



皇城集团

WANG-ZHENG BERHAD

(612237-K)



2015

ANNUAL REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**CHUNG SHAN KWANG** (Non Independent Non-Executive Chairman)  
**GOH KHENG JIU** (Managing Director, Chief Executive Officer)  
**THANG YUEN MEI** (Executive Director)  
**TAN WAN HUAT** (Executive Director)  
**CHAI TUCK CHUEN** (Executive Director)  
**TEH HUI GUAN** (Executive Director)  
**DATO' TAN TECK ANG** (Non Independent Non-Executive Director)  
**CHUNG SHAN MENG** (Non Independent Non-Executive Director)  
**FU JUN** (Non Independent Non-Executive Director)  
**DATO' SERI ABDUL AZIM BIN MOHD ZABIDI** (Independent Non-Executive Director)  
**MAJ GEN DATO' PAHLAWAN DR MOHANA DASS A/L RAMASAMY (RTD)** (Independent Non-Executive Director)  
**LOO CHOO HONG** (Independent Non-Executive Director)  
**CH'NG ENG HING** (Independent Non-Executive Director)  
**LOW YU KEAT** (Independent Non-Executive Director)  
**TAN KAR THYE** (Independent Non-Executive Director)  
**YAP KIEN PIN** (Independent Non-Executive Director)  
**CHUNG SHAN HUI** (Alternate Director to Fu Jun)

## AUDIT COMMITTEE

Loo Choo Hong (Chairman)  
 Maj Gen Dato' Pahlawan Dr Mohana  
 Dass A/L Ramasamy (Rtd)  
 Low Yu Keat

## COMPANY SECRETARY

Tan Tong Lang  
 (MAICSA 7045482)  
 Chong Voon Wah  
 (MAICSA 7055003)

## REGISTERED OFFICE

Suite 10.03, Level 10  
 The Gardens South Tower  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel: 03 - 2279 3080  
 Fax: 03 - 2279 3090

## CORPORATE OFFICE

No.1 Jalan Utarid U5/19  
 Section U5, 40150  
 Shah Alam  
 Selangor Darul Ehsan  
 Tel: 03 - 7801 3333  
 Fax: 03 - 7801 3336

## SOLICITORS

MESSRS Teh & Lee Advocates  
 and Solicitors  
 A-3-3 & A-3-4  
 North Point Offices, Mid Valley City  
 No. 1, Medan Syed Putra Utara  
 59200 Kuala Lumpur  
 Tel: 03 - 2283 2800

## REGISTRAR

Symphony Share Registrars Sdn Bhd  
 (378993-D)  
 Level 6 Symphony House  
 Block D13 Pusat Dagangan Dana 1  
 Jalan PJU 1A/46  
 47300 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: 03 - 7841 8000

## PRINCIPAL BANKERS

**AmBank (M) Berhad** (8515-D)  
 Level 12A, Menara Dion  
 Jalan Sultan Ismail  
 50250 Kuala Lumpur  
 Tel: 03 - 2026 3939

**Hong Leong Bank Berhad** (97141-X)  
 1 Jalan Ambong Kiri Dua  
 Kepong Baru  
 52100 Kuala Lumpur  
 Tel: 03 - 6250 8335

**Affin Bank Berhad** (25046-T)  
 Ground, Mezzanine & 1st Floor  
 80 Menara Affin  
 Jalan Raja Chulan  
 50200 Kuala Lumpur  
 Tel: 03 - 2055 9213

## AUDITORS

MESSRS UHY  
 Suite 11.05, Level 11  
 The Gardens South Tower  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel: 03 - 2279 3088

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
 Securities Berhad  
 Stock Name: WANGZNG  
 Stock Code: 7203

## WEBSITE

[www.wangzhengberhad.com](http://www.wangzhengberhad.com)

## INVESTOR RELATIONS

Email : [vfyoung@wangzengcorp.com](mailto:vfyoung@wangzengcorp.com)  
 Tel : 03-7801 3333  
 Fax: 03-7801 3336



# CORPORATE STRUCTURE





皇城集团  
**WANG-ZHENG BERHAD**  
(612237-K)



**QUALITY  
PRODUCTS AT  
AFFORDABLE  
PRICES**



皇城集团  
**WANG-ZHENG BERHAD**  
(612237-K)



**QUALITY  
PRODUCTS AT  
AFFORDABLE  
PRICES**



# PROFILE OF DIRECTORS

## Chung Shan Kwang

Chung Shan Kwang, a Malaysian aged 48, is the Non Independent Non-Executive Chairman of Wang-Zheng. He was appointed to the Board and as the Non-Independent Non-Executive Chairman of Wang-Zheng on 16 July 2004. Mr. Chung graduated with a Diploma in Engineering from Tunku Abdul Rahman College. He was embarking on a career in engineering when he was required to assist in the management of his family's business interests. Mr. Chung is presently the chairman and director of companies involved in diversified businesses, ranging from distribution of food and consumer products, trading of used motor vehicles and provision of consultancy services in securing property leases. His vast business experience and contacts have greatly contributed to the growth of Wang-Zheng Group.

He is the brother of Chung Shan Meng and Chung Shan Hui and has no conflict of interest with the Company other than those disclosed in page 40 of this annual report. He has no convictions for any offences within the past 10 years.

## Goh Kheng Jiu

Goh Kheng Jiu, a Malaysian aged 56, is the Managing Director and Chief Executive Officer of Wang-Zheng. He was appointed to the Board and as the Managing Director and Chief Executive Officer of Wang-Zheng on 16 July 2004. Mr. Goh oversees the daily operations and strategizes the business directions of Wang-Zheng Group.

Goh Kheng Jiu completed his studies in 1978 when he obtained the General Certificate of Education. After a six (6) months' stint as a clerk-of-work with Tan Swan Brothers Sdn Bhd, a property developer, Goh Kheng Jiu's involvement in the consumer products industry commenced in 1979 when he, together with Thang Yuen Mei, started their own business of producing and distributing noodles to food centers ranging from hawker stalls to restaurants. Two (2) years later in 1981, he joined Hong Soon Huat Sdn Bhd, a sundry goods trading company, as a sales executive. From 1985 to 1987, Mr. Goh was attached to Unikota Holdings Sdn Bhd as a director. The

company was principally involved in manufacturing of tissue paper and sanitary products, and trading of food items. Throughout the years, Mr. Goh acquired in-depth knowledge and experience in the consumer products industry. Foreseeing the potential of the consumer products industry, Mr. Goh, together with Khoo Beng Hwa and Thang Yuen Mei, incorporated Wang-Zheng Corporation in December 1987. Mr. Goh is highly instrumental in spearheading the progress and expansion of Wang-Zheng Group. From a small trading company in 1987, Wang-Zheng Group has become a reputable manufacturer and distributor of disposable fibre-based products and processed papers.

He is the brother-in-law of Teh Hui Guan, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

## Thang Yuen Mei

Thang Yuen Mei, a Malaysian aged 56, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr. Thang has over two (2) decades of business and management experience under his belt. After obtaining the General Certificate of Education in 1978, Mr. Thang ventured into the food business in 1979. Together with Goh Kheng Jiu, Mr. Thang started their own business of producing and distributing noodles to food centers. Later, in 1987, Mr. Thang, together with Goh Kheng Jiu and Khoo Beng Hwa, established Wang-Zheng Corporation. Mr. Thang's responsibilities include overseeing the development of new businesses, and coordinating the administration and financial functions of Wang-Zheng Group.

He has no relationship with any Director and/or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.



## PROFILE OF DIRECTORS (cont'd)

### Tan Wan Huat

Tan Wan Huat, a Malaysian aged 53, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. He graduated from University of Newcastle, Australia with a Diploma in Civil Engineering in 1986. Upon completion of his studies, Mr. Tan joined Wang-Zheng Corporation as a marketing executive. He was later appointed as an Executive Director of Wang-Zheng Corporation in 1990. Mr. Tan oversees the daily operations of Quality Hero and is responsible for developing the marketing network for Quality Hero's products. He has also been actively exploring the feasibility of exporting the products of the Company.

He is the brother of Dato' Tan Teck Ang, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Chai Tuck Chuen

Chai Tuck Chuen, a Malaysian aged 56, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. After completing his studies in 1978 and being involved in sales of various companies for three (3) years, Mr. Chai joined Techskill Auto Parts Trading Supplies Sdn Bhd, an auto-parts trading company as a marketing executive in 1981. In his 14 years in the company until 1995, Mr. Chai rose through the ranks, and was eventually appointed as an executive director of the company. He subsequently joined Carefeel Cotton in 1995 as a director. Mr. Chai oversees the daily operations of Carefeel Cotton, which sells its products to both local and overseas markets.

He has no relationship with any Director and/or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Teh Hui Guan

Teh Hui Guan, a Malaysian aged 52, is an Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Upon completing his studies in 1980, Mr. Teh assisted in the management of his family's business which is involved in trading of sundry products. Mr. Teh became involved in the processed paper business when he was subsequently engaged as a sales executive in Springfield Corp Sdn Bhd, a paper trading company from 1987 to 1992. He subsequently founded Top Win Enterprise which is also involved in paper trading. Subsequently, in 1994, together with Wang-Zheng Corporation, Mr. Teh founded New Top Win. With his extensive experience in the processed paper business, Mr. Teh is the primary force in the transformation of New Top Win, from a small paper trading company, to become one of the top five (5) paper importers, converters and distributors in Malaysia. Mr. Teh also sits on the board of directors of Pelangi Publishing Group Berhad.

He is the brother-in-law of Goh Kheng Jiu, has no conflict of interest with the Company other than those disclosed in the page 41 of this annual report and has no convictions for any offences within the past 10 years.





