gift
- b. Team building
- c. "Makan Bersama-sama"
- d. Annual dinner for all employees with lucky draw prizes
- e. Company trip



Sustainability Report

SOCIAL (cont'd)

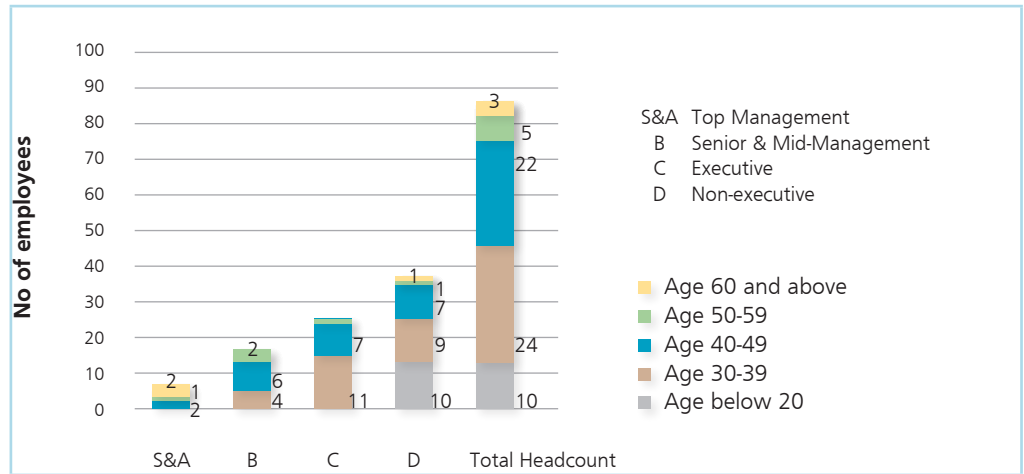
II. Talent management (cont'd)

The management also provide a channel for its employees to voice their view, underscoring the importance of open communication at the workplace. An Employee Satisfaction Survey was conducted and the feedback form was reviewed and analysed for corrective action to be taken. The average score for 2017 Employee Satisfaction Survey improved by 16.4% when compared to the scores in 2016.

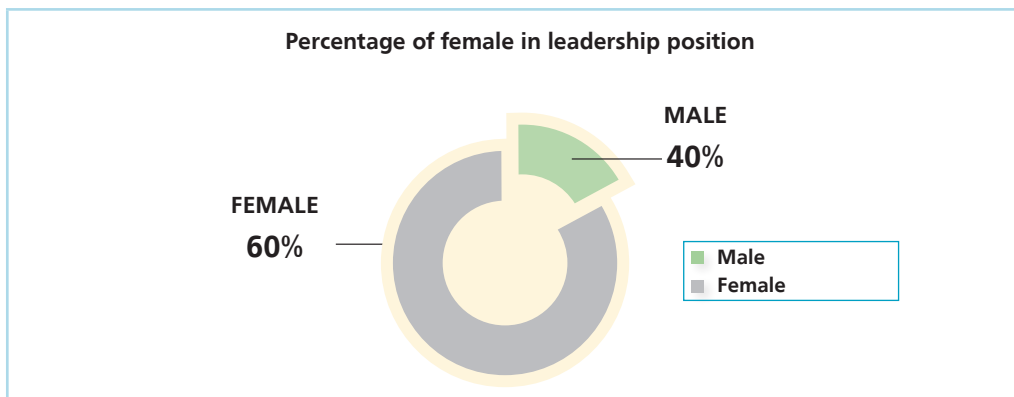
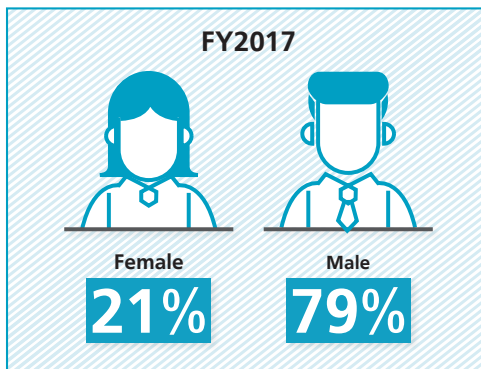
III. Fair Equitable Work Environment

The Company embraces that cross diversity can help a company to galvanize the multi-faceted mix of age, gender, race and thus has created a harmonious conducive industrial climate to garner the strength of its diverse workforce by providing fair and equitable employment terms and opportunities.

Age Group by Levels of Management as at 31 December 2017



Gender Diversity



SOCIAL (cont'd)

II. Talent management (cont'd)

Percentage of females in leadership position

We provide equal opportunities for women in career advancement as we do not discriminate genders and committed to empower women at the workplace in accordance to their valuable contributions

The Company takes its duties as an employer conscientiously and works to see that the welfare of the employees is cared for. Hence it rarely encounters unresolved complaints to the extent of requiring reporting the case to the Malaysian Labour Department.

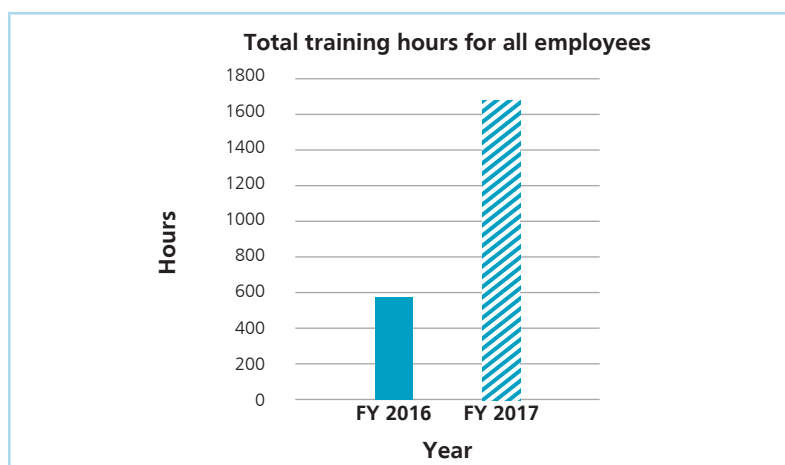
IV. Good Corporate Governance and Integrity

All new employees are briefed during induction training of the corporate ethical standard of behaviour expected and practised in the Company in accordance with the Master-Pack Code of Business Conduct or "MPG Code". Upon completing the induction training, all employees are required to sign affirmation of adherence to the MPG Code. The Code is available in both English and Malay languages and is available in our website.

New employees are also informed of the Whistle-blowing policy which provides the employees including the public a channel to lodge complaints of any unethical practices without fear of reprisal.

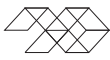
V. Training and Development

Developing a skilled and motivated workforce to support operational excellence is important for the company as its strategised to grow its business. As such the company puts in place various human capital development activities such as in-house training, sharing sessions, on-job training and external seminars to develop our employee competency.



PROGRESSIVE ENDEAVOUR

Sustainability for us is not necessarily an end state, but more of a continuing process of improvement, continual attempts to achieve the ideals of ethical business practices. We believe that there is room for improvement and we will take this challenge to the next level in the forth coming years.



Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 24th Annual General Meeting ("AGM") of Master-Pack Group Berhad will be held at 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Monday, 14 May 2018 at 11.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of Directors and Auditors thereon. *Please refer to Note 7*
2. To re-elect Dato' Syed Mohamad Bin Syed Murtaza, a Director who retires by rotation in accordance with Article 91 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 1**
3. To re-elect Cik Nazriah Binti Shaik Alawdin, a Director who retires by rotation in accordance with Article 91 of the Company's Constitution and who, being eligible, offers herself for re-election. **Resolution 2**
4. To approve the increase and payment of Directors' fees amounting to RM219,200.00 for the financial year ended 31 December 2017. **Resolution 3**
5. To approve the payment of Directors' benefits payable to the Directors up to an amount not exceeding RM86,000 from 15 May 2018 until the conclusion of the next AGM of the Company. *Please refer to Note 8* **Resolution 4**
6. To re-appoint Messrs. Crowe Horwath as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

Special Business

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

7. **AUTHORITY TO ISSUE SHARES** **Resolution 6**

"THAT, subject to the approvals of the regulatory authorities, the Board of Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution."

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."
8. **PROPOSED CONTINUATION OF DATO' SERI KHOR TENG TONG IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 7**

"THAT authority be and is hereby given to Dato' Seri Khor Teng Tong who had served as an Independent Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."

Notice of Annual General Meeting

9. **PROPOSED CONTINUATION OF MR. CHEW HOCK LIN IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 8**

"THAT authority be and is hereby given to Mr. Chew Hock Lin who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."

10. **PROPOSED CONTINUATION OF ENCIK AMINUDDIN BIN SAAD IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 9**

"THAT authority be and is hereby given to Encik Aminuddin Bin Saad who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."

11. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 10**

"THAT, subject always to the provisions of the Companies Act, 2016, ("Act") the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, the authority be and is hereby given for Master-Pack Sdn. Bhd., a wholly-owned subsidiary of the Company to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate") as set out in Section 2.5 of the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to Excelfood Pack Sdn. Bhd., the related party than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until :

- (i) the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

And that, the Executive Directors of the Company be and are hereby authorised to complete and do all such acts including executing any documents as may be required to give full effect to such transactions authorised by this resolution."

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

12. **PROPOSED ALTERATION OR AMENDMENT OF THE CONSTITUTION OF THE COMPANY** **Resolution 11**

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix A with immediate effect.

AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."



Notice of Annual General Meeting

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 24th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 7 May 2018. Only a depositor whose name appears on the Record of Depositors as at 7 May 2018 shall be entitled to attend the 24th AGM or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

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

Penang

Date: 13 April 2018

NOTES ON APPOINTMENT OF PROXY

- (1) A proxy may but need not be a member of the Company.
- (2) For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof.
- (3) A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints more than 1 proxy to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (4) Where a member is an exempt authorized 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 it may appoint in respect of each omnibus account it holds.
- (5) In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- (6) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by poll.

NOTES ON ORDINARY BUSINESS

- (7) The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
- (8) The Resolution 4, if passed, will enable the Company to pay meeting allowance and other benefits to Directors of the Company. The proposed Directors' benefits are summarised in the table below:-

Description	Actual (RM'000)	Proposed (RM'000)
a) Trainings	5	20
b) Meeting Allowance	17	21
c) Travelling and Accommodation	2	30
d) Directors' and Officers' Liability and Group Personal Accident Insurance	12	15
Total	36	86
Approved limit	63	86

Notice of Annual General Meeting

NOTES ON SPECIAL BUSINESS

- (9) The Resolution 6, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

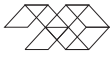
- (10) The Resolution 7, if passed, will enable the Independent Director who had served more than 9 years to be retained and continued to act as Independent Director of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 December 2017.
- (11) The Resolutions 8 and 9 are to seek shareholders' approval through a two tier voting process and, if passed, will enable the Independent Directors who had served more than 12 years to be retained and continued to act as Independent Directors of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 December 2017.
- (12) The Resolution 10, if passed, will enable Master-Pack Sdn. Bhd. to enter into recurrent transactions involving the interests of a related party, Excelfood Pack Sdn. Bhd. which are of a revenue or trading nature and necessary for the day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information of the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 13 April 2018 which has been dispatched together with the Company's Annual Report for the financial year ended 31 December 2017.
- (13) The Resolution 11, if passed, will enable the Directors to amend the existing Memorandum & Articles of Association (Constitution) of the Company to be in line with the Companies Act, 2016 and the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In view of substantial amount of the proposed amendments to the Constitution, the Directors proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the proposed amendments (New Constitution) as set out in Appendix A.

ANNUAL REPORT

- (14) The Annual Report for the financial year ended 31 December 2017 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within 4 market days from the date of receipt of the verbal or written request. A copy of the Annual Report can also be downloaded at www.master.net.my

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Mr. Ang at telephone no. 04-5931550 (Ext 302) or email your request to angfh@master.net.my



Statement Accompanying Notice of Annual General Meeting

(Pursuant To Paragraph 8.27(2) Of Main Market Listing Requirements Of Bursa Securities)

1. No individuals are standing for election as directors at the forthcoming 24th Annual General Meeting of the Company.
2. The profiles of the directors who are standing for re-election as in Agenda 2 and 3 of the Notice of the 24th Annual General Meeting of the Company are set out in the Directors' Profile in the company website www.master.net.my/ab_company.htm
3. The details of the directors' interests in the securities of the Company as at 16 March 2018 are set out in the Statistic of Shareholdings section of this Annual Report.
4. The Resolution 6 tabled under Special Business as per the Notice of 24th Annual General Meeting of the Company dated 13 April 2018 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 24 May 2017.