## PROFILE OF DIRECTORS (cont'd)

### Dato' Seri Abdul Azim bin Mohd Zabidi

Dato' Seri Abdul Azim bin Mohd Zabidi, a Malaysian aged 56, is an independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 6 February 2013. He graduated with a Master of Arts in Business Law from the London Metropolitan University, United Kingdom in 1983. He is also a Fellow of The Chartered Institute of Secretaries, United Kingdom. Dato' Seri Azim was Chairman of Bank Simpanan Nasional ("BSN"), Malaysia's National Savings Bank. During his 10 years as Chairman of BSN, has seen a steady improvement in operating profits. Dato' Seri Azim started his career in banking in 1984 and rose quickly through the ranks when in 1990 he was appointed Group Head of the Bank's Corporate Banking Department. He was then seconded to Commerce Property Trust Managers (now known as Amanah Property Trust Managers) and initiated the establishment of Commerce BT Fund Managers (today known as CIMB-Principal Asset Management). His association with the fund management industry saw him elected as President of the Federation of Malaysian Unit Trust Managers (now known as Federation of Investment Managers Malaysia) from 1998-2003. During this period, he was appointed to the Board of the International Investment Funds Association and was Chairman of its Audit Committee. He held the position of Chairman of Bank Simpanan Nasional from 1999 to 2009 and during his tenure, he was actively involved with the World Savings Banks Institute ("WSBI"). In 2000, he was appointed President (Asia Pacific) for WSBI and in 2003, he was elevated to its Board of Directors. Dato' Seri Azim was elected as Vice President and Treasurer of WSBI in September 2006, a position he relinquished in April 2009. He now sits on numerous local and foreign Boards of Companies, both public and private, amongst which are Anzo Holdings Berhad (formerly known as Harvest Court Industries Berhad), XOX Bhd, Timberwell Berhad, and Asia Bioenergy Technologies Berhad.

He has no relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Dato' Tan Teck Ang

Dato' Tan Teck Ang, a Malaysian aged 56, is a Non Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Dato' Tan is an established entrepreneur with business interests in construction and property development. After obtaining the General Certificate of Education in 1978, he joined Soon Chong Construction as a site supervisor. Subsequently, he joined Multi-Builders Sdn Bhd, a building contractor, as a director in 1982. Dato' Tan was later appointed as the managing director of the company in 1989. He has been holding the position since. Dato' Tan also sits on the board of directors of Mascarena Sdn Bhd, a real estate developer, since his appointment in 2003.

He is the brother of Tan Wan Huat, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Chung Shan Meng

Chung Shan Meng, a Malaysian aged 51, is a Non Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr. Chung graduated with a Bachelor of Electrical And Electronic Engineering (Honours) from National University of Singapore, Singapore in 1990. After his graduation, he was attached to Infineon Pte Ltd (formerly known as Siemens Semiconductor Pte Ltd) from 1990 to 1992 as an electrical and electronic engineer. He then joined Thomson Electronics Pte Ltd in 1993 and assumed a similar position in the company. A year later, he left the company to join Hewlett-Packard Pte Ltd, also as an electrical and electronic engineer, which he served until 1996. In 1996, Mr. Chung was appointed as the chairman and managing director of Xian Jiang Trading Sdn Bhd, a company involved in the import, export and distribution of food and consumer items, in which he has substantial shareholding. Apart from Xian Jiang Trading Sdn Bhd, Mr. Chung is also involved in and sits on the board of directors of several private limited companies which are involved in activities ranging from trading of general goods and food items, to trading of electrical goods and pyrotechnics products, and property letting.

## PROFILE OF DIRECTORS (cont'd)

He is the brother of Chung Shan Kwang and Chung Shan Hui and has no conflict of interest with the Company other than those disclosed in page 40 of this annual report. He has no convictions for any offences within the past 10 years.

### Fu Jun

Fu Jun, a Chinese aged 59, is a Non Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr. Fu obtained a Bachelor in Economics from Hunan University, China in 2002. In 1979, he joined the Township Party Committee on Li Ling City, Hunan as its secretary. Subsequently between 1983 and 1987, he was appointed as the head and secretary of the Party Committee of the Foreign Trade Bureau of Li Ling City, Hunan. During the same period, he also served as the vice-director of the Economic Committee of Li Ling City, Hunan. In 1988, he was appointed as the vice-general manager of the Hunan Arts And Crafts Import And Export Group. With the wealth of knowledge and contacts he acquired throughout the years, Mr. Fu set out to start his own business in 1990 under the name Macro-Link Group Limited. The company is principally involved in the import, export and distribution of consumer and general goods, and investment holding. He has been the president and chief executive officer of the company since 1990 till present. Mr. Fu also has interest in various private limited companies in countries outside Malaysia which are involved in various businesses.

He has no relationship with any Director and/or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)

Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd), 68, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 3 April 2006. Amongst his many qualifications Dato' Mohana Dass holds a Masters in Health Planning of the University of New South Wales and is a Fellow of the Faculty of Occupational Medicine of the Royal College of Physicians of Ireland, and a Fellow of the Academy of Medicine of Malaysia. He served the Malaysian Armed Forces from 1975 to 2004, and retired as the Director General of the Armed Forces Health Services. Dato Mohana Dass is a Trustee of the Malaysian Medical Association, Deputy Chairman of the Board of Governors of the Cyberjaya University College of Medical Sciences and Chairman of Eximius Medical Administration Solutions Sdn Bhd (eMAS). He also an Non Independent and Non-Executive Director of Asiamet Education Group Berhad.

He has no relationship with any Director and/or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.



## PROFILE OF DIRECTORS (cont'd)

### Loo Choo Hong

Loo Choo Hong, a Malaysian aged 44, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. He was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in 1998, and is currently a Fellow member of the accountancy body. He is also a member of the Malaysian Institute of Accountants (MIA) and an associate member of the Institute of Internal Audit since 2001 and 2005 respectively. He commenced his career as an Audit Assistant in a local accounting firm in 1998 and subsequently left as an Audit Supervisor in 2001, before he joined K.H. Kwong & Company, as an Audit and Tax Manager. In 2005, he founded C.H. Loo & Co. and Pro Cast Group of Companies which offers various professional corporate and management services. He is currently the Principal of Messrs C.H. Loo & Co. He is also an Independent Non-Executive Director, the Chairman of the Audit Committee and member of both the Nomination Committee and Remuneration Committee of Gabungan AQRS Berhad.

He has no relationship with any Director and/or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Ch'ng Eng Hing

Ch'ng Eng Hing, a Malaysian aged 50, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. After his graduation from University of Leicester, United Kingdom in 1994 with a LLB (Honours), Mr. Ch'ng practiced as a barrister-at-law at Middle Temple, United Kingdom. He joined the Malaysian Bar Council as a member in 1996. Upon completion of his studies in 1996, up till 1998, Mr. Ch'ng was attached to Messrs Cheang & Ariff as a legal assistant and as a partner of Messrs Frank Ch'ng & David Lai till 2013, which he founded in 1999. Mr. Ch'ng is currently managing his legal firm, The Law Office Of Frank Ch'ng. Mr. Ch'ng was also actively involved in the Club Volkswagen Beetle Malaysia where he served as its legal adviser in 1997 and as its honorary secretary in 2000.

He has no relationship with any Director and /or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Low Yu Keat

Low Yu Keat, a Malaysian aged 59, is an Independent Non-Executive Director of Wang-Zheng. She was appointed to the Board on 27 July 2004. She is a member of the Institute of Chartered Secretaries and Administrators, and has over 25 years of experience in finance, human resources and administration under her belt. She started her career as a company secretary with Company Management Sdn Bhd where she was attached to from 1976 to 1981. Subsequently, in 1981, she joined Bridgecon Berhad. She rose through the ranks over her 15 years tenure at the company. From an administration assistant, she was promoted to become the administration manager in 1987. She was subsequently appointed to head the group human resource and administration department





## PROFILE OF DIRECTORS (cont'd)

in 1995, a position she held until 1997. After being a homemaker from 1997 to 1999, Ms. Low joined her spouse's sports apparel company, Garoos Sports (M) Sdn Bhd in 1999, where she has served as an executive director since 2000.

She has no relationship with any Director and/or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Tan Kar Thye

Tan Kar Thye, a Malaysian aged 56, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr. Tan obtained a Certificate of Interior Design from Osaka Interior, Malaysia in 1980. Mr. Tan commenced his career as a sales executive in 1980 with Hilton Furniture Sdn Bhd, and was subsequently promoted to the position of a sales manager in 1983. Mr. Tan has accumulated years of experience in the interior design and furniture industry. At present, Mr. Tan is involved in his own business involved in furniture manufacturing and construction.

He has no relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Yap Kien Pin

Yap Kien Pin, a Malaysian aged 56, is an Independent Non-Executive Director of Wang-Zheng. He was appointed to the Board on 27 July 2004. Mr. Yap graduated with a Bachelor of Science in Mechanical Engineering from Montana State University, USA in 1985. Upon graduation till 1987, he was attached to Trirex Corporation Sdn Bhd as a management executive. Subsequently, he

joined Montepius Marketing Sdn Bhd in 1988 as a technical manager. Over the years, he rose through the ranks and is presently, the managing director of the company. He has held the position since 1996. Montepius Marketing Sdn Bhd is principally involved in the distribution of specialized plumbing materials. Mr. Yap also has interests in several private limited companies involved in activities ranging from the manufacturing and trading of high-density polypropylene products to trading of building materials and garments, and property investment.

He has no relationship with any Director and /or major shareholder of the company, has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

### Chung Shan Hui

Chung San Hui, a Malaysian aged 46, is the alternate director to Fu Jun. He was appointed to the Board on 26 November 2004. Mr. Chung graduated with a Bachelor of Chemical Engineering (Honours Degree) from the University of Birmingham, England in 1993. He joined Berger Paints Sdn Bhd as a Process Engineer in 1994 before leaving in 1995. He was appointed a director of MMF Haus Sdn Bhd in 1996 and has been serving in the position ever since.

He is the brother of Chung Shan Kwang and Chung Shan Meng and has no conflict of interest with the Company other than those disclosed in page 40 of this annual report. He has no convictions for any offences within the past 10 years.