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

As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Directors recognise that they have to declare their respective interests in transactions with the Master-Pack Group Berhad and its subsidiaries ("MPG Group"), and they abstain from deliberation and voting on relevant resolution in respect of such transactions, at the Board meeting or at any general meeting convened to consider the matter.

Parties are considered related to MPG Group, if MPG Group has the ability directly or in-directly, to control the party, or exercise significant influence over the party in making financial and operational decisions, or vice versa; or where MPG Group and the party are subject to common control or common significant influence. Related parties maybe individuals or entities.

At the Annual General Meeting held on 24 May 2017, the Company obtained its Shareholders' mandate to allow the MPG Group to enter into recurrent related party transactions of a revenue or trading nature.

Details of the recurrent related party transactions pursuant to shareholders' mandate are disclosed as follows:

MPG/ Subsidiaries involved	Related Party	Nature of relationship	Nature of Transaction	Actual Value of Transaction from 24 May 2017 to latest practicable date	Estimated Value of 2017 Mandate
Master-Pack Sdn. Bhd.	Excelfood Pack Sdn. Bhd.	N1	Sales of sheet board, sub material and rental of machinery	RM6,817,000	RM8,500,000

N1 Excelfood Pack Sdn. Bhd. , 20.9% owned associate of MPG group, is principally involved in the manufacturing and sales of food wrappers, bags and boxes.

Excelfood Pack Sdn. Bhd. was incorporated on 11 March 2015 in Malaysia as a private limited company and is a 51.2% owned subsidiary of Kumpulan Perhubungan Sdn. Bhd.

Yayasan Bumiputra Pulau Pinang Berhad is a major shareholder of MPG and also the holding company of Kumpulan Perhubungan Sdn. Bhd. As a result, the corporate representation of Yayasan Bumiputra Pulau Pinang to the Board of MPG, Dato' Syed Mohamad bin Syed Murtaza and Cik Nazriah binti Shaik Alawdin is deem to have interest in the transaction.

The Board through its Audit Committee reviews any related party transaction and conflict of interest situation, which may arise within MPG Group, including any transaction, procedure or course of conduct that may raise questions or issues on the management's integrity.

The Company recommended a renewal mandate for recurrent related party transactions of revenue or trading nature to be tabled to the shareholders at the forthcoming 24th Annual General Meeting. Further information of the Proposed Mandate is set out in the Circular to Shareholders dated 13 April 2018 which is enclosed together with this Annual Report.



Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*.

BOARD’S RESPONSIBILITY

The Board of Directors of Master-Pack Group Berhad acknowledges its responsibility for the risk management framework and internal control system of the Group. The Board recognizes that the risk management framework and internal control system are designed to manage the Group’s risk within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the business objectives of the Group. It can therefore only provide reasonable but not absolute assurance of the effectiveness against material misstatement of management and financial information and records or against financial losses or fraud.

RISK MANAGEMENT FRAME WORK

The Group have in place documented Risk Management and Sustainability Policies which provides guidance to employees to be more conscious of the risk management process and presents a standardised understanding on the application of risk management throughout the Group. The Group’s Risk Management Framework has been aligned towards the International Standard ISO 3100:2009 Risk Management-Principles and Guidelines. The Audit Committee has been delegated by the Board to review annually the adequacy and effectiveness of the Risk Management Framework and policy of the Group.

The Audit Committee had established a subcommittee namely the Risk Management & Sustainability Committee with the same independent committee members to focus on risk management and internal controls.

For the year 2017, a Risk Working Committee comprising heads of Department led by the Executive Director has been tasked by the Risk Management & Sustainability Committee and has comprehensively identify, analyse, and evaluate all risks in terms of consequential impact and level of likelihood. The relevant internal controls or application of mechanism in place to manage, mitigate, avoid these risks were also identified. The Risk Working Committee reports to the Risk Management & Sustainability Committee at least once a year.

Additionally, the Board requires the Risk Working Committee to report on risk management in the event of a major change in business or a new potential business venture.

RISK MANAGEMENT PROCESSES

The yearly report on risk management which summarizes the level of impacts of significant risk in 5 ratings ranging from catastrophic to insignificant and the level of likelihood of such risks in 5 ratings ranging from almost certain to rare was prepared by the Risk Working Committee. The report also highlights residual exposures and the appropriate management control measures / action plans to mitigate such risk exposures. On 24 November 2017, the Group’s Operations Risk Working Committee reported to the Risk Management & Sustainability Committee that the working committee had gone through and reviewed the Group’s Risk Register and had proposed several revisions and additions to address new areas of concern and potential risk for the year 2018. The report on risk management prepared by the Risk Working Committee was then tabled by the Audit Committee Chairman at the Board Meeting for board’s review, deliberation and approval.

An extract of risks identified by the Risk Working Committee in three significant categories:

Categorization		Risk Identified
1.	High level of competition will result in the erosion of market share and margin	<ul style="list-style-type: none"> • Bad debts • Customer satisfaction • Market development
2.	Not achieving forecast budget will result in multiple negative consequence	<ul style="list-style-type: none"> • Negative cash flow • Bad reputation from vendors • Banking facilities retracted by banker • Fluctuation of USD exchange rate
3.	Management Information system failure will result in disruption of operations	<ul style="list-style-type: none"> • System failure to enterprise risk management and accounting software • Hardware failure • Virus attack • Email failure • System being hack

Statement on Risk Management and Internal Control

RISK MANAGEMENT PROCESSES (cont'd)

In response to the 1st category - high level of competition will result in the erosion of market share and margin, the management have put in place standard operating procedures to review new customers profile prior to establishing credit accounts, monitor the customer outstanding balances in credit control review meeting, review the credit limits and terms according to level of sales ordered and continuously follow up on slow moving debts. These implemented internal controls are to mitigate the occurrence of bad debts.

Customer feedbacks are carried out annually as it helps us identify areas where we can further upgrade our sales and customer services to an even higher level. The team aims to meet a 90% customer satisfaction target as this factor is a key driver in our business sustainability.

The management has also strategized action plans on market development to expand existing customer market share as well as to build new market segments by developing new customised or innovative products. Market development analysed by industrial segments and region to disperse market concentration on a single region or industry is being carried out.

The management is fully aware that reputation with bankers and vendors are important in managing the business. We expect an ethical business practice from our suppliers in their timeliness of delivery, practices in their labour management as well as adherence to human rights of workers. On our part, we attempt to meet their standard of credit and payment practices.

A procurement committee consisting of department heads from marketing, finance, production and planning headed by the Executive Director will collectively decide on procurements of raw materials. In this way, the finance department will project and monitor cash flow requirements to ensure the company will be able to meet all its liabilities as and when they fall due. The finance department also monitors gearing ratio, debtors' turnover and foreign exchange fluctuations to analyse financial trends.

The Group's system may be vulnerable to security breaches e.g. virus attacks, resulting in disruption of the group's operations. As such there are standard operating procedures and policies such as retaining a copy of the source code for essential operating programs, have maintenance agreements with software suppliers, perform daily server back up and ensure that backup are stored at a separate location, checks on system health and ensure that the latest firewall version is functioning. During the year 2017, we have boosted security surveillance with additional and better CCTV as well as installed network infrastructure improving connectivity between subsidiaries and defences against virus attacks.

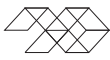
Other categorizations with its accompanying risks other than the main three categories mentioned above are:

- Any catastrophe will result in shut down of business
- High turnover of key personnel will result in disruption of operations
- Weak security may result in losses
- Disruption to timely delivery / quality of raw material and sub material will result in failure in commitment to customers
- Non adherence to regulatory and environmental issue will result in disruption of operation

INTERNAL CONTROLS

The Groups' internal control is embedded in the daily operational routine of processes and procedures. The standard operating procedures practice is in compliance with ISO 9001:2008 Quality Management System ("QMS") and ISO 14001:2004 Environment Management Systems ("EMS") which are audited by SIRIM on a yearly basis. The company also meets the high expectation of MNC customers by fulfilling their vendor profile criteria in ethical, environment and international regulatory practices in order to supply Master-Pack products.

There are other formalised and documented policies, standard operating procedures and work instructions on various functions beyond the scope define by the QMS and EMS international guidelines such as human resources, management information system standard operating procedures as well as Master-Pack Code of Business Conduct. This enables the Group to communicate with all subsidiaries and ensure compliance with internal controls, relevant laws and regulations. The policies and standard operating procedures are progressively reviewed and updated following changes in the latest laws and regulations.



Statement on Risk Management and Internal Control

INTERNAL CONTROLS (cont'd)

The Executive Committee (EXCO) is tasked to manage the business of the Group and to ensure that the Group's operations are in accordance with the business strategies and plans and annual budget approved by the Board. The EXCO implements both financial and operational tasks, and addresses issues arising from changes in both the external business environment, and internal operating conditions. The EXCO meets on a monthly basis where the financial and operational performance of two key subsidiaries are reported, discussed and when applicable, the appropriate corrective action taken promptly.

The Audit Committee is responsible to the Board for reviewing and monitoring the effectiveness of the Group's internal control system. A professional firm is tasked by the Audit Committee to perform audits on the Group's operations and reports directly to the Audit Committee.

The External Auditor provides assurance in the form of their annual statutory audit of the financial statements and reports to the Audit Committee that for the year 2017, there were no discrepancies or areas of improvement identified in their Audit Review Memorandum issued by the External Auditor.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2017, the Company has engaged the services of an independent professional consulting firm, Messrs JWC Consulting Sdn. Bhd., to carry out the internal audit functions of the Group in order to assist the Committee in discharging its duties and responsibilities particularly in ensuring that a sound system of internal controls is in place.

For the financial year under review, the internal audit's scope covered:

- Procurement – encompassing purchase planning, sourcing supply, managing and processing of purchases, incoming quality control, supplier selection and performance review and supplier database and relation management.
- Management Information System –encompassing information resource planning, IT strategy and change management, information system operations, information security control, business continuity / disaster recovery plan, network support, application system implementation and maintenance, database implementation and support, software sourcing, licensing and support and IT asset management.
- Production and Conversion – Production scheduling, monitoring of production and inventory levels, in-process quality control and rejects and returns

The internal audit activities were as follows-

- Reviewed the risk assessment by discussing with key management on the risk register to determine the auditable areas, prepared the audit plan for the current year and submit for the approval of the Audit Committee;
- Performed the audit in accordance with the risk based approach internal audit plan which comprised the following-
 - reviewed the systems of internal control and ascertain the extent of compliance with the established policies, procedures and statutory requirements;
 - identified areas to improve controls of operations and processes in the Group;
 - reviewed the relevancy, reliability, integrity, accuracy, completeness of financial and operational information;
 - conducted an exit meeting with management on their audit findings;
 - liaised with the management to obtain comments and actions to be taken;
 - followed up reviews on actions that have been agreed to be implemented by the management;
- The audit findings and management comments were compiled into Internal Audit Reports and tabled in the Audit Committee Meetings on 23 August 2017 and 27 February 2018 for the calendar year 2017 for its deliberations.

Based on the Internal Auditors' report for the financial year ended 31 December 2017, the system of internal control appears to be working adequately. Based on the work done there were no material weaknesses in the system of internal control that may affect the integrity of our financial statements. On-going actions were taken by management to rectify any weaknesses identified in all the internal audit reports.

The cost incurred for the internal audit function in respect of the financial year is RM21,345.

Statement on Risk Management and Internal Control

REVIEW OF EFFECTIVENESS

The Board is committed to operating a sound system of internal control and recognizes that the system must continuously evolve to support the business.

The processes for identifying, evaluating and managing risks as outlined in this Statement is in place for the year under review and up to the date of approval of this statement. During the financial year 2017, a number of improvements to internal control were implemented. However, there have been no significant material internal control issues which have resulted in material losses to the Company.

The Board has also received reasonable assurance from the Executive Director and the Group Financial Controller that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group.

The external auditors have provided assurance that they have complied with ethical requirements regarding independence to audit the Master-Pack Group to the Audit Committee.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

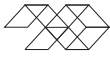
The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the year ended 31 December 2017 pursuant to AAPG 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* included in the Annual Report issued by the Malaysian Institute of Accountants. The external auditors had reported to the Board that, based on the procedures performed by them, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers* to be set out, nor is factually inaccurate.

CONCLUSION

The Board is of the opinion that the risk management and internal controls system is in place for the year under review and up to the date of approval of this Statement, is sound and sufficient to safeguard the interest of all its stakeholders as well as the group assets.

This risk management and internal control statement excludes the state of risk management and internal control of the associated companies, Richmond Technology Sdn. Bhd and Excelfood Pack Sdn. Bhd.

This statement is made in accordance with a resolution of the Board of Directors dated 26 March 2018.



Other Information

UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

SHARE BUY-BACKS

During the financial year, there were no share buy-backs by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year.

DEPOSITORY RECEIPT PROGRAMME

The Company does not have any depository receipt programme in place.