皇城集团

WANG-ZHENG BERHAD

(612237-K)



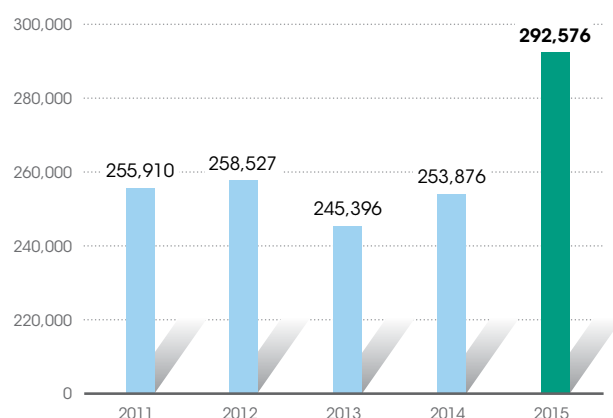
QUALITY  
PRODUCTS AT  
AFFORDABLE  
PRICES



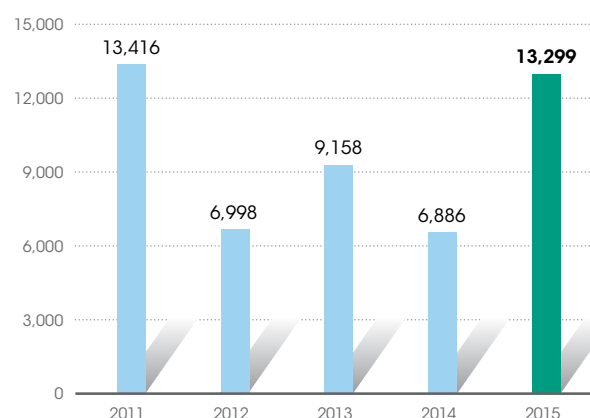
# FINANCIAL HIGHLIGHTS

	2011 RM '000	2012 RM '000	2013 RM '000	2014 RM '000	2015 RM '000
Revenue	255,910	258,527	245,396	253,876	292,576
Profit after tax	13,416	6,998	9,158	6,886	13,299
Shareholder's equity	148,204	151,384	159,282	162,714	169,166
Earnings per share (sen)	8.46	4.41	5.78	4.34	8.38

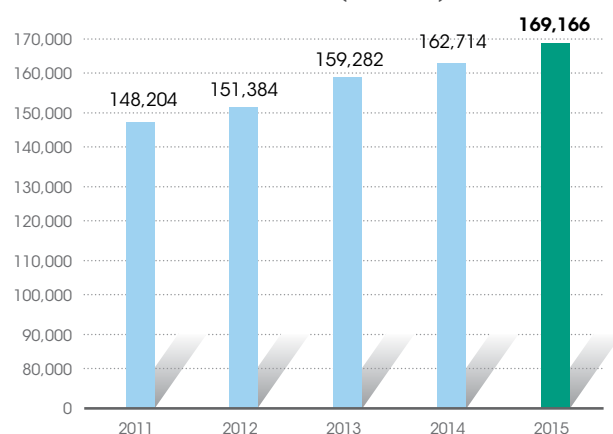
## REVENUE (RM'000)



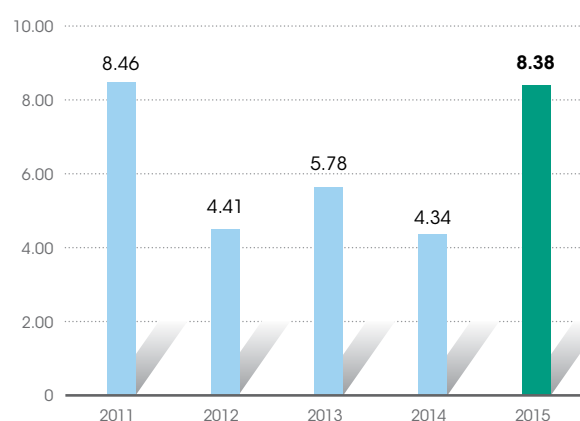
## PROFIT AFTER TAX (RM'000)



## SHAREHOLDER'S EQUITY (RM'000)



## EARNINGS PER SHARE (sen)





# CHAIRMAN'S STATEMENT

ON BEHALF OF THE  
BOARD OF DIRECTORS OF  
WANG-ZHENG BERHAD ("WANG-ZHENG"  
OR "THE COMPANY" OR "THE GROUP"),  
I AM PLEASED TO PRESENT THE ANNUAL  
REPORT AND THE AUDITED FINANCIAL  
STATEMENTS OF THE GROUP AND THE  
COMPANY FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2015.

## ECONOMIC REVIEW

In 2015, the global economic growth operated in an environment of high volatility and uncertainty. This was mainly due to a sharp fall in commodity prices, heightened volatility in the international financial markets and slower growth in the advanced economies. The Malaysian economy cannot escape from this slower economic growth as it registered a growth of 5.0% in 2015 compared to 6.0% in 2014. The weaker domestic economy also suffered brought about by a sharp fall in global crude oil prices which contributed to a depreciation of the Ringgit against US Dollars. Consumers also had to accept the implementation of the Goods and Services Tax (GST) on 1 April 2015 which led to a higher cost of living and adjusted their spending accordingly. Nonetheless, against the challenging backdrop, the Group was able to respond positively to the market changes and successfully close its financial year with a better profit compared to previous year.

## FINANCIAL REVIEW

For the financial year under review, the Group achieved higher revenue of RM292.5 million as compared to RM253.8 million recorded in the preceding year. The increase in revenue was mainly due to the increase in demand and selling price for processed paper products.



## CHAIRMAN'S STATEMENT (cont'd)

The Group profit after taxation and discontinued operation increased by RM6.4 million to RM13.3 million from RM6.9 million for the previous year. The increase in profit after taxation and discontinued operation was mainly due to the discontinued operations of a loss making foreign subsidiary and the Group benefited from a stronger US Dollar for export sales of the disposable fibre-based products. The disposable fibre-based products segment, which has a higher profit margin contributed positively to the Group as compared with the processed paper products segment.

The basic earnings per share for the financial year ended 31 December 2015 increased to 8.38 sen compared to 4.34 sen for the previous year. This was mainly due to the increase in profit for the year. The Group shareholders' fund stood at RM169.1 million whilst net assets per share stood at RM1.07.

### CAPITAL EXPANSION

During the financial year under review, the Group has invested into new machinery for the manufacturing of "pull-up pants" baby diaper. The installation of the said machinery was completed in the first half of 2015 and subsequently commenced full production in the second half of 2015. With the introduction of the new pull-up pant baby diaper product into the market, the Group is of the view that it will contribute positively to the growth of the Group's revenue in the forthcoming years.

### OUTLOOK AND FUTURE PROSPECTS

Moving forward, the global economy is expected to remain challenging in 2016 and that will influence the prospect of the Malaysian economy. The domestic demand will continue to be the key driver of economic growth in Malaysia, which is sustained mainly by private sector spending. However, the private consumption growth is expected to be slower, as a result of an environment

of higher prices leading to higher costs of living and greater uncertainty. Private investment is expected to be slower compared to the previous years.

The Board is taking a cautious approach with the volatility in the business environment in the global economy and slower domestic demand. The Group continues to manage its resources efficiently and to optimise cost efficiencies so as to maintain profitability and sustain growth. The Group will continue to enlarge its market share of its disposable fibre-based segment both locally and overseas. The processed paper segment is expected to perform at a moderate pace in the coming years with the expected challenges in domestic demand. At the same time, the Group will continue searching for new opportunities to enhance the revenue stream and profitability.

### DIVIDEND

The Board has proposed to declare a first and final single tier dividend of 3.0 sen per share, amounting to a total dividend payable of RM4,757,434 for the financial year ended 31 December 2015 to be approved by the shareholders at the forthcoming Annual General Meeting of the Company.

### APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders and business partners for their continued support. To our valued loyal customers who have continued to support us, you have our most sincere gratitude.

Last but not least, I would like to express my deepest appreciation and gratitude to my fellow colleagues of the Board, the management and staff for their continued commitment and dedication to the Group. I trust that the enthusiasm and professionalism in carrying out their duties to the Group will enable the Group to prosper and generate increasingly better returns to all our stakeholders.

### CHUNG SHAN KWANG

Non Independent Non-Executive Chairman



# CORPORATE SUSTAINABILITY STATEMENT

## Our Commitment

We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment and society through innovation and overall operational excellency. We understand our choices today have an impact on our customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines.

Mindful of the need to be a corporately responsible organisation, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognises that for long term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as donation to the needy, community services, promoting a healthy and safety culture within the organisation.

## Our Corporate Sustainability Commitment

Within this context we have defined our commitment to Corporate Sustainability across four impact areas:

### Work Environment

As employees are viewed as internal customers, Wang-Zheng ensures that the workplace remains conducive, which helps to balance the needs and desires of each employee with the needs and capacity of the business. The Group continuously maintains a good occupational safety and health at the workplace.

### Training and Development

Wang-Zheng also ensures that all staff are well trained and that is a continuously learning organisation. The Group strives to bring out the best of its employees by providing growth and progression opportunities for employees through comprehensive trainings, health and safety programmes.

### Marketplace

Wang-Zheng is committed to maintain a proper framework to ensure that the business is run in an efficient and transparent manner in the interest of all its stakeholders. Ensuring that the business is conducted in a fair, transparent, sustainable and professional manner, Wang-Zheng is focused on delivering products of quality and being customer focused.

### Community

As an organisation with its business deeply rooted in the community that it serves, Wang-Zheng has been consistently aware of its social obligations to the community and remains fully committed to this cause. Wang-Zheng feels privileged to have been able to support communities in need and make a difference in their lives. During the year under the review, the Group has initiated several activities through contributions and donations to numerous worthy causes and organisation such as schools, non-governmental organisations for cultural and welfare activities, and various associations.

### Moving Forward

We are committed to promote good corporate governance standards and building sustainability.



# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors ("the Board") of Wang-Zheng Berhad ("Wang-Zheng", "WZB" or "the Company") believes that good corporate governance is fundamental to the WZB Group of Companies ("the Group") continued success. Therefore, the Board is committed to ensuring that highest standards of Corporate Governance are practiced throughout Wang-Zheng, as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the organisation.