VARIATION IN RESULTS

The Company did not announce any profit estimate, forecast, projection and unaudited results during the financial year which differ by 10% or more from the audited results.

PROFIT GUARANTEE

During the financial year, there were no profit guarantee given by the Company.

SANCTIONS AND/OR PENALTIES IMPOSED BY REGULATORY BODIES

There was no material penalty or sanction imposed on the Company, its subsidiaries, directors or management by any regulatory bodies during the financial year, save for road traffic offences, if any.

MATERIAL CONTRACTS INVOLVING DIRECTORS' & MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts between the Company and its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year ended 2017, or entered into since the end of the previous financial year.

Audit Committee Report

The Board presents the Audit Committee Report to provide insights into the discharge of the Audit Committee's functions for the Group in 2017.

TERMS OF REFERENCE ("TOR")

The term of reference of the Audit Committee had been updated and can be obtained from the Company's website at http://www.master.net.my/ir_audit_committee.htm

COMPOSITION OF THE AUDIT COMMITTEE

The composition of the Company's Audit Committee and their respective attendance of meetings held are as tabled below:-

Name	Status of Directorship	Meeting Attendance
Mr. Chew Hock Lin (Chairman of Audit Committee)	Independent & Non-Executive Director	5/5 (100%)
En. Aminuddin Bin Saad	Independent & Non-Executive Director	5/5 (100%)
Cik Nazriah Binti Shaik Alawdin	Non-Independent & Non-Executive Director – re-designated on 24 November 2017	5/5 (100%)
Dr. Junid bin Abu Saham	Independent & Non-Executive Director – appointed on 24 November 2017	1/1 (100%)

AUDIT COMMITTEE SUMMARY OF WORK

The performance of the Audit Committee for the year 2017 was assessed by the Nominating Committee through an Audit Committee evaluation and an individual member peer evaluation in accordance to main listing requirement 15.20. Based on the results of the aforesaid evaluations, the Board has found that the Audit Committee had discharged its functions and carried out its duties as set out in the TOR.

Minutes of the Audit Committee Meeting were distributed to each Board member and the Chairman of the Audit Committee highlighted key issues in the minutes of the Audit Committee meeting which were duly noted by the Board.

During the year ended 31 December 2017, the Audit Committee's five scheduled meetings were held on 27 February, 31 March, 24 May, 23 August and 24 November 2017. The following duties were performed to discharge its functions:

Terms of Reference

- Perused the existing Terms of Reference of Audit Committee and found to be in compliance.

Financial results

- Reviewed the annual audited financial statements of the Company / Group on 31 March 2017 prior to Bursa announcement and the unaudited quarterly results of the Group on the scheduled meetings, and thereafter, submitting them to the Board for approval;
- Reviewed the Risk Management and Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements for the Board's approval;
- Reviewed the Risk Management and Sustainability Framework, risk register together with its accompanying control measures and action plans to mitigate the risks on 25 November 2016 in respect of financial year 2017 and again on 24 November 2017 for the financial year 2018;
- Discussed together with the external auditors and management the relevant changes in accounting principles and standards that may or will affect the financial statements when reviewing the annual audited financial statements;
- Only one matter was highlighted by the external auditors in the Audit Review Memorandum tabled on 31 March 2017 pertaining to the 2016 financial statements and was duly noted and explanations as well as actions taken by the management were discussed;
- Reviewed the nature of recurring related party transactions as well as identify any new related party transactions and recommended them for the Board's approval;



Audit Committee Report

Internal Audit

- Reviewed the adequacy of scope, functions, competency and resources of the internal audit functions;
- Evaluated the yearly performance of the out-sourced internal auditors and recommended their re-appointment;
- Met with the internal auditors once on 27 February 2017 without the presence of any executive Board members / management staff;
- Discussed and approved the risk based approach Internal Audit Plan presented by the internal auditors JWC Consulting Sdn. Bhd. for execution in the current financial year.;
- Reviewed and discussed the findings and recommendations as reported by the internal auditors. There were nineteen audit findings for the audits field work carried out during the year.
- Reviewed the Group's internal audit procedures and the adequacy of actions taken by the management based on the Internal Audit follow-up reports;

External Audit

- Reviewed the competency, independence and suitability of the external auditors and recommended to the Board for re-appointment;
- Met with the external auditors twice on 31 March and 24 November 2017 without the presence of any executive Board members / management staff;
- Reviewed and evaluated the external auditor's audit plan on 24 November 2017, audit strategy and scope of audits relating to the Company/Group;
- Reviewed and recommended no increment in audit fee of the company and its subsidiaries for the financial year 2017 to the Board;
- Ensured the external auditors evaluated the system of internal controls of the Company / Group and noted the review report of the external auditors to the Board as mentioned in the Statement on Risk Management and Internal Control of the annual report;
- The external auditors have provided assurance that they have complied with the ethical requirements regarding independence with respect to the audit of the Company / Group;
- Reviewed and noted the external Audit Review Memorandum key audit matters presented on 27 February and 31 March 2017 by the external auditors;
- Evaluated and discussed the results of the annual assessment on the suitability and the independence of the external auditors in accordance to the Company's External Auditors Performance and Independence Evaluation form.

Risk Management and Internal Control

The Audit Committee had established a subcommittee namely the Risk Management & Sustainability Committee with the same independent committee members to focus on risk management and internal controls.

On 24 November 2017, the Group's Operations Risk Working Committee reported to the Risk Management & Sustainability Committee that the working committee had gone through and reviewed the Group's Risk Register and had proposed several revisions and additions to address new areas of concern and potential risk for the year 2018. The report on risk management prepared by the Risk Working Committee was then tabled by the Audit Committee Chairman at the Board Meeting for board's review, deliberations and approval.

Significant Matters in the Financial Statements

For the year ended 31 December 2017, revenue rose by 40.6% from RM82 million to RM116 million. Out of the RM33 million increase, RM27 million or 82% was from the solar panel industry. Profit before tax for the year was RM5.4 million up RM1.9 million with a slight improvement in margin from 4.3% to 4.6%. The higher volume contributed to the better result and impairment on loss on loans and receivables was lower by RM0.8 million.

Corporate Governance Overview Statement

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Master-Pack Group Berhad, sets this statement to provide shareholders and investors with an overview of the corporate governance (“CG”) practices of the Company under the leadership of the Board during the year 2017.

This overview is prepared in accordance with Practice Note 9 of the Main Market Listing Requirements and the key CG principles in the Malaysian Code of Corporate Governance (“MCCG”) issued by Securities Commission. This CG Overview Statement is to be read with the CG report based on a prescribed format as outlined in paragraph 15.25 (2) of the Main Market Listing Requirement. The 2017 Annual Report and the CG Report is available for reference at www.master.net.my/ir_annual_reports.htm and Bursa Malaysia Berhad’s website www.bursamalaysia.com

Master-Pack Group Berhad intends to create long-term value through its core business to generate sustainable shareholder value and to protect the stakeholders’ interests. In pursuing this corporate objective, the Board of Directors of Master-Pack believes in having strong corporate governance frameworks via maintenance of a high standard of integrity, transparency, accountability and professionalism as key fundamentals in managing the business operations of the Master-Pack Group of companies.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Company adopts a simple but effectively functional governance model as follows:

Board of Directors	
Governance Committees	
i.	Audit Committee
a.	Risk Management and Sustainability Committee
b.	Out-sourced Internal Audit
ii.	Nominating Committee
iii.	Remuneration Committee
Executive Chairman / Chief Executive Officer	
i.	Executive Director
ii.	Executive Committee –comprising the Executive Director, General Manager, Marketing Director and various Department Heads

The Chairman of the Board plays a pivotal role in leading the board as well as the setting the tone from the top in determining the strategic objectives, policies of the Group in creating long term value through its core business to generate sustainable shareholder value and to protect the stakeholders’ interest.

The Board Charter sets out the scope relating to Board matters and Appendix A states specifically those matters which are reserved solely for the Board’s approval. The Terms of Reference of the Board Committees, Business Code of Conduct & Whistleblowing policy sets out the responsibility, guidelines and practices that govern the Company as well as the Group where applicable.

Please refer to the CG Report as well as the Company’s website for further details

The Directors’ commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2017:

Name	Status of Directorship	Attendance of Meetings
Dato’ Syed Mohamad bin Syed Murtaza	Executive Chairman	Attended 5 out of 6 meetings
Mr. Chew Hock Lin	Independent & Non-Executive Director	Attended 6 out of 6 meetings
Dato’ Seri Khor Teng Tong	Independent & Non-Executive Director	Attended 5 out of 6 meetings
Encik Aminuddin Bin Saad	Independent & Non-Executive Director	Attended 6 out of 6 meetings
Puan Nazriah Binti Shaik Alawdin	Non-Independent & Non-Executive Director	Attended 6 out of 6 meetings
Dr. Junid Bin Abu Saham	Independent & Non-Executive Director	Attended 6 out of 6 meetings



Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. Board Responsibilities (cont'd)

This attendance confirms members of the board who hold multiple board representations are able to devote sufficient time to discharge their responsibilities adequately. None of the Board members serve more than 5 listed companies.

Each Board member is entitled to obtain independent professional advice at the cost of the Company as per Board Charter. They are given unrestricted access to the Group's management, Company Secretary, external and internal auditors.

II. Board Composition

Currently, the Board consists of six members, comprising four Independent and Non-Executive Directors, one Non-independent Non-Executive Director and one Executive Chairman. The size and composition of the Board is adequate to provide for a diversity of views to facilitate effective decision making and providing appropriate balance of executive, independent and non-independent directors. The biographical details of all the Directors are in the company website www.master.net.my/ab_bod.htm.

All the six Board members possess varied experience, fair knowledge, complementary skills and are of diversified competencies as shown in the matrix of mix and skill set diversity as follows:-

	Functional Experience							Business Strategy	Industry Experience							
	Corporate	Finance/ Audit/ accounting	Law /Govt. Relations	People Management	Sustainability Issues	Professional Services	Risk Management		Multi-national Company	Finance, Banking	Law /Real Estate	Audit/ Business	Academia/ Education	Public Service	Telecommunication/ Electronics	Wealth Management
D1	✓	✓	✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	
D2	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓			✓	
D3	✓		✓	✓	✓		✓	✓			✓	✓		✓		
D4			✓	✓	✓		✓	✓				✓		✓		
D5		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓		
D6	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓

D1 - Dato' Syed Mohamad bin Syed Murtaza- Executive Chairman

D2 - Mr. Chew Hock Lin – Independent and Non-Executive Director

D3 - Dato' Seri Khor Teng Tong – Independent and Non-Executive Director

D4 - Encik Aminuddin bin Saad – Independent and Non-Executive Director

D5 - Puan Nazriah binti Shaik Alawdin – Non Independent and Non-Executive Director

D6 - Dr. Junid bin Abu Saham – Independent and Non-Executive Director

Currently, the Board members come from varied educational background and each member holds different professional qualifications hence contributing to the board a diversified knowledge and expertise. In addition, the four Independent Directors do not hold directorships in any company within the group and thus the objectivity of these directors are not compromised.

The Boardroom diversity in gender, ethnicity and age is stated in practice 4.5 of the CG Report.

The Board through the Nominating Committee conducted the annual assessment on the effectiveness of the Board, the Board Committees and individual Directors of the company internally by way of the written questionnaire. The results indicated that the Board and the committees continue to effectively perform the responsibilities and duties tasked to them.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Re-Appointment and Re-Election of Directors

The constitution of Master-Pack Group Berhad provide that at every annual general meeting, one-third of Directors for the time being and those appointed during the year shall retire from office and shall be eligible for re-election. The regulation further provide that each director of the Company shall retire at least once every three years but shall be eligible for re-election. The constitution of the company is available www.master.net.my/ir_AA_MA.htm

III. Remuneration

The Board has established a Remuneration Committee comprising directors, all whom are Independent and Non-Executive Directors; namely Mr. Chew Hock Lin (Chairman), Encik Aminuddin bin Saad and Dr. Junid bin Abu Saham. Full attendance was recorded at the two Remuneration Committee meetings held in the year 2017. The Remuneration Committee held its meetings on 27 February and 24 November 2017 to review the remuneration package of the Executive Chairman / Directors. This is to ensure the remuneration packages offered are in line with the group policies and can attract or retain Executive Chairman / Directors who contribute to the success of the Group.

The Executive Director / Chairman did not participate in any way in determining his remuneration. The level of the remuneration received by each Non-Executive Director is generally determined by the extent of responsibilities undertaken by the respective Non-Executive Director.

The details of Directors' remuneration comprising remuneration received from the Company and the subsidiaries respectively for the financial year 2017 are as follows:

Received from Master-Pack Group Berhad

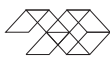
Aggregate remuneration of Directors categorized into components is as follows:

	Salary	Fees	Bonus	Other Emolument	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Syed Mohamad bin Syed Murtaza		42		2	44
Mr. Chew Hock Lin		52		3	55
Encik Aminuddin bin Saad		35		3	38
Cik Nazriah Binti Shaik Alawdin		32		3	35
Dr. Junid Bin Abu Saham		28		3	31
Dato' Seri Khor Teng Tong		25		2	27

Received on Group Basis

	Salary	Fees	Bonus	Other Emolument	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Syed Mohamad bin Syed Murtaza	857	42	361	362	1622
Mr. Chew Hock Lin		52		3	55
Encik Aminuddin bin Saad		35		3	38
Cik Nazriah Binti Shaik Alawdin		35		3	38
Dr. Junid Bin Abu Saham		28		3	31
Dato' Seri Khor Teng Tong		25		2	27

Other emolument comprise of performance incentive, allowances and mandatory contributions to regulatory bodies.



Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration (cont'd)

Directors' benefits approved in the 23rd AGM from 31 January 2017 until the conclusion of the 24th Annual General Meeting are as follows:

Directors' Benefits	Actual benefits incurred from 31 January 2017 to LPD
	RM'000
Training	5
Meeting Allowance	17
Travelling & Accommodation	2
Directors & Officers Liability & Group Personal Accident Insurance	12
Total expenditure	36
Approve limit in 23 rd AGM	63

The Group has a very small top management team i.e. only three directors in the Group subsidiaries excluding the Executive Chairman. The next level of management would be heads of department of each subsidiary. As such, the board has identified that disclosure in detailed components including salary, bonus, benefits-in-kind and other emoluments for the three top senior management as very high risk. Such disclosure would place the Company in a vulnerable position for competitors to poach its experience and valuable employees. The remuneration of the top senior management reflects the level of responsibility in the group as well as the performance achievement.

The remuneration discloses in bands of RM50,000 includes salary, bonus, benefits in-kind and other emoluments.

Range	Top Senior Management (No.)
RM150,001 TO RM200,00	1
RM250,001 TO RM300,00	1
RM450,001 TO RM500,000	1

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors. The members of the Audit Committee by names are stated in Practice 8.1 of the CG report.

During the year there were five meetings held and a summary of activities of the Audit Committee including the Internal Audit function during the year 2017 is set out on page 24, 27 and 28 of the Annual Report.

The Company had not appointed a former key audit partner as a member of the Audit Committee.

The Board via the Nominating Committee had performed a review of the Terms of Office of the Audit Committee and had deliberated on the performance of the Audit Committee and each of its members as required by paragraph 15.20 of the Main Market Listing Requirements. At the recommendation from the Nominating Committee, the Board was satisfied on the performance Audit Committee. Members of the Audit Committee are financially literate and were able to comprehend the duties required by them.

II. Risk Management and Internal Controls Framework

The Audit Committee is responsible to the Board for risk governance and the oversight functions are through a subcommittee, Risk Management and Sustainability Committee. The Risk Management and Sustainability Committee assessed and monitors efficacy of risk management controls and measures taken whilst the adequacy and effectiveness of the internal controls are performed by the out-sourced internal auditors. The Internal Auditors will report directly to the Audit Committee.

Corporate Governance Overview Statement

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

II. Risk Management and Internal Controls Framework (cont'd)

The Board is of the view that the system of internal control appears to be working adequately. Based on the work done by the Internal Auditors, there were no material weaknesses in the system of internal control that may affect the integrity of our financial statements.

The details of the Risk Management and Internal Control are set out on page 22 to 25 of the Annual Report.

PRINCIPLE C : INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

I. Communication with Stakeholders

Announcements on important matters and financial results of the Company are promptly released to Bursa so that the investing public is provided with an overview of the performance and operations of the Company. The Company has established a website at www.master.net.my/ir_announcements.htm, where public announcements are also posted in addition to the mandatory requirements and postings at Bursa.

The Board supports and encourages active shareholders participation at its Annual General Meeting (AGM) and any other general meetings. In accordance with the Company's Constitution, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his/her behalf in any general meeting.

At the start of the Annual General Meeting, shareholders are informed of their rights to exercise their decision making powers and the rules governing the voting procedures especially resolution to be voted by poll. Matters reserved for shareholders' approval were as tabulated in the Notice of Annual General Meeting page 16 to 19 of the 2017 Annual Report circulated to the shareholders.

Mr. Chew Hock Lin has been assigned as the Senior Independent & Non-Executive Director, to whom concerns in relation to the Company may be conveyed at the email mpgb@master.net.my. He is also available for shareholders to meet and view their concerns and opinions at the beginning of our Annual General Meeting.

II. Conduct of General Meetings

Master-Pack Group Berhad's AGM acts as a principal forum for interactions with shareholders. The 23rd Notice of AGM was dispatched and advertised in the news Straits Times newspaper at least 28 days before the AGM date complying with the recommended MCCG best practices. All Board members understands the importance of engaging with the shareholders and was present at the 23rd AGM held on 24 May 2017 at 11am in Master-Pack Sdn. Bhd., 1574 Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang. In attendance at the AGM was also the Company Secretary, the internal and external auditors.

The Chairman of the Board welcome all shareholders and the meeting proceeded in an orderly manner. Questions posed by the shareholders were responded by the Chairman/ Group Executive Chairman accordingly.

The voting was conducted through registered ballot papers which were tabulated by the company registrar and verified by an independent scrutineer. The AGM concluded smoothly and all resolutions were duly approved by the shareholders.

Nominating Committee Activities

The Nominating Committee was tasked by the Board in nominating suitable candidates to the Board as well as assesses the performance of all the Directors of the Company.

The Nominating Committee comprises exclusively of Non-Executive Directors and all members are Independent Directors. The members are:

Mr. Chew Hock Lin (Independent Non- Executive Director, Chairman)
Encik Aminuddin bin Saad (Independent Non-Executive Director)
Dr. Junid Bin Abu Saham (Independent Non-Executive Director)



Corporate Governance Overview Statement

Nominating Committee Activities (cont'd)

There is only one meeting held on 24 November 2017 and was fully attended by all members. The terms of reference of the Nominating Committee are also published on the company website www.master.net.my/ir_nomination_committee.htm.

Two weeks prior to the Nominating Committee Meeting held on 24 November 2017, several evaluation forms were sent out to all the directors. The duly completed evaluation forms received from all directors were then compiled by the Company Secretary into reports and tabled before the Nominating Committee for discussion and consideration.

The criteria included in the evaluation form for Independent Directors covers a list of questions on independency, quality and value of contributions, ability to diplomatically and convincingly listen and voice their views including an independent self-declaration of any involvement or relation which could interfere with an independent judgment or ability to act in the best interests of the company.

Self and Peer evaluation form is to assess the contribution of each individual board member's contribution to the board in terms of personality and working relationship with peers, company secretary and management, bringing his/ her knowledge and experience to the agenda discussed at the quarterly meetings, devotes sufficient time to be prepared for the board meeting, able to voice his/ her opinion in non-confrontational and comprehensive manner and effectively communicates with the shareholders at the annual general meetings

Evaluation forms for Board and Board Committees covers the board structure, board operations, board roles and responsibilities, board chairman's role and responsibilities and the performance of the board committees.

The evaluation form for the Performance of the Audit Committee as a whole assess the understanding of the Audit Committee Terms of Reference, objectively & responsibly performed their duties and the results of the evaluation have shown that with the help of the out-source internal auditors and external auditors were able to give the Board the assurance on risk management and internal control.

A list of trainings attended by all board members is reviewed and encouragement was given to directors to attend topics where they were required to further update their knowledge. The list of trainings attended by the board members are published on the company website www.master.net.my/ab_bod.htm.

The Nominating Committee is satisfied that:-

- i. The size and composition of Board are optimum with appropriate mix of knowledge, skills, attributes and core competencies.
- ii. The Board was able to discharge its duties professionally and effectively as well as uphold the governance standards in their conduct, and that of the Board.
- iii. The Audit Committee as a whole and its members have carried out their duties as laid out by the Audit Committee Terms of Reference.
- iv. The directors were able to devote sufficient time commitment to their roles and responsibilities as directors as none hold more than 5 directorships in public listed companies as prescribed in the Bursa Listing Requirements.
- v. Dato' Seri Khor Teng Tong, Mr. Chew Hock Lin and Encik Aminuddin Bin Saad all Independent Non-Executive Directors, with a service length of more than nine years; are demonstrably considered independent irrespective of their length of service exceeding the nine year term on the Board. The three Independent Non-Executive Directors had provided confirmations of their independence to the Board.
- vi. All Board members have devoted sufficient time to update their knowledge and skills including the latest change of the regulatory and statutory and professional requirements.

Financial Reporting

With the assistance of Audit Committee in reviewing the financial results, the Board aims to present quality financial reporting showing a balanced and understandable assessment of the Company's financial position and prospect via the Audited Financial Statements and quarterly financial reports on timely basis. In compliance with the Bursa Main Listing Requirement, the quarterly financial statements is announced to the public via the Bursa Link and the company's website not later than 2 months after the end of each quarter of the financial year. The Company's financial statements are prepared in accordance with applicable approved accounting standards pronounced by Malaysian Accounting Standards Board and other relevant or governing authorities.

Corporate Governance Overview Statement

Statements of Directors' Responsibility for Preparation of Audited Financial Statements

The directors are responsible for ensuring that a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year are reflected in the Audited Financial Statements, as set out in pages 37 to 84 of the 2017 Annual Report. The directors are required to ensure these Audited Financial Statements are prepared in accordance with applicable approved accounting standards in Malaysia, provisions of Companies Act, 2016 and Bursa Securities Listing Requirements. (Refer also to write-up on "Financial Reporting" above.)

Risk Management Framework and Internal Controls

The Board acknowledges its responsibility for maintaining the Group's risk management framework and system of internal controls and for reviewing the effectiveness of these systems. The Statement of Risk Management and Internal Controls provide an overview on the state of risk management and internal control system within the Group. Please refer to page 22 to 25 of the 2017 Annual Report. The Company has adopted a formalised risk management policy and keeps a Risk Register. As such the nature and extent of risks the board and management is willing to take in achieving its strategic objectives are monitored accordingly.

Sustainability Policy Statement

The Sustainability Statement explicitly provides a framework for sustainable and responsible operations, activities and practices throughout the Master-Pack Group. Please refer to the Company website www.master.net.my/ir_sustainability_policy_statement.htm

Sustainability Report

The Group's Sustainability Report is explained on www.master.net.my/ir_corporate_social.htm and page 11 to 15 of the 2017 annual report. Master-Pack Group, as a responsible corporate entity, is conscious of our obligations towards the economy, environment, and society in which we operate.

Related Party Transactions

The Company intend to obtain a circular mandate in the forthcoming Annual General Meeting. Reference is made to the announcement dated 28 February 2018 for details of the recurrent related party transactions as well as Note 23 in page 81 of the Financial Statement.

Relationship with Auditors

The Board has always maintained formal and transparent relationships with the Company's auditors and the management is responsive to the auditors' enquiries and their recommendations. The Audit Committee meets up with the external auditors at least three times a year to discuss their audit plan, audit findings and the Group's financial statement. There were two meetings held without the presence of the Executive Directors and the management.

In addition, the external auditors also attend the Annual General Meeting and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their report. The Audit Committee is responsible for yearly review of the auditors' performance and recommends for their re-appointment to the Board. The Audit Committee takes into consideration the importance of the external auditor's independence and objectivity and therefore adopts a strong view that all non-audit services shall be limited and approved, only when necessary. This is to ensure that the independence of the external auditors are not in any way impaired. The group audit fee and non-audit fee paid to External Auditors for the financial year 2017 amounts to RM101,000 and RM2,000 respectively.

This CG Overview Statement was approved by the Board of Directors on 26 March 2018

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2017. All values shown in this report are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 6 to the financial statements.

Results

	The Group RM'000	The Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	3,945	1,280
- Non-controlling interests	(9)	0
	<u>3,936</u>	<u>1,280</u>

Dividends

During the financial year, the Company declared and paid an interim single tier dividend of 1 sen per share amounting to RM546,000 in respect of the financial year ended 31 December 2017.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2017.

Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of Shares or Debentures

The Company did not issue any shares or debentures during the financial year.

Share Options

The Company did not grant any share options during the financial year.

Bad and Doubtful Debts

Before the financial statements were prepared, 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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.



Directors' Report

Current Assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets 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 current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

Contingent and Other Liabilities

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

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

No contingent or other liability 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 affect the ability of the Group or 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 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 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 or the Company for the financial year in which this report is made.