This statement sets out the commitment of the Board towards the Malaysian Code of Corporate Governance ("MCCG") and describes how the Group has applied the principles laid down in the MCCG and the Group has complied with the Best Practices of the MCCG throughout the financial year.

## 1. THE BOARD OF DIRECTORS

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs which includes review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

### a) Board Composition and Balance

The Board of Directors consists of sixteen (16) members, comprising a Non Independent Non-Executive Chairman, seven (7) Independent Non-Executive Directors, five (5) Executive Directors and three (3) Non Independent Non-Executive Directors. The roles of the Chairman of the Board and Chief Executive Officer ("CEO") are segregated to ensure that there is balance of power and authority. Wang-Zheng thus complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on board composition. The profiles of the Directors are set out on pages 6 to 11 of this Annual Report. The combination of professionals with diverse and varied backgrounds, wealth of experience and expertise in finance and corporate affairs also enables the Board to discharge its responsibilities effectively and efficiently.

The MCCG recommends that the Board of Directors of a public listed company should be composed of a majority of independent directors where the chairman of the board is not an independent director. The Board of Directors of the Company, notwithstanding that the Chairman is an Non Independent Non-Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority on the Board.

The Board did not appoint a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, for any new proposed appointment of directors of the Company in future, the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity. Currently, our Board members comprise of one (1) female director.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### b) Re-election of Directors

An election of Directors will take place each year where one-third (1/3) of the Directors shall retire from office at each Annual General Meeting and shall be eligible to offer themselves for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. All Directors are subject to retire from office at least once in every three (3) years. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next Annual General Meeting following his appointment. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

#### c) Board Meetings

During the financial year ended 31 December 2015, the Board met a total of six (6) times. Details of each Director's attendance at the Board meetings are as below :

Name of Directors	Directorship	Attendance
Chung Shan Kwang	Non Independent Non-Executive Chairman	4/6
Goh Kheng Jiu	Chief Executive Officer, Managing Director	6/6
Thang Yuen Mei	Executive Director	6/6
Tan Wan Huat	Executive Director	6/6
Chai Tuck Chuen	Executive Director	5/6
Teh Hui Guan	Executive Director	6/6
Dato' Tan Teck Ang	Non Independent Non-Executive Director	6/6
Chung Shan Meng	Non Independent Non-Executive Director	4/6
Fu Jun	Non Independent Non-Executive Director	5/6
Dato' Seri Abdul Azim Bin Mohd Zabidi	Independent Non-Executive Director	3/6
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	Independent Non-Executive Director	6/6
Loo Choo Hong	Independent Non-Executive Director	6/6
Ch'ng Eng Hing	Independent Non-Executive Director	6/6
Low Yu Keat	Independent Non-Executive Director	6/6
Tan Kar Thye	Independent Non-Executive Director	6/6
Yap Kien Pin	Independent Non-Executive Director	6/6
Chung Shan Hui	Alternate Director to Fu Jun	4/6
Khoo Beng Hwa (vacated office on 22.04.2015)*	Executive Director	0/2

**Note:**

- \* Mr Khoo Beng Hwa was not able to attend any meeting during the financial year 2015 due to ill health

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### c) Board Meetings (cont'd)

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements).

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

#### d) Duties and Responsibilities

The Board is responsible for the oversight and overall management of the Company and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The principal roles and responsibilities assumed by the Board are as follows:

- To review, adopt and monitor the strategic plan of the Group as proposed by the management and to adopt and monitor the plan, ensuring that the strategic plan is in line with the Group's overall objectives in driving business growth and sustainability;
- To ensure the operations and business of the Group is managed properly, falling within the code of conduct of the Group and to the best interests of its stakeholders and the general public as a whole;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- To formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group;
- Developing and implementing an investor relations program or shareholder communications policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.



## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### d) Duties and Responsibilities (cont'd)

The Company has a clear distinction and separation of roles between the Chairman and the CEO, with clear division of responsibilities. The Chairman is primarily responsible in leading and guiding the Board, and also serves as the communication point between the Board and the CEO whilst the CEO and his management team is responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

#### e) Supply of Information

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. At least seven (7) days prior to the Board meetings, the directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings. Minutes of the Board meetings are maintained by the Company Secretaries.

Guidelines are in place concerning the content presentation and delivery of papers to the Board for each Board meeting so that the directors have access to all information within the Company, whether as full board or in their individual capacity, in furtherance of their duties. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

To fulfill the responsibilities as set out above, all Directors have unrestricted access to the advice and the services of the Group's Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. When necessary, the Directors may whether as a full Board or in their individual capacity, seek independent professional advice in furtherance of their duties as and when appropriate at the Company's expenses. The Directors may consult the Chairman or other Board members prior to seeking any independent professional advice.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### f) Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and applicable rules and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

#### g) Code of Conduct and Ethics

A Code of Conducts and Ethics, setting out the standards of conduct expected from Directors and all employees of the Group has been formalised. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at [www.wangzhengberhad.com](http://www.wangzhengberhad.com).

#### h) Whistle-blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The details of the Whistle-blowing policy are available for reference at the Company's website at [www.wangzhengberhad.com](http://www.wangzhengberhad.com).

#### i) Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board will periodically review the Board Charter and make any changes whenever necessary.

The details of the Board Charter are available for reference at the Company's website at [www.wangzhengberhad.com](http://www.wangzhengberhad.com).

#### j) Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust.

The Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and other stakeholders' interest. The details of the sustainability efforts are set out in the "Corporate Sustainability Statement" of this Annual Report.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### k) Nomination Committee

In line with the Best Practices of the MCCG, the Board has set up a Nomination Committee which comprise majority of Independent Non-Executive Directors, with the responsibilities of identifying and recommending to the Board suitable nominees for appointment. The Nomination Committee will also consider the required mix of skills and experience and other qualities of the nominees, prior to Board's approval. The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Nomination Committee will meet at least once per year unless otherwise determined by the Nomination Committee. The quorum of the Nomination Committee meeting shall be at least two (2) members and comprised a majority of independent directors.

The Board has stipulated specific Terms of Reference for the Nomination Committee, which covers following salient functions:

- i) assessing and recommending to the Board the candidature of directors, appointment of directors to board committees;
- ii) reviewing of Board's succession plans and training programmes for the Board;
- iii) undertaking the assessment of the Board, board committees and individual directors on an on-going basis; and
- iv) undertaking annual assessment of the independence of independent directors in the Board beyond the independent director's background, economic and family relationships but considering they can continue to bring independent and objective judgment to Board deliberations.

The Nomination Committee would conduct an assessment on the performance of the Board, as a whole, based on a self-assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the Nomination Committee on the re-election and re-appointment of Directors at the Company's forthcoming annual general meeting. The Nomination Committee is satisfied with the current size of the Board, and with the mix of qualifications, skills & experience among the Board members.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates,

- a) consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of :
  - the Business, the Markets and the Industry in which the Group operates; and
  - the accounting, finance and legal matters.
- b) where a need has been identified, the Nomination Committee shall entask the Company's Chairman or Managing Director :
  - to search/recommend for potential candidates from within the Company; or
  - engage its Human Resources Department to advertise (whether locally or internationally); or
  - appoint recruitment advisers; or
  - draw references and recommendations from the fellow directors of the Company.



## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### k) Nomination Committee (cont'd)

- c) The Company's Chairman or Managing Director :
- shall develop short list of all potential candidates taking into account, amongst other things, the particular skills, experience and contribution to diversity of each individual candidate and their fit with the existing Board; whereby women candidates would be encouraged to join; and
  - recommend to the Nomination Committee the candidate from the short list who best matches the needs of the Board.

The Nomination Committee will assess, review and deliberate and thereafter, present their recommendations to the Board for consideration and approval.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

- a) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- b) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- c) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

The present members of the Nomination Committee of the Company are:

- i) Chung Shan Kwang (Chairman)
- ii) Low Yu Keat
- iii) Yap Kien Pin

#### l) Remuneration Committee

In line with the Best Practices of the MCCG, the Board has set up a Remuneration Committee which comprise majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Remuneration Committee

The Remuneration Committee shall meet at least once a year and at such time, the Chairman of the Committee may request for a meeting as and when deemed necessary. The quorum of the Remuneration Committee meeting shall be two (2) members and comprised a majority of independent directors.

The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the Remuneration Committee is to ensure that the Company attracts and retains the appropriate Directors of the caliber needed to run the Group successfully.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### I) Remuneration Committee (cont'd)

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board

The present members of the Remuneration Committee of the Company are:

- i. Goh Kheng Jiu (Chairman)
- ii. Tan Kar Thye
- iii. Yap Kien Pin

The remuneration package of Executive Directors during the financial year ended 31 December 2015 comprises a combination of basic salary (inclusive of statutory employer contributions to the Employees Provident Fund), and benefits-in-kind (such as traveling allowance and chauffeurs as applicable).

The composition and range of remuneration package received by the Directors during the financial year is as follows:

Executive Directors	Non - Executive Directors	
Salary and other Emoluments (RM'000)	Fee (RM'000)	Allowance (RM'000)
2,199	198	32

RM	No Of Directors	
	Executive	Non-Executive
Up to 50,000	–	11
50,001 to 100,000	1	1
250,001 to 300,000	1	–
300,001 to 350,000	3	–
700,000 to 750,000	1	–

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the MCCG.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### m) Training of Directors

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. Any Director so appointed to the Board is required to complete the MAP within four (4) months from the date of appointment.

During the financial year ended 31 December 2015, the Directors have attended several relevant courses as below:

Name of Director	Courses Attended
Chung Shan Kwang, Goh Kheng Jiu, Thang Yuen Mei, Tan Wan Huat, Chai Tuck Chuen, Teh Hui Guan, Dato' Tan Teck Ang, Chung Shan Meng, Fu Jun, Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd), Loo Choo Hong, Ch'ng Eng Hing, Low Yu Keat, Tan Kar Thye, Yap Kien Pin, Chung Shan Hui	Annual Report Requirements For PLC's Directors: Analysis of Corporate Governance Disclosures in Annual Reports.
Dato' Seri Abdul Azim Bin Mohd Zabidi	Management course for Board of Directors and Shareholders of Security Company
Low Yu Keat	Committee Programme Part 2: Effective Board Evaluations

The Board will on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and/or Board Meetings.