Directors

The directors in office since the beginning of the financial year are:-

Directors of the Company

Dato' Syed Mohamad Bin Syed Murtaza
Aminuddin Bin Saad
Dato' Seri Khor Teng Tong
Chew Hock Lin
Dr. Junid Bin Abu Saham
Nazriah Binti Shaik Alawdin

Directors of Subsidiaries (Other than Directors of the Company)

Sim Poh Lai
Ting Kee Hoe
Khor Chai Seang
Ong Kean Hong

Directors' Interests

According to the Register of Directors' Shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

Name of Director	Number of Ordinary Shares					
	Direct Interest			Deemed Interest		
	Balance at 1.1.2017	Bought	Sold	Balance at 31.12.2017	Balance at 1.1.2017	Balance at 31.12.2017
Aminuddin Bin Saad	10,002	0	0	10,002	0	0
Dato' Seri Khor Teng Tong	1,262,900	0	0	1,262,900	1,127,000	1,127,000

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 18 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement 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.

Indemnity And Insurance For Directors And Officers

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for directors and officers and the insurance costs incurred during the financial year amounted to RM8,000.

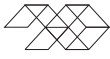
Auditors

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 19 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 March 2018**

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad



Statement by Directors

In the opinion of the directors, the financial statements set out on pages 45 to 84 give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 March 2018**

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad

Statutory Declaration

I, Dato' Syed Mohamad Bin Syed Murtaza, being the director primarily responsible for the financial management of Master-Pack Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 84 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Syed Mohamad Bin Syed Murtaza at
Georgetown in the State of Penang on this
26 March 2018

Dato' Syed Mohamad Bin Syed Murtaza

Before me

Mok Cheng Yoon
No. P140
Commissioner for Oaths

Independent Auditors' Report to the Members of Master-Pack Group Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Master-Pack Group Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 45 to 84.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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 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 the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Valuation of inventories (Refer to Notes 3 and 9 to the financial statements)</u></p> <p>The Group carries significant inventories. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involves judgements and estimation uncertainty in forming expectations about future sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> • Obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's inventory management process; • how the Group identifies and assesses inventory write-downs; and • how the Group makes the accounting estimates for inventory write-downs. • Reviewing the ageing analysis of inventories and testing the reliability thereof. • Examining the perpetual records for inventory movements and to identify slow moving aged items. • Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories. • Reviewing the net realisable value of major inventories. • Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.



Independent Auditors' Report to the Members of Master-Pack Group Berhad (Incorporated in Malaysia)

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment of receivables (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposures. The assessment of recoverability of receivables involves judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> • Obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewing the ageing analysis of receivables and testing the reliability thereof. • Reviewing subsequent cash collections for major receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc. • Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

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

In preparing the financial statements of the Group and 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.

Independent Auditors' Report to the Members of Master-Pack Group Berhad (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

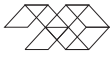
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 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 the Company, including the disclosures, and whether the financial statements of the Group and 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 the Company of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditors' Report to the Members of Master-Pack Group Berhad (Incorporated in Malaysia)

Other Matters

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

Crowe Horwath

Firm No.: AF 1018

Chartered Accountants

Date: 26 March 2018

Penang

Eddy Chan Wai Hun

Approval No.: 02182/10/2019 J

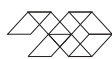
Chartered Accountant

Consolidated Statement of Financial Position

As At 31 December 2017

	Note	2017 RM'000	2016 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	39,478	37,418
Investment properties	5	14,170	13,980
Goodwill on consolidation		196	196
Investments in associates	7	540	581
Available-for-sale financial assets	8	301	277
		<u>54,685</u>	<u>52,452</u>
CURRENT ASSETS			
Inventories	9	12,830	11,248
Trade and other receivables	10	33,413	21,933
Prepayments		2,155	1,549
Current tax assets		230	140
Cash and cash equivalents	11	4,571	6,326
		<u>53,199</u>	<u>41,196</u>
CURRENT LIABILITIES			
Trade and other payables	12	10,164	6,553
Loans and borrowings - secured	13	14,428	8,858
Current tax liabilities		109	163
		<u>24,701</u>	<u>15,574</u>
NET CURRENT ASSETS		28,498	25,622
NON-CURRENT LIABILITIES			
Loans and borrowings - secured	13	4,404	2,211
Deferred tax liabilities	14	3,262	3,760
		<u>7,666</u>	<u>5,971</u>
NET ASSETS		<u>75,517</u>	<u>72,103</u>
EQUITY			
Share capital	15	55,339	54,620
Share premium		0	284
Capital redemption reserve		0	435
Revaluation surplus		5,298	5,742
Fair value reserve		111	87
Retained profits		14,738	10,895
Equity attributable to owners of the Company		<u>75,486</u>	<u>72,063</u>
Non-controlling interests	16	31	40
TOTAL EQUITY		<u>75,517</u>	<u>72,103</u>

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



Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
Revenue	17	115,960	82,465
Other income		1,503	900
Changes in inventories of work-in-progress and finished goods		146	(251)
Purchase of finished goods		(4,583)	(1,148)
Raw materials and consumables used		(78,879)	(53,674)
Depreciation		(3,249)	(2,971)
Employee benefits expense	18	(12,385)	(10,533)
Finance costs		(871)	(649)
Other expenses		(12,122)	(10,644)
Share of associates' (loss)/profit		(133)	17
Profit before tax	19	5,387	3,512
Tax expense	20	(1,451)	(956)
Profit for the financial year		3,936	2,556
Other comprehensive income:-			
<i>Item that may be reclassified subsequently to profit or loss:-</i>			
- Gain/(Loss) on available-for-sale financial assets		24	(18)
Other comprehensive income for the financial year		24	(18)
Total comprehensive income for the financial year		3,960	2,538

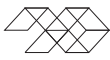
The annexed notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		3,945	3,067
- Non-controlling interests	16	<u>(9)</u>	<u>(511)</u>
		<u>3,936</u>	<u>2,556</u>
Total comprehensive income for the financial year attributable to:-			
- Owners of the Company		3,969	3,049
- Non-controlling interests		<u>(9)</u>	<u>(511)</u>
		<u>3,960</u>	<u>2,538</u>
Earnings per share:-			
	21		
- Basic (sen)		<u>7.22</u>	<u>5.62</u>
- Diluted (sen)		<u>7.22</u>	<u>5.62</u>

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



Consolidated Statement of Changes In Equity

For The Financial Year Ended 31 December 2017

	Non-distributable				Distributable		Equity attributable to owners of the Company		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000	RM'000	
Balance at 1 January 2016	54,620	284	435	6,184	105	7,932	69,560	130	69,690
Profit/(Loss) for the financial year	0	0	0	0	0	3,067	3,067	(511)	2,556
Loss on available-for-sale financial assets (representing other comprehensive income for the financial year)	0	0	0	0	(18)	0	(18)	0	(18)
Total comprehensive income for the financial year	0	0	0	0	(18)	3,067	3,049	(511)	2,538
Issue of shares by subsidiary	0	0	0	0	0	0	0	1,280	1,280
Interim single tier dividend of 1 sen per share	0	0	0	0	0	(546)	(546)	0	(546)
Total transactions with owners	0	0	0	0	0	(546)	(546)	1,280	734
Loss of control of subsidiary	0	0	0	0	0	0	0	(859)	(859)
Transfer of revaluation surplus	0	0	0	(442)	0	442	0	0	0
Balance at 31 December 2016	54,620	284	435	5,742	87	10,895	72,063	40	72,103

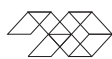
The annexed notes form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

For The Financial Year Ended 31 December 2017

	Non-distributable			Distributable			Equity attributable to owners of the Company		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000	Company RM'000	
Balance at 1 January 2017	54,620	284	435	5,742	87	10,895	40	72,063	72,103
Transfer of share premium and capital redemption reserve	719	(284)	(435)	0	0	0	0	0	0
Profit/(Loss) for the financial year	0	0	0	0	0	3,945	(9)	3,945	3,936
Gain on available-for-sale financial assets (representing other comprehensive income for the financial year)	0	0	0	0	24	0	0	24	24
Total comprehensive income for the financial year	0	0	0	0	24	3,945	(9)	3,969	3,960
Interim single tier dividend of 1 sen per share (representing total transactions with owners)	0	0	0	0	0	(546)	0	(546)	(546)
Transfer of revaluation surplus	0	0	0	(444)	0	444	0	0	0
Balance at 31 December 2017	55,339	0	0	5,298	111	14,738	31	75,486	75,517

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



Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,387	3,512
Adjustments for:-			
Depreciation		3,249	2,971
Dividend income		(4)	(3)
Gain on change in ownership interest in associate		(92)	0
Gain on disposal of property, plant and equipment		0	(15)
Gain on fair value adjustment of investment properties		(190)	0
Gain on loss of control of subsidiary		0	(312)
Impairment loss on available-for-sale financial assets		0	8
Impairment loss on receivables		692	1,535
Interest expense		871	649
Interest income		(31)	(43)
Inventories written down		168	75
Property, plant and equipment written off		10	8
Reversal of impairment loss on receivables		0	(5)
Reversal of inventories written down		(114)	(25)
Share of associates' loss/(profit)		133	(17)
Waiver of debts		0	(5)
Operating profit before working capital changes		10,079	8,333
Changes in:-			
Inventories		(1,636)	(2,369)
Receivables and prepayments		(12,778)	(3,801)
Payables		3,611	1,292
Cash (absorbed by)/generated from operations		(724)	3,455
Tax paid		(2,272)	(1,627)
Tax refunded		179	531
Net cash (used in)/from operating activities		(2,817)	2,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash and cash equivalents of subsidiary of which control is lost		0	(365)
Dividends received		4	3
Interest received		31	43
Proceeds from disposal of property, plant and equipment		0	15
Purchase of property, plant and equipment	22	(1,014)	(1,182)
Net cash used in investing activities		(979)	(1,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(546)	(546)
Interest paid		(846)	(638)
Issue of shares by subsidiary		0	1,280
Net increase in short-term loans and borrowings	22	4,799	2,321
Repayment of hire purchase obligations	22	(1,058)	(477)
Repayment of term loans	22	(309)	(758)
Net cash from financing activities		2,040	1,182
Net (decrease)/increase in cash and cash equivalents		(1,756)	2,055
Cash and cash equivalents brought forward		4,571	2,516
Cash and cash equivalents carried forward	11	2,815	4,571

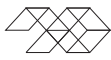
The annexed notes form an integral part of these financial statements.

Statement of Financial Position

As At 31 December 2017

	Note	2017 RM'000	2016 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	10	12
Investment properties	5	3,320	3,130
Investments in subsidiaries	6	15,538	15,538
Available-for-sale financial assets	8	301	277
		<u>19,169</u>	<u>18,957</u>
CURRENT ASSETS			
Trade and other receivables	10	10,301	8,998
Current tax assets		17	80
Cash and cash equivalents	11	263	922
		<u>10,581</u>	<u>10,000</u>
CURRENT LIABILITIES			
Trade and other payables	12	279	253
		<u>279</u>	<u>253</u>
NET CURRENT ASSETS		10,302	9,747
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	48	39
NET ASSETS		<u>29,423</u>	<u>28,665</u>
EQUITY			
Share capital	15	55,339	54,620
Share premium		0	284
Capital redemption reserve		0	435
Fair value reserve		111	87
Accumulated losses		(26,027)	(26,761)
TOTAL EQUITY		<u>29,423</u>	<u>28,665</u>

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



Statement of Comprehensive Income

For The Financial Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
Revenue	17	1,597	1,551
Other income		251	52
Depreciation		(3)	(3)
Employee benefits expense	18	(244)	(234)
Finance costs		0	(3)
Other expenses		(285)	(258)
Profit before tax	19	1,316	1,105
Tax (expense)/income	20	(36)	246
Profit for the financial year		1,280	1,351
Other comprehensive income:-			
<i>Item that may be reclassified subsequently to profit or loss:-</i>			
- Gain/(Loss) on available-for-sale financial assets		24	(18)
Other comprehensive income for the financial year		24	(18)
Total comprehensive income for the financial year		1,304	1,333

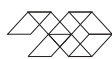
The annexed notes form an integral part of these financial statements.