#### n) Reinforce Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day to day management of the Group. Majority of Non-Executive Directors, are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent directors and is satisfied they have been able to discharge their responsibilities in an independent manner.

As recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.



## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 1. THE BOARD OF DIRECTORS (CONT'D)

#### n) Reinforce Independence (cont'd)

Save and except for the following directors, none of the Independent Non-Executive Directors has reached nine (9) years of service since their appointment and/or election as Directors as at the date of this Statement :

- i) Loo Choo Hong;
- ii) Ch'ng Eng Hing;
- iii) Tan Kar Thye;
- iv) Low Yu Keat;
- v) Yap Kien Pin; and
- vi) Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)

Following an assessment and recommendation by the Nomination Committee, the Independent Non-Executive Directors listed above have been recommended by the Board to continue to act as Independent Non-Executive Director, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The key justifications for their continuance as Independent Non-Executive Directors are as follows:

- they fulfils the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, is able to bring independent and objective judgment to the Board as a whole;
- their experience in the relevant industries has enabled them to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence; and
- they have been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings; and
- they continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer / Managing Director and Executive Directors.

Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.

### 2. SHAREHOLDERS AND INVESTORS

#### a) Corporate Disclosure Policies and Procedures

The Company recognises the value of transparent and effective communications with the investment community and aims to build long-term relationships with its shareholders and investors through appropriate channels for disclosure of information.

The Company mainly communicates with its shareholders, stakeholders and the public through press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

Information disseminated is clear, relevant and comprehensive, provided on a timely basis and is readily accessible by all stakeholders. The Company endeavours to provide investors with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

The Annual Report, which is also a key communication channel between the Company and its shareholders and investors, is published within four (4) months after the financial year-end. The Chairman's Statement provide an insightful interpretation of the Group's performance, operations, prospects and other matters affecting the Company's business and/or shareholders' interests.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 2. SHAREHOLDERS AND INVESTORS (CONT'D)

#### b) Leverage on Information Technology for Effective Dissemination of Information

The Company's website at [www.wangzhengberhad.com](http://www.wangzhengberhad.com) incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to [vfyong@wangzhengcorp.com](mailto:vfyong@wangzhengcorp.com).

#### c) Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

During general meetings, the Chairman or the Managing Director of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

#### d) Annual General Meeting

The Annual General Meeting ("AGM") is an important forum where communications with shareholders are effectively conducted. Shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

The Chairman and the Board members are prepared to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders. Status of all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

On poll voting, the Board is of the opinion that with the current level of shareholders' attendance at general meetings, voting by way of a show of hands continues to be efficient. During the general meetings, the Chairman of the meeting will remind all members present about their right to demand for a poll in accordance with the provisions of the Articles of Association of the Company in the voting on any resolutions. Currently, all resolutions put forth for the shareholders' approval are carried out by a show of hands, unless a poll is demanded or specifically required.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 2. SHAREHOLDERS AND INVESTORS (CONT'D)

#### e) Effective Communication and Proactive Engagement

In maintaining its commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is not established just to comply with the Listing Requirements of Bursa Securities, but also to adopt the best practices recommended in the MCGG with regard to strengthening engagement and communication with shareholders.

Where possible, the Group also provides additional disclosures of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

### 3. ACCOUNTABILITY AND AUDIT

#### a) Financial Reporting

The Directors are responsible to ensure that the financial statements prepared are drawn up in accordance with the provision of the Companies Acts, 1965; and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates.

The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors before releasing to Bursa Securities. The details of the Company and the Group's financial statements for the financial year ended 31 December 2015 can be found from page 42 to 117.

#### b) Risk Management and Internal Control

The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control set out on pages 35 to 38 this Annual Report.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 3. ACCOUNTABILITY AND AUDIT (CONT'D)

#### c) Relationship with the Auditors

The Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the management at least twice a year on any matters relating to the Group and its audit activities.

In assessing the independence of external auditors, the Audit Committee reviewed and considered a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of their audit engagement with the Company in accordance with the independence criteria of International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants.

Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review.

### 4. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- Overseeing the overall conduct of the Company's business and that of the Group;
- Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- Adopting suitable accounting policies and apply them consistently;
- Making judgments and estimates that are reasonable and prudent; and
- Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

### 5. COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with all the principles and recommendations of the corporate governance set out in MCCG and shall remain committed to attain the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws, where applicable.



# AUDIT COMMITTEE REPORT

## MEMBERSHIP AND MEETINGS

The Audit Committee convened five (5) meetings during the year ended 31 December 2015. The Audit Committee members and details of attendance of each member are as follows:

Name of Directors	Directorship	Attendance
Loo Choo Hong	Independent Non-Executive Director	5/5
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	Independent Non-Executive Director	5/5
Low Yu Keat	Independent Non-Executive Director	5/5

In the Audit Committee meetings held on 22 April 2015 and 25 November 2015, the Audit Committee had met with the representatives from the External Auditors without the presence of executive board members and employees.

## COMPOSITION AND TERMS OF REFERENCE

### (a) Composition

The Audit Committee shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members. All the members must be Non-Executive Directors with a majority of them being Independent Directors. The Board shall at all times ensure that at least one (1) member of the Audit Committee :

- i) must be a member of the Malaysian Institute of Accountant ("MIA"); or
- ii) if he not a member of MIA, he must have at least three (3) years working experience and :
  - a) passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - b) must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountant Act 1967; or
- iii) fulfils such other requirements as prescribed by Bursa Securities.

No alternate director shall be appointed as a member of the Audit Committee. The Board shall review the terms of office and performance of the members of the Audit Committee at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference. In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.09(1) of the Listing Requirements, the Board shall fill the vacancy within three (3) months from the date of the vacancy.

### (b) Chairman

The members of the Audit Committee shall elect a chairman from amongst their members who shall be an Independent Non-Executive Director.

## AUDIT COMMITTEE REPORT (cont'd)

### COMPOSITION AND TERMS OF REFERENCE (CONT'D)

#### (c) Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually. However, at least twice a year, the Audit Committee shall meet with the external auditors without the presence of executive board members and employees. Other than in circumstances which the Chairman considers inappropriate, the Executive Director (Administration and Finance), Group Accountants and representative of the internal auditors or external auditors shall attend the meetings of the Audit Committee to make known their views on any matter under consideration by the Audit Committee, or which in their opinion, should be brought to the attention of the Audit Committee. The Audit Committee may, as and when necessary, invite other members of the Board and members of senior management to attend the meetings.

The Company Secretary shall be the Secretary of the Audit Committee and will record, prepare and circulate the minutes of the meetings of the Audit Committee and ensure that the minutes are properly kept and produced for inspection if required. The Audit Committee shall report to the Board and its minutes tabled and noted by the Board.

#### (d) Quorum

The quorum shall consist of two (2) members and majority of the members present must be Independent Non-Executive Directors.

#### (e) Authority

The Audit Committee has ensured that, wherever necessary and reasonable for the performance of its duties, in accordance with a procedure determined by the Board:

- i. It has authority to investigate any matter within its terms of reference;
- ii. It has the resources which are required to perform its duties;
- iii. It has full and unrestricted access to any information pertaining to the Group;
- iv. It has direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- v. It is able to obtain independent professional or other advice; and
- vi. It is able to convene meetings with the external auditors, excluding the attendance of the executive members if the committee, whenever deemed necessary.

### RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

#### (a) Financial Reporting

To review the quarterly and annual financial statements of the Company, focusing particularly on:

- Any significant changes to accounting policies and practices;
- Significant adjustments arising from the audits;
- Compliance with accounting standards and other legal requirements; and
- Going concern assumption.

#### (b) Related Party Transactions

To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

## AUDIT COMMITTEE REPORT (cont'd)

### RESPONSIBILITIES AND DUTIES (CONT'D)

#### (c) Audit Reports

- To review the annual Audit Committee report which includes the membership and number of meetings held, composition of the Audit Committee, its terms of reference, responsibilities and duties, the existence of an Internal Audit unit and a summary of activities of the Audit Committee for inclusion in the Annual Report; and
- To review the Corporate Governance statements on compliance with the MCCG for inclusion in the Annual Report.

#### (d) Internal Control

- To consider annually the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximize opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures;
- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.

#### (e) Internal Audit

- To review the internal audit plans and to be satisfied as to their consistency adequacy and coverage;
- To be satisfied that the Internal Audit unit within the Group has the proper resources and standing to enable them to complete their task as per the audit plans;
- To review status reports from Internal Audit and ensure that appropriate actions have been taken to implement the audit recommendations;
- To recommend any broader reviews deemed necessary as a consequence of the issues concerns identified;
- To ensure Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
- To request and review any special audit which it deems necessary.

#### (f) External Audit

- To review the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors. The Audit Committee will consider a consolidated opinion on the quality of external auditing at one (1) of its meetings;
- To review with the external auditors for the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;
- To review any matters arising concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors;
- To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence;
- To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised; and
- To review the external auditors' findings arising from audits, particularly any comments and responses in audit recommendations as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

#### (g) Other matters

To act on any other matters as may be directed by the Board.

## AUDIT COMMITTEE REPORT (cont'd)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2015 included the following:

- a) Reviewed the quarterly unaudited financial and annual audited financial statements of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Groups results to Bursa Securities;
- b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2015;
- c) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
- d) Reviewed the internal audit plan;
- e) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- f) Reviewed the effectiveness of the Group's system of internal control;
- g) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- h) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements; and
- i) Report to the Board on its activities and significant findings and results.

### INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan are approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the Internal Audit function during the financial year is approximately RM15,000.00



## AUDIT COMMITTEE REPORT (cont'd)

### INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities:

- i) Review the system of internal controls of the various business operating units;
- ii) Recommend improvements to the existing systems of internal controls;
- iii) Follow up on implementation and disposition of audit findings and recommendation;
- iv) Ascertain the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
- v) Identify opportunities to improve the operations of and processes in the Company and the Group; and
- vi) Identification of risks and implementation of recommendations to mitigate the risks.

The board agrees that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

Metric	Achievement
Percentage of Audit Plan Complete	100%
Number of audit report issued	6
Additional Areas covered as instructed by Audit Committee	Nil
Critical Audit Findings	8
Recommendations accepted and implemented	8

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Listing Requirements requires Directors of listed companies to include a statement in their Annual Reports on the state of their internal controls. Set out below is the Board's Risk Management and Internal Control Statement.

## Board Responsibility

The Board committed to ensure the existence of an appropriate risk management framework and sound, efficient and effective system of internal control to safeguard shareholders' investment and the Group's assets. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through periodic reviews. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

## Control Environment

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

## Internal Audit

Internal audit reviews are carried out by the internal audit team to address the related internal control weaknesses. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly. Internal audit also test the effectiveness of the internal control on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee ("AC") for approval. An external professional internal audit firm is engaged to assist the AC to establish its Internal Audit function in discharging its duties in regards to the adequacy and integrity of the system of internal control.

The main elements in the system of internal control framework included:

- An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for certain key operational areas;
- Quarterly review of financial results by the Board and the AC;
- Active participation and involvement by the Chief Executive Officer ("CEO") / Managing Director ("MD") and the Executive Directors in the day-to-day running of the major businesses and regular discussions with the Senior Management of smaller business units on operational issues;
- Review of internal audit reports and findings by the AC; and
- Monthly review of Group management accounts by CEO / MD, Executive Directors and Management.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### Internal Audit (cont'd)

The Internal Audit ("IA") also periodically reports on the activities performed, key strategic and control issues observed by Internal Audit to the AC in order to preserve its independence. The AC reviews and approves IA's annual budget, audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience. IA adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing, Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. IA has aligned its current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO – USA Standard) and The Criteria of Control Board (COCO - Canadian Standard)'s Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by IA are based on the internal control elements, scope and coverage. IA continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework, business plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2015, reviews in various areas involving Manufacturing Operations, Information Technology, Finance, Procurement, Human Resources, Research & Development and Subsidiaries were conducted. Among the key coverage included:

- Governance
- Operations
- Sales and marketing
- IT security management
- Procurement
- Accounting or financial activities

All reports from the internal audit reviews carried out were submitted and presented to the AC with the feedback and agreed corrective actions to be undertaken by Management. Subsequently, the progress of these corrective actions were monitored and verified by IA on a regular basis and submitted to the AC. IA committed to equip the internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities.

### Quality Assurance

The IA develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of IA processes and identifies opportunities for improvement via both internal and external assessment. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well experience to manage the internal audit assignments.

### Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the AC, external and internal auditors, and other experts at the expense of the Company.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### Risk Management

The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Company in accordance to the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control. Risk management is an integral part of the business operations and this process goes through a review process by the Board. Discussions have been conducted during the year involving different levels of managements to identify and address risks faced by the Group. These risks were summarized and included in the Group's risk management report. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review and up to the date of approval of this statement for inclusion in the annual report by the Management. This is to ensure that all high risks are adequately addressed at various levels within the Group.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the AC. The AC, supported by the Internal Auditor, provides an independent assessment of the effectiveness of the Group's Enterprise Risk Management ("ERM") framework and reports to the Board. The Group's ERM framework is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed to are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

All identified risks are displayed on a 1 to 3 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a pro-active risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles. There is no dedicated ERM department, however the Executive Director and Head of Finance (HOF) who works closely with the Group's operational managers are continuously to strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

The Board recognises the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

Risk management policies and practices form part of Wang Zheng's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonise its risks and risk appetites at the operational level wherever possible.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### **Risk Structure/Accountability and Responsibility**

Further improving Wang-Zheng's risk governance, ERM structures have been established at each department and subsidiary. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons also known as Head of Department (HOD) / Risk Coordinators (RCs), are appointed at each business unit, and act as the single point of contact to liaise directly with the Head of Finance (HOF) in matters relating to ERM, including the submission of reports on a periodic basis. In addition, they are responsible for assisting their Heads of Department to manage and administer the business units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

### **Assurance From The Management**

The Board has also received reasonable assurance from the MD / CEO and the Head of Finance, that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

### **Conclusion**

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measures to strengthen the control environment. This statement is based on the consideration of the audit work performed by both the External Auditors and the Internal Auditors on financial and non-financial matters.

# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of Proceeds

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

## Share Buy-back

The Company did not carry out any share buy-back exercise during the financial year.

## Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year.

## Depository Receipt Programme

The Company did not sponsor or participate in any depository receipt programme during the financial year.

## Imposition of Sanctions and Penalties

During the financial year ended 31 December 2015, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

## Non Audit Fees

There were RM5,000.00 non audit fees paid to external auditors for the financial year ended 31 December 2015. The non audit fee is for reviewing the Statement on Risk Management and Internal Control.

## Variance in Results, Profit Estimate, Forecast or Projection

There were no significant variances between the results for the financial year and the unaudited results previously announced on 29 February 2016.

The Company did not make any release on the profit estimate, forecast or projection during the financial year.

## Profit Forecast and Profit Guarantees

The Company does not provide any profit forecast or any profit guarantees during the financial year.

## Material Contracts

Save as disclosed below, there are no other material contracts (including contracts not reduced into writing), entered into in the ordinary course of business which have been entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests:

- The Tenancy Agreement dated 16 October 2006 between MMF Haus Sdn Bhd and Carefeel Cotton Industries (M) Sdn Bhd for the rental of a corner detached industrial lot measuring a provisional land area of 20,966 square metres or 225,678 square feet held under H.S.(D) 49155, No. P.T. 1011, Bandar Kundang, Daerah Gombak, Selangor for a monthly rent of RM70,000.00. The said Tenancy Agreement expired on 31 October 2015 and it has been extended for another term of two (2) years from 1 November 2015 to 31 October 2017 with the revised rental of RM77,000.00 per month (excluding the GST).

## ADDITIONAL COMPLIANCE INFORMATION (cont'd)

### Recurrent Related Party Transactions ("RRPT")

The Company is seeking approval from Shareholders for the proposed renewal of existing shareholders' mandate for WZB Group to enter into RRPT(s) of a revenue or trading nature pursuant to Chapter 10.09 of the Listing Requirements and Practice Note 12 of the Listing Requirements at the forthcoming Annual General Meeting to be held on 8 June 2016.

RRPT of a trading or revenue nature of the Group for the financial year ended 31 December 2015 are as follows:

Related Party	WZB Group Transacting Party	Nature of Transaction With WZB Group	Value of Transaction (RM mil) (Inclusive of GST)	Nature of relationship between WZB Group and the Related Party
Xian Jiang Trading Sdn. Bhd. ("XJ")	New Top Win Corporation Sdn. Bhd. ("NTWC")	Trading of processed papers. *	Nil	<ul style="list-style-type: none"> <li>Chung Shan Kwang is Managing Director of XJ and a shareholder of XJ with a shareholding of 36.25%. He is also a Director of NTWC.</li> <li>Chung Shan Meng is a Director and shareholder of XJ with a shareholding of 21.25%.</li> <li>Chung Shan Hui is a Director and shareholder of XJ with a shareholding of 21.25%.</li> <li>Chung Shan Yong is a Director and shareholder of XJ with a shareholding of 21.25%.</li> <li>Chung Shan Kwang, Chung Shan Meng, Chung Shan Hui and Chung Shan Yong are brothers.</li> <li>Chung Shan Kwang and Chung Shan Meng are directors of WZB and Chung Shan Hui is an alternate director of WZB.</li> </ul>
MMF Haus Sdn. Bhd. ("MMF")	Carefeel Cotton Industries (M) Sdn. Bhd. ("CCI")	Factory rental payable to MMF *	0.97	<ul style="list-style-type: none"> <li>Chung Shan Meng is a Director and shareholder of MMF with a shareholding of 25.2%.</li> <li>Chung Shan Kwang is a Director and shareholder of MMF with a shareholding of 24.6%. He is also a Director of CCI.</li> <li>Chung Shan Hui is a Director and shareholder of MMF with a shareholding of 15.9%.</li> <li>Chung Shan Yong is a shareholder of MMF with a shareholding of 15.2%.</li> <li>Chung Shan Kwang, Chung Shan Meng, Chung Shan Hui and Chung Shan Yong are brothers.</li> <li>Chung Shan Kwang and Chung Shan Meng are directors of WZB and Chung Shan Hui is an alternate director of WZB.</li> </ul>

## ADDITIONAL COMPLIANCE INFORMATION (cont'd)

### Recurrent Related Party Transactions ("RRPT") (cont'd)

Related Party	WZB Group Transacting Party	Nature of Transaction With WZB Group	Value of Transaction (RM mil) (Inclusive of GST)	Nature of relationship between WZB Group and the Related Party
Penerbitan Pelangi Sdn. Bhd. ("PPSB")	New Top Win Corporation Sdn. Bhd. ("NTWC")	Trading of processed papers. ©	6.38	• Teh Hui Guan is a Director of Pelangi Publishing Group Berhad ("PPGB"), the holding company of PPGB with a shareholding of 0.59%. He is also the Director of WZB and NTWC.
Tunas Pelangi Sdn. Bhd. ("TPSB")	New Top Win Corporation Sdn. Bhd. ("NTWC")	Trading of processed papers ^	1.34	• Teh Hui Guan is a Director and shareholder of PPGB, the holding company of TPSB with a shareholding of 0.59%. He is also the Director of WZB and NTWC.

#### Notes On Nature of Transaction:-

- \* Purchase of processed paper from XJ by NTWC based on prevailing market price.
- # CCI rents from MMF a factory at RM77,000 per month (excluding the GST) based on market value and is payable on monthly basis.
- © Selling of processed papers to PPGB by NTWC based on prevailing market price.
- ^ Selling of processed papers to TPSB by NTWC based on prevailing market price.