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2017

	Non-distributable				Accumulated losses RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Fair value reserve RM'000		
Balance at 1 January 2016	54,620	284	435	105	(27,566)	27,878
Profit for the financial year	0	0	0	0	1,351	1,351
Loss on available-for-sale financial assets (representing other comprehensive income for the financial year)	0	0	0	(18)	0	(18)
Total comprehensive income for the financial year	0	0	0	(18)	1,351	1,333
Interim single tier dividend of 1 sen per share (representing total transactions with owners)	0	0	0	0	(546)	(546)
Balance at 31 December 2016	54,620	284	435	87	(26,761)	28,665
Transfer of share premium and capital redemption reserve	719	(284)	(435)	0	0	0
Profit for the financial year	0	0	0	0	1,280	1,280
Gain on available-for-sale financial assets (representing other comprehensive income for the financial year)	0	0	0	24	0	24
Total comprehensive income for the financial year	0	0	0	24	1,280	1,304
Interim single tier dividend of 1 sen per share (representing total transactions with owners)	0	0	0	0	(546)	(546)
Balance at 31 December 2017	55,339	0	0	111	(26,027)	29,423

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



Statement of Cash Flows

For The Financial Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,316	1,105
Adjustments for:-			
Depreciation		3	3
Dividend income		(1,504)	(1,503)
Gain on fair value adjustment of investment properties		(190)	0
Impairment loss on available-for-sale financial assets		0	8
Interest expense		0	3
Interest income		(24)	(5)
Property, plant and equipment written off		0	1
Operating loss before working capital changes		(399)	(388)
Changes in:-			
Receivables		(9)	0
Payables		26	(85)
Cash absorbed by operations		(382)	(473)
Tax paid		(24)	(29)
Tax refunded		60	281
Net cash from/(used in) operating activities		(346)	(221)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		1,129	1,503
Interest received		24	5
Net advance to subsidiaries		(919)	(410)
Purchase of property, plant and equipment		(1)	(6)
Net cash (used in)/from investing activities		233	1,092
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(546)	(546)
Interest paid		0	(3)
Repayment of term loan	22	0	(33)
Net cash used in financing activities		(546)	(582)
Net (decrease)/increase in cash and cash equivalents		(659)	289
Cash and cash equivalents brought forward		922	633
Cash and cash equivalents carried forward	11	263	922

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

1. General Information

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang and its principal place of business is located at 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The consolidated financial statements set out on pages 45 to 50 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interests in associates. The separate financial statements of the Company set out on pages 51 to 54 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 March 2018.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:-

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group and the Company.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018

Management foresees that the initial application of the above MFRSs will not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

MFRS 9 *Financial Instruments*

MFRS 9, which replaces MFRS 139 *Financial Instruments: Recognition and Measurement*, sets out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Group and the Company) relate to the classification and measurement of financial assets. Under MFRS 9:-

- (i) Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. Based on management's assessment, the adoption of the new guidance will not significantly affect the existing classification and measurement of financial assets of the Group and the Company.
- (ii) Impairment loss on financial assets is recognised using a new "expected credit loss" model as opposed to the "incurred credit loss" model currently used in MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Based on management's assessment, any additional impairment losses to be recognised using the new impairment model are not expected to be material to the Group and the Company.

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

MFRS 9 Financial Instruments (cont'd)

The Group and the Company will apply the new requirements of MFRS 9 from 1 January 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 139.

MFRS 15 Revenue from Contracts with Customers

MFRS 15, which replaces MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the current practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Group and the Company will apply the new requirements of MFRS 15 from 1 January 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

MFRS 16 Leases

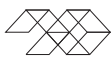
MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group and the Company will apply the new requirements of MFRS 16 from 1 January 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.2 Basis of Consolidation (cont'd)

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. 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.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Freehold land is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease term of 43 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2-3%
Plant and machinery	10-33%
Tools and equipment	10-33%
Furniture, fittings and office equipment	10-33%
Motor vehicles	20-25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

**Notes to the
Financial Statement**

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)**2.4 Investment Properties**

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

2.5 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

2.6 Investments in Associates

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.7.

2.7 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories and investment properties stated at fair value, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.8 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.9 Financial Assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables and cash and cash equivalents.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.9 Financial Assets (cont'd)

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. A financial asset is initially recognised at fair value plus directly attributable transaction costs. The subsequent measurement of a financial asset depends on its classification as follows:-

(i) Loans and receivables

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

(ii) Available-for-sale financial assets

All investments in equity instruments (other than interests in subsidiaries and associates) are classified under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value, except for impairment loss, is recognised in other comprehensive income and accumulated in equity as fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as follows:-

(i) Financial assets carried at amortised cost

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. Such cumulative loss reclassified from equity to profit or loss represents an impairment loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. The impairment loss is not reversed through profit or loss in any subsequent period.

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.10 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process. After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.11 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

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

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2.12 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.13 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.13 Share Capital (cont'd)

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.14 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.

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

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

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

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Non-financial Assets

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair value of quoted investment is directly measured using its unadjusted closing price in an active market (i.e. Level 1).

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

2. Significant Accounting Policies (cont'd)

2.15 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income is recognised when the shareholder's right to receive payment is established.

Rental income is recognised on an accrual basis.

Interest income is recognised using the effective interest method.

2.16 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2.17 Borrowings Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

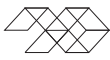
Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

3. Judgements And Estimation Uncertainty

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

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

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 9.

Impairment of receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of receivables. Allowance is applied to receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables as disclosed in Note 10.

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

4. Property, Plant And Equipment The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At Cost/Valuation								
Balance at 1 January 2016	4,380	5,700	18,549	45,964	1,608	3,040	800	80,041
Additions	0	0	155	1,641	39	88	236	2,159
Disposals/Write-offs	0	0	0	(503)	(315)	(42)	(93)	(953)
Loss of control of subsidiary	0	0	0	(8)	(17)	(29)	0	(54)
Balance at 31 December 2016	4,380	5,700	18,704	47,094	1,315	3,057	943	81,193
Representing:-								
- Cost	0	0	239	47,094	1,315	3,057	943	52,648
- Valuation	4,380	5,700	18,465	0	0	0	0	28,545
Balance at 1 January 2017	4,380	5,700	18,704	47,094	1,315	3,057	943	81,193
Additions	0	0	327	4,783	135	33	41	5,319
Disposals/Write-offs	0	0	0	(3,698)	(3)	(79)	0	(3,780)
Balance at 31 December 2017	4,380	5,700	19,031	48,179	1,447	3,011	984	82,732
Representing:-								
- Cost	0	0	566	48,179	1,447	3,011	984	54,187
- Valuation	4,380	5,700	18,465	0	0	0	0	28,545
Balance at 31 December 2017	4,380	5,700	19,031	48,179	1,447	3,011	984	82,732



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

4. Property, Plant And Equipment (cont'd)

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Depreciation and Impairment Losses</u>								
Balance at 1 January 2016	0	281	640	36,204	1,213	2,680	713	41,731
- Accumulated depreciation	0	0	0	26	0	0	0	26
- Accumulated impairment losses	0	281	640	36,230	1,213	2,680	713	41,757
Depreciation	0	281	684	1,732	83	131	60	2,971
Disposals/Write-offs	0	0	0	(502)	(309)	(41)	(93)	(945)
Loss of control of subsidiary	0	0	0	0	(4)	(4)	0	(8)
Balance at 31 December 2016	0	562	1,324	37,434	983	2,766	680	43,749
- Accumulated depreciation	0	0	0	26	0	0	0	26
- Accumulated impairment losses	0	562	1,324	37,460	983	2,766	680	43,775
Depreciation	0	282	713	1,988	77	110	79	3,249
Disposals/Write-offs	0	0	0	(3,695)	(2)	(73)	0	(3,770)
Balance at 31 December 2017	0	844	2,037	35,727	1,058	2,803	759	43,228
- Accumulated depreciation	0	0	0	26	0	0	0	26
- Accumulated impairment losses	0	844	2,037	35,753	1,058	2,803	759	43,254
Carrying Amount	4,380	5,419	17,909	9,734	395	360	87	38,284
Balance at 1 January 2016	4,380	5,138	17,380	9,634	332	291	263	37,418
Balance at 31 December 2017	4,380	4,856	16,994	12,426	389	208	225	39,478

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

4. Property, Plant And Equipment (cont'd)

The freehold land, leasehold land and buildings were revalued to fair values on 31 December 2014 based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Had the land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Freehold land	1,904	1,904
Leasehold land	613	648
Buildings	9,530	9,578
	<u>12,047</u>	<u>12,130</u>

The freehold land, leasehold land and buildings have been pledged as security for credit facilities granted to the Group.

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Plant and machinery	7,006	3,226
Motor vehicles	170	228
	<u>7,176</u>	<u>3,454</u>

The Company

	Furniture, fittings and office equipment RM'000

At Cost

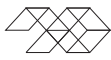
Balance at 1 January 2016	1,004
Additions	6
Write-offs	(1)
Balance at 31 December 2016	1,009
Additions	1
Disposals/Write-offs	(5)
Balance at 31 December 2017	<u>1,005</u>

Accumulated Depreciation

Balance at 1 January 2016	994
Depreciation	3
Balance at 31 December 2016	997
Depreciation	3
Disposals/Write-offs	(5)
Balance at 31 December 2017	<u>995</u>

Carrying Amount

Balance at 1 January 2016	<u>10</u>
Balance at 31 December 2016	<u>12</u>
Balance at 31 December 2017	<u>10</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

5. Investment Properties

The Group

	Freehold land RM'000	Buildings RM'000	Office lots RM'000	Total RM'000
<u>Fair Value</u>				
Balance at 1 January 2016 / 31 December 2016	2,785	8,065	3,130	13,980
Fair value adjustments	0	0	190	190
Balance at 31 December 2017	<u>2,785</u>	<u>8,065</u>	<u>3,320</u>	<u>14,170</u>

The Company

	Office lots RM'000
<u>Fair Value</u>	
Balance at 1 January 2016 / 31 December 2016	3,130
Fair value adjustments	<u>190</u>
Balance at 31 December 2017	<u>3,320</u>

The fair values of investment properties were measured based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2).

Certain office lots with total carrying amount of RM2,080,000 (2016 : RM1,960,000) have been pledged as security for credit facilities granted to the Group.

6. Investments In Subsidiaries

The Company

	2017 RM'000	2016 RM'000
Unquoted shares, at cost	26,363	26,363
Impairment losses	<u>(10,825)</u>	<u>(10,825)</u>
	<u>15,538</u>	<u>15,538</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2017	2016	
<u>Direct Subsidiaries</u>				
Master-Pack Sdn. Bhd.	Malaysia	100%	100%	Manufacture of corrugated cartons and distribution of packaging materials
Master-Pack (Sarawak) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of corrugated fibreboard cartons
Master-Pack Energy Sdn. Bhd.	Malaysia	60%	60%	Inactive
Master-Pack Marine Products Sdn. Bhd.	Malaysia	100%	100%	Inactive
Sin Wan Fatt Marine Products Sdn. Bhd.	Malaysia	100%	100%	Inactive
<u>Indirect Subsidiary</u>				
Eng Hong Distribution Sdn. Bhd.	Malaysia	0%	51%	Dissolved

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

7. Investments In Associates

The Group

	2017 RM'000	2016 RM'000
Unquoted shares, at cost	294	294
Share of post-acquisition changes in net assets	246	287
	<u>540</u>	<u>581</u>

The details of the associates are as follows:-

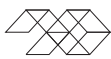
Name of Associate	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2017	2016	
Excelfood Pack Sdn. Bhd.	Malaysia	21%	26%	Manufacture and sale of food wrappers, bags and boxes
Richmond Technology Sdn. Bhd.	Malaysia	20%	20%	Manufacture of packaging materials

The summarised financial information of the associates is as follows:-

	2017 RM'000	2016 RM'000
Non-current assets	1,833	1,640
Current assets	7,693	4,928
Non-current liabilities	(977)	(954)
Current liabilities	(5,878)	(2,901)
Net assets	2,671	2,713
Revenue	17,817	10,414
(Loss)/Profit (representing total comprehensive income)	<u>(544)</u>	<u>119</u>

The reconciliation of the above summarised financial information to the carrying amount of the investments in associates is as follows:-

	2017		
	Excelfood Pack Sdn. Bhd. RM'000	Richmond Technology Sdn. Bhd. RM'000	Total RM'000
Net assets	636	2,035	2,671
Effect ownership interest	21%	20%	20% - 21%
Carrying amount	<u>133</u>	<u>407</u>	<u>540</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

7. Investments In Associates (cont'd)

	2016		
	Excellfood Pack Sdn. Bhd. RM'000	Richmond Technology Sdn. Bhd. RM'000	Total RM'000
Net assets	633	2,080	2,713
Effect ownership interest	26%	20%	20% - 26%
Carrying amount	<u>165</u>	<u>416</u>	<u>581</u>

8. Available-For-Sale Financial Assets

The Group and the Company

	2017 RM'000	2016 RM'000
Quoted shares, at fair value	<u>301</u>	<u>277</u>

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

9. Inventories

The Group

	2017 RM'000	2016 RM'000
Raw materials	9,786	8,584
Work-in-progress	930	555
Finished goods	681	910
Goods-in-transit	<u>1,433</u>	<u>1,199</u>
	<u>12,830</u>	<u>11,248</u>

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

10. Trade And Other Receivables

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables:-				
- Associates	4,337	1,537	0	0
- Unrelated parties	32,280	22,838	4	0
- Allowance for impairment	(3,334)	(2,644)	0	0
	<u>28,946</u>	<u>20,194</u>	<u>4</u>	<u>0</u>
	33,283	21,731	4	0
Other receivables:-				
- Associate	0	59	0	0
- Subsidiaries	0	0	29,942	29,023
- Allowance for impairment	0	0	(20,045)	(20,045)
	<u>0</u>	<u>0</u>	<u>9,897</u>	<u>8,978</u>
- Unrelated parties	130	143	25	20
	<u>130</u>	<u>202</u>	<u>9,922</u>	<u>8,998</u>
Dividend receivable	0	0	375	0
	<u>33,413</u>	<u>21,933</u>	<u>10,301</u>	<u>8,998</u>

The currency profile of trade and other receivables is as follows:-

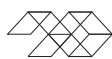
	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	33,406	21,592	10,301	8,998
US Dollar	7	341	0	0
	<u>33,413</u>	<u>21,933</u>	<u>10,301</u>	<u>8,998</u>

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 7 to 150 day terms.

The movements in allowance for impairment are as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Balance at 1 January	2,644	1,123
Impairment loss recognised	692	1,535
Impairment loss reversed	0	(5)
Impairment loss written off	(2)	(9)
Balance at 31 December	<u>3,334</u>	<u>2,644</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

10. Trade And Other Receivables (cont'd)

Trade Receivables (cont'd)

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Not past due	26,646	15,793	4	0
Past due 1 to 30 days	5,314	3,244	0	0
Past due 31 to 120 days	1,189	1,730	0	0
Past due more than 120 days	134	964	0	0
	<u>33,283</u>	<u>21,731</u>	<u>4</u>	<u>0</u>

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentration in terms of counterparties. As at 31 December 2017, there was 1 (2016 : 2) major customer that accounted for 10% or more of the Group's trade receivables and the total outstanding balance due from this major customer amounted to RM13,861,000 (2016 : RM7,096,000).

Other Receivables

Other receivables are unsecured and non-interest bearing except for an amount of RM1,250,000 (2016 : NIL) owing by subsidiary which bears interest at 4.00% per annum. The amounts owing by associate and subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of advances and refundable deposits which have no fixed repayment terms.

11. Cash And Cash Equivalents

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Highly liquid investments	799	1,000	0	0
Term deposits (fixed rate)	500	802	0	802
Cash and bank balances	3,272	4,524	263	120
	<u>4,571</u>	<u>6,326</u>	<u>263</u>	<u>922</u>

The effective interest rate of term deposits as at 31 December 2017 was 2.85% (2016 : 1.85%) per annum.

The currency profile of cash and cash equivalents is as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	4,566	5,996	263	922
US Dollar	5	330	0	0
	<u>4,571</u>	<u>6,326</u>	<u>263</u>	<u>922</u>

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

11. Cash And Cash Equivalents (cont'd)

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	4,571	6,326	263	922
Bank overdrafts	(1,756)	(1,755)	0	0
	<u>2,815</u>	<u>4,571</u>	<u>263</u>	<u>922</u>

12. Trade And Other Payables

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade payables	6,185	3,398	0	0
Other payables	3,849	3,025	279	253
Compensation received	130	130	0	0
	<u>10,164</u>	<u>6,553</u>	<u>279</u>	<u>253</u>

The currency profile of trade and other payables is as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	10,133	6,551	279	253
US Dollar	31	2	0	0
	<u>10,164</u>	<u>6,553</u>	<u>279</u>	<u>253</u>

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

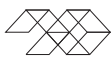
Trade payables are unsecured, non-interest bearing and generally on 30 to 60 day terms.

Other Payables

Other payables are unsecured, non-interest bearing and mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

Compensation Received

This represents compensation received from the seller of a parcel of land purchased by a subsidiary in 1995. The seller sold to the subsidiary the entire land which included a minor portion beneficially owned by other individuals. As the subsidiary has an obligation to compensate these individuals for their entitled portion, the compensation received from the seller has been deferred as a liability, pending the determination of the individuals' entitled portion by the relevant authority.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

13. Loans And Borrowings - Secured

The Group

	2017 RM'000	2016 RM'000
Fixed rate:-		
- Hire purchase payables	5,815	2,568
- Banker acceptances	10,936	6,112
Floating rate:-		
- Bank overdrafts	1,756	1,755
- Term loans	325	634
	<u>18,832</u>	<u>11,069</u>
Disclosed as:-		
- Current liabilities	14,428	8,858
- Non-current liabilities	4,404	2,211
	<u>18,832</u>	<u>11,069</u>

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other loans and borrowings are secured against certain property, plant and equipment (Note 4) and investment properties (Note 5).

The effective interest rates of loans and borrowings as at 31 December 2017 ranged from 4.51% to 8.35% (2016 : 4.52% to 8.35%) per annum.

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Hire Purchase Payables

Hire purchase payables are repayable over 3 to 5 years. The repayment analysis is as follows:-

	2017 RM'000	2016 RM'000
Minimum hire purchase payments:-		
- Within 1 year	1,821	821
- Later than 1 year and not later than 2 years	1,593	821
- Later than 2 years and not later than 5 years	3,130	1,232
Total contractual undiscounted cash flows	6,544	2,874
Future finance charges	(729)	(306)
	<u>5,815</u>	<u>2,568</u>
Represented by present value of hire purchase payables:-		
- Within 1 year	1,514	685
- Later than 1 year and not later than 2 years	1,377	727
- Later than 2 years and not later than 5 years	2,924	1,156
	<u>5,815</u>	<u>2,568</u>

The fair values of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

13. Loans And Borrowings - Secured (cont'd)

Term Loans

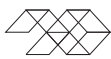
Term loans are repayable over 5 years. The repayment analysis is as follows:-

	2017 RM'000	2016 RM'000
Gross loan instalments:-		
- Within 1 year	238	340
- Later than 1 year and not later than 2 years	111	238
- Later than 2 years and not later than 5 years	0	123
Total contractual undiscounted cash flows	<u>349</u>	<u>701</u>
Future finance charges	<u>(24)</u>	<u>(67)</u>
	<u>325</u>	<u>634</u>
	2017 RM'000	2016 RM'000
Represented by present value of term loans:-		
- Within 1 year	222	306
- Later than 1 year and not later than 2 years	103	214
- Later than 2 years and not later than 5 years	0	114
	<u>325</u>	<u>634</u>

The fair values of term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of term loans.

14. Deferred Tax Liabilities

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance at 1 January	3,760	4,435	39	38
Deferred tax (income)/expense relating to origination and reversal of temporary differences	(496)	(586)	9	1
Deferred tax liabilities overprovided in prior year	(2)	(89)	0	0
Balance at 31 December	<u>3,262</u>	<u>3,760</u>	<u>48</u>	<u>39</u>
In respect of taxable/(deductible) temporary differences of:-				
- Property, plant and equipment	4,104	4,421	2	2
- Investment properties	79	70	46	37
- Inventories	(67)	(54)	0	0
- Financial instruments	(854)	(677)	0	0
	<u>3,262</u>	<u>3,760</u>	<u>48</u>	<u>39</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

14. Deferred Tax Liabilities (cont'd)

Save as disclosed above, as at 31 December 2017, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM828,000 (2016 : RM786,000). No further deferred tax assets have been recognised for the excess of the unused capital allowances, unused tax losses and deductible temporary differences over the taxable temporary differences as follows:-

	The Group	
	2017	2016
	RM'000	RM'000
Unused capital allowances	4,167	4,167
Unused tax losses	20,176	20,176
Deductible/(Taxable) temporary differences of:-		
- Property, plant and equipment	2	7
- Investment properties	(3,452)	(3,276)
	<u>20,893</u>	<u>21,074</u>

15. Share Capital

	No. of ordinary shares	
	'000	RM'000
<u>Authorised</u>		
Balance at 1 January 2016* / 31 December 2016*	100,000	100,000
Cancellation upon abolition of par value	<u>(100,000)</u>	<u>(100,000)</u>
Balance at 31 December 2017	<u>0</u>	<u>0</u>
<u>Issued and fully paid</u>		
Balance at 1 January 2016* / 31 December 2016*	54,620	54,620
Transfer from share premium and capital redemption reserve upon abolition of par value	<u>0</u>	<u>719</u>
Balance at 31 December 2017**	<u>54,620</u>	<u>55,339</u>

* Ordinary shares of RM1 each

** Ordinary shares with no par value

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act on 31 January 2017 shall have no par value. Accordingly, the amounts standing to the credit of share premium and capital redemption reserve have been transferred to share capital.

16. Non-Controlling Interests ("NCI")

The Group

	Accumulated NCI		Loss Allocated to NCI	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Master-Pack Energy Sdn. Bhd.	31	40	(9)	(8)
Eng Hong Distribution Sdn. Bhd.	0	0	0	0
Excelfood Pack Sdn. Bhd.	<u>0</u>	<u>0</u>	<u>0</u>	<u>(503)</u>
	<u>31</u>	<u>40</u>	<u>(9)</u>	<u>(511)</u>

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

16. Non-Controlling Interests ("NCI") (cont'd)

The details of the subsidiaries that have NCI are as follows:-

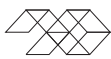
Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest Held by NCI		Principal Activity
		2017	2016	
Master-Pack Energy Sdn. Bhd.	Malaysia	40%	40%	Inactive
Eng Hong Distribution Sdn. Bhd.	Malaysia	0%	49%	Dissolved

The summarised financial information of the above subsidiaries is as follows:-

	2017 RM'000	2016 RM'000
Non-current assets	0	1
Current assets	112	133
Current liabilities	(64)	(64)
Net assets	48	70
Loss (representing total comprehensive income)	(22)	(21)
Net cash used in operating activities	(24)	(14)
Net cash used in financing activities	0	(1)
Net cash outflow	<u>(24)</u>	<u>(15)</u>

17. Revenue

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	115,863	82,414	0	0
Dividend income	4	3	1,504	1,503
Rental income from investment properties	93	48	93	48
	<u>115,960</u>	<u>82,465</u>	<u>1,597</u>	<u>1,551</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

18. Employee Benefits Expense (Including Directors' Remuneration)

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:-				
- Fees	219	204	216	201
- Other short-term employee benefits	1,494	1,336	14	18
- Defined contribution plans	98	70	0	0
	1,811	1,610	230	219
Directors of subsidiaries:-				
- Fees	18	17	0	0
- Other short-term employee benefits	871	844	0	0
- Defined contribution plans	80	69	0	0
	969	930	0	0
Other employees:-				
- Short-term employee benefits	8,944	7,394	14	15
- Defined contribution plans	661	599	0	0
	9,605	7,993	14	15
	<u>12,385</u>	<u>10,533</u>	<u>244</u>	<u>234</u>

The directors' remuneration represents the entire key management personnel compensation of the Group and the Company as there were no other key management personnel apart from all the directors who have the authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group and the Company.