#### Contract Related to Loans

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.



# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## Principal Activities

The principal activities of the Company consist of investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

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

## Financial Results

	Group RM	Company RM
Net profit for the financial year:		
Profit after tax from continuing operations	13,310,965	3,977,801
Loss after tax from discontinued operations	(11,729)	-
	<hr/> 13,299,236	<hr/> 3,977,801
Attributable to :		
Owners of the parent	13,299,236	3,977,801
	<hr/>	<hr/>

## Dividends

Since the end of the last financial year, the Company paid a final single tier tax exempt dividend of 2.5 sen on 158,581,100 ordinary shares of RM0.50 each, amounting to a total dividend of RM3,964,528 in respect of the financial year ended 31 December 2014 on 13 August 2015.

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend of 3.0 sen per ordinary share amounting to a total dividend payable of RM4,757,434 in respect of the financial year ended 31 December 2015 will be proposed for shareholders' approval. The financial statements for the current financial year does not reflect this proposed dividend. Such dividend if approved by the shareholders will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

## Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

## Options Granted Over Unissued Shares

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

## Reserves and Provisions

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

## DIRECTORS' REPORT (cont'd)

### Repurchase of shares

At the Annual General Meeting ("AGM") held on 25 June 2009, the shareholders approved the share buy-back of up to 10% of the issued and paid-up share capital of the Company. The authority from the shareholders has been renewed yearly at the shareholders' meeting. The renewal of share buyback was approved at the AGM and will expire at the conclusion of the forthcoming AGM of the Company.

The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act, 1965. There has been no sale or cancellation of such shares to date.

The Company does not repurchase any share capital from the open market during the financial year ended 31 December 2015.

As at 31 December 2015, the total number of treasury shares held by the Company is 1,418,900 (2014: 1,418,900) ordinary shares.

### Directors

The Directors in office since the date of the last report are:

Ch'ng Eng Hing  
Chai Tuck Chuen  
Chung Shan Kwang  
Chung Shan Meng  
Dato' Seri Abdul Azim Bin Mohd Zabidi  
Dato' Tan Teck Ang  
Fu Jun  
Goh Kheng Jiu  
Khoo Beng Hwa (vacant: 22.4.2015)  
Loo Choo Hong  
Low Yu Keat  
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)  
Tan Kar Thye  
Tan Wan Huat  
Teh Hui Guan  
Thang Yuen Mei  
Yap Kien Pin  
Chung Shan Hui (alternate Director to Fu Jun)

## DIRECTORS' REPORT

(cont'd)

### Directors' Interests

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Interests in the Holding Company (Wang-Zheng Resources Sdn Bhd)</b>				
<b>Direct interests</b>				
Goh Kheng Jiu	158,485	-	-	158,485
Thang Yuen Mei	67,253	-	-	67,253
Tan Wan Huat	66,098	-	-	66,098
Chai Tuck Chuen	69,796	-	-	69,796
Dato' Tan Teck Ang	41,999	-	-	41,999
Chung Shan Hui	32,471	-	-	32,471
Chung Shan Kwang	100,434	-	-	100,434
Chung Shan Meng	32,471	-	-	32,471
Teh Hui Guan	82,646	-	-	82,646
<b>Interests in the company</b>				
<b>Direct interests</b>				
Ch'ng Eng Hing	20,000	-	-	20,000
Chai Tuck Chuen	2,344,459	100,000	-	2,444,459
Chung Shan Kwang	3,730,072	-	-	3,730,072
Chung Shan Meng	1,389,233	-	-	1,389,233
Dato' Seri Abdul Azim Bin Mohd Zabidi	263,950	-	200,000	63,950
Dato' Tan Teck Ang	996,641	-	-	996,641
Fu Jun	20,000	-	-	20,000
Goh Kheng Jiu	4,222,722	200,000	-	4,422,722
Loo Choo Hong	10,000	-	-	10,000
Low Yu Keat	70,000	-	-	70,000
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy	5,000	-	-	5,000
Tan Kar Thye	120,000	-	-	120,000
Tan Wan Huat	1,664,887	-	-	1,664,887
Teh Hui Guan	1,643,479	-	-	1,643,479
Thang Yuen Mei	2,244,487	-	-	2,244,487
Yap Kien Pin	20,000	-	-	20,000
Chung Shan Hui (alternate Director to Fu Jun)	1,255,133	-	-	1,255,133

## DIRECTORS' REPORT (cont'd)

### Directors' Interests (Cont'd)

	Number of ordinary shares of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Indirect interests</b>				
Chung Shan Kwang <sup>1</sup>	24,406,432	–	–	24,406,432
Goh Kheng Jiu <sup>2</sup>	55,951,479	–	–	55,951,479
Thang Yuen Mei <sup>3</sup>	503,800	–	–	503,800
Tan Wan Huat <sup>4</sup>	996,641	–	–	996,641
Chai Tuck Chuen <sup>5</sup>	451,669	–	–	451,669
Teh Hui Guan <sup>6</sup>	4,222,722	200,000	–	4,422,722
Dato' Tan Teck Ang <sup>7</sup>	1,664,887	–	–	1,664,887
Chung Shan Meng <sup>8</sup>	5,887,338	–	–	5,887,338
Fu Jun <sup>9</sup>	20,859,933	–	–	20,859,933
Chung Shan Hui <sup>10</sup> (alternate Director to Fu Jun)	6,021,438	–	–	6,021,438

**Notes:**

- 1 Deemed interest through direct shareholdings of brothers and parent deemed interest in the shares held by Macro-Link Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
- 2 Deemed interest through direct shareholdings of spouse, brother-in-law and substantial shareholdings in Wang-Zheng Resources Sdn. Bhd.
- 3 Deemed interest through direct shareholdings of brother and spouse.
- 4 Deemed interest through direct shareholdings of brother.
- 5 Deemed interest through direct shareholdings of brother.
- 6 Deemed interest through direct shareholdings of brother-in-law.
- 7 Deemed interest through direct shareholdings of brother.
- 8 Deemed interest through direct shareholdings of brothers and parent.
- 9 Deemed interest through substantial shareholdings in Macro-Link Sdn. Bhd.
- 10 Deemed interest through direct shareholdings of brothers and parent.

By virtue of their interests in the shares of the Company, Goh Kheng Jiu and Chung Shan Kwang are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## DIRECTORS' REPORT

(cont'd)

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

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

### Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.



**DIRECTORS' REPORT**  
(cont'd)**Other Statutory Information (Cont'd)**

(d) In the opinion of the Directors:

- (i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) 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 to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**Auditors**

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 6 April 2016.

.....  
**CHUNG SHAN KWANG**

.....  
**THANG YUEN MEI**

**KUALA LUMPUR**

# STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 51 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 36 to the financial statements on page 117 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 6 April 2016.

.....  
**CHUNG SHAN KWANG**

.....  
**THANG YUEN MEI**

**KUALA LUMPUR**

# STATUTORY DECLARATION

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

I, YONG VOON FUI, being the Officer primarily responsible for the financial management of WANG-ZHENG BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 117 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed YONG VOON FUI at )  
Kuala Lumpur in the Federal Territory )  
on 6 April 2016. )

.....  
**YONG VOON FUI**

Before me,

W 521  
**MOHAN A.S. MANIAM**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## To The Members Of Wang-Zheng Berhad

### Report on the Financial Statements

We have audited the financial statements of WANG-ZHENG BERHAD, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 116.

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

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

#### ***Auditors' Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 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 1965 in Malaysia.

### Report on Other Legal and Regulatory Requirements

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

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

## INDEPENDENT AUDITORS' REPORT (cont'd)

### Other Reporting Responsibilities

The supplementary information set out in Note 36 on page 117 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

#### UHY

Firm Number: AF 1411  
Chartered Accountants

#### CHONG HOU NIAN

Approved Number: 3105/11/16(J)  
Chartered Accountant

KUALA LUMPUR  
6 April 2016

# STATEMENTS OF FINANCIAL POSITION

As At 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	4	41,770,665	40,300,093	-	-
Investments in subsidiary companies	5	-	-	58,622,065	68,568,956
Other investments	6	55,314	16,847,290	-	-
		41,825,979	57,147,383	58,622,065	68,568,956
<b>Current Assets</b>					
Other investment	6	16,798,696	-	-	-
Inventories	7	43,215,410	57,462,329	-	-
Trade receivables	8	63,673,810	55,570,218	-	-
Other receivables	9	4,898,938	4,517,003	100,091	9,507,644
Amounts due from subsidiary companies	10	-	-	16,699,400	11,200,065
Tax recoverable		349,438	29,719	59,900	25,000
Fixed deposits with licensed banks	11	43,802,220	46,609,229	-	-
Cash and bank balances		66,688,039	40,915,167	15,853,235	2,018,103
		239,426,551	205,103,665	32,712,626	22,750,812
Assets of discontinued operations	12	516,038	13,805,017	-	-
		239,942,589	218,908,682	32,712,626	22,750,812
<b>Total Assets</b>		281,768,568	276,056,065	91,334,691	91,319,768
<b>Equity and Liabilities</b>					
Share capital	13	80,000,000	80,000,000	80,000,000	80,000,000
Reserves	14	6,676,846	9,559,676	6,676,846	6,676,846
Treasury shares	15	(649,578)	(649,578)	(649,578)	(649,578)
Retained earnings		83,138,961	73,804,253	4,849,770	4,836,497
Equity attributable to owners of the parent		169,166,229	162,714,351	90,877,038	90,863,765
<b>Non-Current Liabilities</b>					
Hire purchase payables	16	667,073	759,073	-	-
Bank borrowings	17	14,996,000	17,706,500	-	-
Deferred tax liabilities	18	2,632,410	3,315,041	-	-
		18,295,483	21,780,614	-	-