19. Profit Before Tax

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	106	104	35	35
- Prior year	0	6	0	3
Direct operating expenditure for investment properties:-				
- Generating rental income	11	12	11	12
- Not generating rental income	103	68	0	0
Fee expense for financial instruments not at fair value through profit or loss				
	138	88	2	1
Impairment loss on available-for-sale financial assets				
	0	8	0	8
Impairment loss on receivables				
	692	1,535	0	0
Interest expense for financial liabilities not at fair value through profit or loss				
	871	649	0	3
Inventories written down				
	168	75	0	0

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

19. Profit Before Tax (cont'd)

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment written off	10	8	0	1
Rental expense	122	347	7	7
and crediting:-				
Gain on change in ownership interest in associate	92	0	0	0
Gain on disposal of property, plant and equipment	0	15	0	0
Gain on fair value adjustment of investment properties	190	0	190	0
Gain on loss of control of subsidiary*	0	312	0	0
Insurance compensation	0	200	0	0
Interest income for financial assets not at fair value through profit or loss	31	43	24	5
Realised gain on foreign exchange	233	5	0	0
Reversal of impairment loss on receivables	0	5	0	0
Reversal of inventories written down	114	25	0	0
Waiver of debts	0	5	0	0

* Included in other income

20. Tax Expense/(Income)

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
Current tax	1,999	1,750	25	10
Deferred tax	(496)	(586)	9	1
	1,503	1,164	34	11
Tax (over)/under provided in prior year:-				
Current tax	(50)	(119)	2	(257)
Deferred tax	(2)	(89)	0	0
	1,451	956	36	(246)



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

20. Tax Expense/(Income) (cont'd)

The numerical reconciliation between the product of profit before tax multiplied by the applicable tax rate, which is the statutory income tax rate, and the tax expense/(income) is as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	5,387	3,512	1,316	1,105
Tax at applicable tax rate of 24%	1,293	843	316	265
Non-taxable income	(36)	(60)	(361)	(282)
Non-deductible expenses	327	426	116	28
Expenses eligible for double deduction	0	(5)	0	0
Decrease in unrecognised deferred tax assets	(44)	(40)	0	0
Effect of differential tax rates	(37)	0	(37)	0
Tax (over)/under provided in prior year	(52)	(208)	2	(257)
Tax expense/(income)	1,451	956	36	(246)

21. Earnings Per Share

The Group

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

	2017	2016
Profit for the financial year attributable to owners of the Company (RM'000)	3,945	3,067
Weighted average number of shares in issue ('000)	54,620	54,620
Basic earnings per share (sen)	7.22	5.62

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

22. Notes To Statement Of Cash Flows

Purchase of Property, Plant and Equipment

	The Group	
	2017 RM'000	2016 RM'000
Cost of property, plant and equipment purchased	5,319	2,159
Amount financed through hire purchase	(4,305)	(977)
Net cash disbursed	1,014	1,182

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

22. Notes To Statement Of Cash Flows (cont'd)

Short-Term Loans and Borrowings

	The Group	
	2017	2016
	RM'000	RM'000
Balance at 1 January	6,112	3,780
Net cash flow changes	4,799	2,321
Other changes	25	11
Balance at 31 December (Note 13)	<u>10,936</u>	<u>6,112</u>

Hire Purchase Payables

	The Group	
	2017	2016
	RM'000	RM'000
Balance at 1 January	2,568	890
Drawdowns	4,305	2,155
Repayments	(1,058)	(477)
Balance at 31 December (Note 13)	<u>5,815</u>	<u>2,568</u>

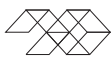
Term Loans

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	634	1,392	0	33
Repayments	(309)	(758)	0	(33)
Balance at 31 December (Note 13)	<u>325</u>	<u>634</u>	<u>0</u>	<u>0</u>

23. Related Party Disclosures

Other than the directors' remuneration as disclosed in Note 18, significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Dividends declared from subsidiary	0	0	1,500	1,500
Interest charged to subsidiary	0	0	12	0
Rental of equipment to associate	391	33	0	0
Sale of goods to associates	<u>10,142</u>	<u>4,409</u>	<u>0</u>	<u>0</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

24. Segment Reporting

The Group

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of corrugated fibreboard cartons and packaging materials.

Geographical Information

Information about geographical areas has not been reported separately as the Group operates and generates revenue principally within Malaysia.

Major Customer

For the financial year ended 31 December 2017, there was 1 (2016 : 1) major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM45,894,000 (2016 : RM18,808,000).

25. Contractual Commitments

The Group

	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	<u>2,653</u>	<u>2,496</u>

26. Financial Guarantee Contracts

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM32,200,000 (2016 : RM27,200,000). The total utilisation of these credit facilities as at 31 December 2017 amounted to RM16,729,000 (2016 : RM9,667,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.10. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

27. Financial Risk Management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 26.

Notes to the Financial Statement

For The Financial Year Ended 31 December 2017

27. Financial Risk Management (cont'd)

Credit Risk (cont'd)

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

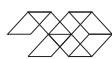
Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Appreciation of USD against RM by 10%	(1)	51
Depreciation of USD against RM by 10%	1	(51)

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

27. Financial Risk Management (cont'd)

Interest Rate Risk (cont'd)

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Increase in interest rates by 50 basis points	(8)	(9)
Decrease in interest rates by 50 basis points	<u>8</u>	<u>9</u>

Other Price Risk

The Group's exposure to other price risk arises mainly from quoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.

The Group's quoted investments are listed on Bursa Malaysia Securities Berhad. Based on the assumption that the share prices of these investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI"), the following table demonstrates the sensitivity of profit or loss and other comprehensive income ("OCI") to changes in FBMKLCI that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group and the Company			
	2017		2016	
	Increase/ (Decrease) in Profit RM'000	Increase/ (Decrease) in OCI RM'000	Increase/ (Decrease) in Profit RM'000	Increase/ (Decrease) in OCI RM'000
Increase in FBMKLCI by 10%	0	30	0	28
Decrease in FBMKLCI by 10%	<u>(7)</u>	<u>(23)</u>	<u>(4)</u>	<u>(24)</u>

28. Capital Management

The Group's objective in capital management is to maintain a strong capital base to support its business and maximise shareholders' value.

The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity. The Group's strategy is to maintain the ratio at below 1 : 1 as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Total loans and borrowings	18,832	11,069
Total equity	<u>75,517</u>	<u>72,103</u>
Total capital	<u>94,349</u>	<u>83,172</u>
Debt-to-equity ratio	<u>0.25 : 1</u>	<u>0.15 : 1</u>

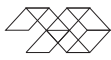
The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

Group Properties

As At 31 December 2017

No.	Location	Description Of Property	Build-up Area	Land Area	Existing Use	Tenure	Approx. Age Of Buiding (years)	Fair Value/ Net Book	Date Of Last Revaluation /Date Of Acquisition
Properties									
1	Lot No. 408, Mukim 7, S.P.S., Penang.	Industrial Land & Factory Building	125,855 sq ft	7.17 acres	Factory for manufacturing facilities	Freehold	22	L:RM3,400,000 B:RM8,361,000	31-Dec-14
2	Plot No. 13 and 14 Mukim 5, S.P.S., Penang.	Industrial Land & Factory Building	72,174 sq ft	2.5 acres	Factory for manufacturing facilities	Freehold	17	L:RM980,000 B:RM4,672,000	31-Dec-14
3	Lot 1270, Section 66, Kuching Town Land District, Kuching, Sarawak.	Industrial Land & Factory Building	83,699 sq ft	4.05 acres	Factory for manufacturing facilities	Leasehold land Expiring in 2035	25	L:RM4,856,000 B:RM3,961,000	31-Dec-14
Investment Properties									
4	Lot 3527, Mukim of Kuala Kurau, Daerah Krian, Perak.	Industrial Land & Factory Building	12,600 sq ft	39,476 sq ft	Factory for manufacturing facilities, suspended operations	Freehold	27	L:RM235,000 B:RM115,000	31-Dec-17
5	Lot 10056 to 10063 Mukim of Parit Buntar Daerah Krian, Perak.	Industrial Land & Factory Building	99,832 sq ft	133,291 sq ft	Vacant and for investment purposes	Freehold	20	L:RM1,330,000 B:RM7,950,000	31-Dec-17
6	Office units-5-3-1 to Office units-5-3-6, Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang. Parent Lot: 4744, Section 5, Town of Georgetown, North East District, Penang.	Commercial Lots	8,530 sq ft	Not Applicable	Rental for investment purpose	Freehold	22	B:RM3,320,000	31-Dec-17
7	Lot No. 9645/166398 share of Lot. No. 8224 Mukim of Parit Buntar District of Kerian, Perak.	Agricultural Land	Not Applicable	20.21 acres	Vacant and for investment purposes	Freehold	Not Applicable	L:RM1,220,000	31-Dec-17

L : Land B : Building



Analysis of Shareholdings

As At 16 March 2018

DISTRIBUTION OF SHAREHOLDER AS AT 16 MARCH 2018

No. of Holders	Holdings	Total Holdings	%
301	Less Than 100	13,535	0.02
149	100 - 1,000	80,605	0.14
1,488	1,001 - 10,000	5,071,415	9.29
416	10,001 – 100,000	13,007,156	23.81
48	100,001 and below 5% of issued shares	15,165,139	27.77
3	5% and above of issued shares	21,282,300	38.97
2405	TOTAL	54,620,150	100

DIRECTORS' SHAREHOLDINGS AS AT 16 MARCH 2018

Name of Director	Direct interest	%	Deemed interest	%
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Dato' Seri Khor Teng Tong	1,262,900	2.31	1,127,000 ^[1]	2.06
Aminuddin Bin Saad	10,002	0.02	-	-
Chew Hock Lin	-	-	-	-
Dr. Junid Bin Abu Saham	-	-	-	-
Nazriah Bin Shaik Alawdin	-	-	-	-

Note:

^[1] Deemed interest by virtue of his shareholding in Khor Teng Tong Holdings Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 16 MARCH 2018

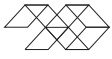
Name of Director	Direct interest	%	Deemed interest	%
Yayasan Bumiputera Pulau Pinang Berhad	15,872,000	29.06	-	-
Ch'ng Eng Seong	5,810,300	10.64	-	-

Analysis of Shareholdings

As At 16 March 2018

LIST OF TOP 30 SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1	YAYASAN BUMIPUTRA PULAU PINANG BHD.	9,500,000	17.39
2	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : HDM CAPITAL SDN. BHD. FOR YAYASAN BUMIPUTRA PULAU PINANG BHD.	6,372,000	11.67
3	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : HDM CAPITAL SDN. BHD. FOR CH'NG ENG SEONG	5,410,300	9.91
4	KHOR TENG TONG	1,262,900	2.31
5	KHOR TENG TONG HOLDINGS SDN. BHD	1,127,000	2.06
6	TK KHOR & ASSOCIATES SDN. BHD.	1,027,478	1.88
7	ZACHARY GNOW WAI JOON	908,500	1.66
8	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : HDM CAPITAL SDN. BHD. FOR KHOO BUCK CHEW	600,000	1.10
9	EWE TEK SENG.	600,000	1.10
10	YIK PHOOI HAR	559,500	1.02
11	KHOR CHING WEE	491,000	0.90
12	TAN BOO NAM	467,461	0.86
13	LEE CHIP HWA	454,500	0.83
14	MOK CHUANG KIANG	425,000	0.78
15	CH'NG ENG SEONG	400,000	0.73
16	LEE KOK HIN	384,900	0.70
17	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR YEW TEK HOON (E-BMM)	366,500	0.67
18	CHENG LEE WAH	365,200	0.67
19	POH SEOW LING	345,000	0.63
20	HLB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR GOH CHU YONG	305,000	0.56
21	KHOR AH YEAM	300,000	0.55
22	LIM NGAK EE	300,000	0.55
23	NG BOON KEAT	229,900	0.42
24	SIEOW CHONG SENG	222,400	0.41
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR SOH MAN TONG	200,000	0.37
26	LEE KAY HUAT	200,000	0.37
27	OOI PEY WONG	200,000	0.37
28	TEO MEI CHING	200,000	0.37
29	SIM POH LAI	179,200	0.33
30	ONG YEOK KUAN	175,000	0.32



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MASTER-PACK

GROUP BERHAD 297020-W
(Incorporated in Malaysia)

PROXY FORM

*I/We, _____ (*I/C No./Passport No./Company No. _____)
(Full Name in Block Letters)

of _____
(Address)

being a * member/members of the abovenamed Company, hereby appoint _____
(Full Name in Block Letters)

(*I/C No./Passport No./Company No. _____) of _____
(Address)

_____ (Address)

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 24th Annual General Meeting of the Company to be held at 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Monday, 14 May 2018 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Dato' Syed Mohamad Bin Syed Murtaza as a director of the Company		
2	To re-elect Cik Nazriah Binti Shaik Alawdin as a director of the Company		
3	To approve the increase and payment of Directors' fees		
4	To approve the payment of Directors' benefits		
5	To re-appoint Messrs. Crowe Horwath as auditors of the Company		
6	To authorize the Directors to allot and issue new shares in the Company		
7	To retain Dato' Seri Khor Teng Tong as an Independent Non-Executive Director		
8	To retain Mr. Chew Hock Lin as an Independent Non-Executive Director		
9	To retain Encik Aminuddin Bin Saad as an Independent Non-Executive Director		
10	To authorize the Company to enter recurrent related party transactions of a revenue and trading nature		
11	To authorize the Company to alter or amend the existing Constitution of the Company		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this _____ day of _____, 2018.

No. of shares held

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :		
	No. of shares	%
Proxy 1		
Proxy 2		
		100

Signature(s) of Member(s)

Notes:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, this form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than twenty-four (24) hours before the time appointed for the taking of the poll or at any adjournment thereof. Last date and time for lodging of Proxy Form will be on Sunday, 13 May 2018 at 11.00 a.m. (being the approximate time appointed for the taking of the poll at the 24th Annual General Meeting)
3. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote instead of him at the same meeting and where a member appoints more than one (1) proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 7 May 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the notice of 24th Annual General Meeting will be put to vote by poll.

* Strike out whichever is not desired.

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Stamp

The Company Secretary
Master-Pack Group Berhad (297020-W)
51-21-A Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.

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MASTER-PACK GROUP BERHAD 297020-W

1574, Jalan Bukit Panchor,
14300 Nibong Tebal, S.P.S. Penang.

Tel : (04)-593 1550

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