## STATEMENTS OF FINANCIAL POSITION

(cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>Current Liabilities</b>					
Trade payables	19	7,141,714	4,673,626	–	–
Other payables	20	8,252,063	7,865,536	19,653	18,000
Amounts due to subsidiary company	10	–	–	240,000	240,003
Amounts due to Directors	21	198,000	198,000	198,000	198,000
Hire purchase payables	16	685,609	848,520	–	–
Bank borrowings	17	75,509,507	75,545,570	–	–
Tax payable		2,517,716	2,427,601	–	–
		94,304,609	91,558,853	457,653	456,003
Liability of discontinued operations	12	2,247	2,247	–	–
		94,306,856	91,561,100	457,653	456,003
<b>Total Liabilities</b>		112,602,339	113,341,714	457,653	456,003
<b>Total Equity and Liabilities</b>		281,768,568	276,056,065	91,334,691	91,319,768

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	22	292,575,928	253,876,347	100,000	9,501,463
Cost of sales		(256,402,309)	(221,385,865)	-	-
Gross profit		36,173,619	32,490,482	100,000	9,501,463
Other income		9,420,470	13,250,426	4,327,550	116,335
Marketing and distribution expenses		(1,538,627)	(1,550,166)	-	-
Administration expenses		(23,981,785)	(21,889,716)	(408,408)	(5,911,301)
Finance costs	23	(3,675,359)	(4,072,613)	-	-
Profit before taxation	24	16,398,318	18,228,413	4,019,142	3,706,497
Taxation	25	(3,087,353)	(5,825,693)	(41,341)	22,603
Profit from continuing operations		13,310,965	12,402,720	3,977,801	3,729,100
<b>Discontinued operation</b>					
Loss from discontinued operation	12	(11,729)	(5,516,773)	-	-
Profit after taxation		13,299,236	6,885,947	3,977,801	3,729,100

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
<b>Other comprehensive income:</b>					
<i>(Items that are or may be reclassified subsequently to profit or loss)</i>					
Exchange translation differences for foreign operation					
- Gain arising during the year		813,425	425,273	-	-
- Reclassification to profit or loss on disposal of subsidiary company		(3,696,255)	-	-	-
Other comprehensive income for the financial year		(2,882,830)	425,273	-	-
<b>Total comprehensive income for the financial year</b>		10,416,406	7,311,220	3,977,801	3,729,100
<b>Profit attributable to:</b>					
Owners of the parent		13,299,236	6,885,947	3,977,801	3,729,100
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		10,416,406	7,311,220	3,977,801	3,729,100
<b>Earnings per share</b>					
Basic earnings per share (sen):					
Profit from continuing operations		8.39	7.82		
Loss from discontinued operations		(0.01)	(3.48)		
Total	26	8.38	4.34		
Diluted earnings per share (sen):					
Profit from continuing operations		8.39	7.82		
Loss from discontinued operations		(0.01)	(3.48)		
Total	26	8.38	4.34		

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

# STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2015

	Attributable to Owners of the Parent						
	Share Capital	Foreign Exchange Reserve	Share Premium	Treasury Shares	Retained Earnings	Non-Controlling Interest	Total Equity
Note	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>							
<b>At 1 January 2014</b>	80,000,000	2,457,557	6,676,846	(649,578)	70,797,484	405,350	159,687,659
Net profit for the financial year	-	-	-	-	6,885,947	-	6,885,947
<b>Other comprehensive income:</b> Exchange translation differences for foreign operations	-	425,273	-	-	-	-	425,273
<b>Total comprehensive income</b>	-	425,273	-	-	6,885,947	-	7,311,220
<b>Transaction with owners:</b>							
Dividends	-	-	-	-	(3,964,528)	-	(3,964,528)
Acquisition of non-controlling interest	-	-	-	-	85,350	(405,350)	(320,000)
<b>At 31 December 2014</b>	80,000,000	2,882,830	6,676,846	(649,578)	73,804,253	-	162,714,351

## STATEMENTS OF CHANGES IN EQUITY

(cont'd)

	Note	Attributable to Owners of the Parent						
		Share Capital RM	Foreign Exchange Reserve RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Non- Controlling Interest RM	Total Equity RM
<b>Group</b>								
<b>At 1 January 2015</b>		80,000,000	2,882,830	6,676,846	(649,578)	73,804,253	-	162,714,351
Net profit for the financial year		-	-	-	-	13,299,236	-	13,299,236
<b>Other comprehensive income:</b>								
Exchange translation differences for foreign operations		-	813,425	-	-	-	-	813,425
- Gain arising during the year		-	(3,696,255)	-	-	-	-	(3,696,255)
- reclassification to profit or loss on disposal of subsidiary		-	(2,882,830)	-	-	13,299,236	-	10,416,406
<b>Total comprehensive income</b>		-	-	-	-	(3,964,528)	-	(3,964,528)
<b>Transaction with owners:</b>								
Dividends	27	-	-	-	-	-	-	-
<b>At 31 December 2015</b>		80,000,000	-	6,676,846	(649,578)	83,138,961	-	169,166,229



## STATEMENTS OF CHANGES IN EQUITY

(cont'd)

	Note	Share Capital RM	Non-distributable Share Premium RM	Treasury Shares RM	Distributable Retained Earnings RM	Total RM
<b>Company</b>						
At 1 January 2014		80,000,000	6,676,846	(649,578)	5,071,925	91,099,193
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	3,729,100	3,729,100
<b>Transaction with owners:</b>						
Dividends	27	-	-	-	(3,964,528)	(3,964,528)
At 31 December 2014		80,000,000	6,676,846	(649,578)	4,836,497	90,863,765
At 1 January 2015		80,000,000	6,676,846	(649,578)	4,836,497	90,863,765
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	3,977,801	3,977,801
<b>Transaction with owners:</b>						
Dividends	27	-	-	-	(3,964,528)	(3,964,528)
At 31 December 2015		80,000,000	6,676,846	(649,578)	4,849,770	90,877,038

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

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2015

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
<b>Cash Flows From Operating Activities</b>					
Profit/(loss) before taxation					
Continuing operations		16,398,318	18,228,413	4,019,142	3,706,497
Discontinued operations		(11,729)	(5,519,058)	-	-
		16,386,589	12,709,355	4,019,142	3,706,497
Adjustments for:					
Amortisation of other investment		430	430	-	-
Bad debts written off		176,917	95,254	-	-
Depreciation of property, plant and equipment		4,910,876	5,133,468	-	-
Dividend income		-	-	(100,000)	(9,501,463)
Gain on disposal of investment in subsidiary		(3,524,149)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(328,104)	2,025,877	-	-
Gain on disposal of non-current asset held for sale		-	(6,582,850)	-	-
Impairment on investment in subsidiary company		-	-	-	5,539,130
Impairment on trade receivables		1,600,000	652,698	-	-
Impairment on other receivables		-	614,865	-	-
Interest expense		3,675,359	4,072,613	-	-
Interest income		(2,924,672)	(2,498,812)	(327,990)	(116,335)
Inventories written down		600,000	-	-	-
Property, plant and equipment written off		-	5	-	-
Realised gain on foreign exchange on disposal of subsidiary company		-	-	(2,343,356)	-
Reversal of impairment on slow moving inventories		(9,432)	(6,351)	-	-
Reversal of impairment on investment in subsidiary company		-	-	(1,628,321)	-
Tax recoverable written off		-	1,002,628	-	-
Unrealised gain on foreign exchange		(822,414)	(315,694)	-	-

## STATEMENTS OF CASH FLOWS

(cont'd)

	Note	Group 2015 RM	2014 RM	Company 2015 RM	2014 RM
Operating profit/(loss) before working capital changes		19,741,400	16,903,486	(380,525)	(372,171)
Changes in working capital					
Inventories		13,656,351	(14,935,016)	-	-
Receivables		(10,257,313)	(8,747,119)	9,507,552	4,697,728
Bill payables		(244,563)	13,486,705	-	-
Subsidiary companies		-	-	(5,499,338)	(1,450,002)
Payables		2,902,243	(1,972,503)	1,653	5,500
		6,056,718	(12,167,933)	4,009,867	3,253,226
Cash generated from operations		25,798,118	4,735,553	3,629,342	2,881,055
Interest received		2,924,672	2,498,812	327,990	116,335
Interest paid		(3,675,359)	(4,072,613)	-	-
Tax refunded		4,719	895,437	-	-
Tax paid		(4,004,307)	(4,735,576)	(76,241)	(44,389)
		(4,750,275)	(5,413,940)	251,749	71,946
Net cash generated from/(used in) operating activities		21,047,843	(678,387)	3,881,091	2,953,001
<b>Cash Flows From Investing Activities</b>					
Acquisition of interest of non-controlling interest		-	(320,000)	-	(320,000)
Acquisition of other investment		(7,150)	(35,700)	-	-
Proceeds from disposal of non-current assets held for sale		-	25,000,000	-	-
Proceeds from disposal of property, plant and equipment		343,000	4,136,333	-	-
Net Cash (outflow)/inflow from disposal of subsidiary company		(172,106)	-	13,918,569	
Purchase of property, plant and equipment	4	(5,789,701)	(1,557,270)	-	-
Net cash (used in)/generated from investing activities		(5,625,957)	27,223,363	13,918,569	(320,000)

## STATEMENTS OF CASH FLOWS

(cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>Financing Activities</b>					
Dividend paid	27	(3,964,528)	(3,964,528)	(3,964,528)	(3,964,528)
Repayment of hire purchase payables		(909,182)	(913,949)	-	-
Repayment of term loan		(2,502,000)	(14,394,722)	-	-
Net cash used in financing activities		(7,375,710)	(19,273,199)	(3,964,528)	(3,964,528)
<b>Net increase/(decrease) in cash and cash equivalents</b>		8,046,176	7,271,777	13,835,132	(1,331,527)
<b>Effect of exchange rate changes</b>		1,635,839	425,273	-	-
<b>Cash and cash equivalents at beginning of the financial year</b>		101,320,694	93,623,644	2,018,103	3,349,630
<b>Cash and cash equivalents at end of the financial year</b>		111,002,709	101,320,694	15,853,235	2,018,103
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Fixed deposits with licensed banks		43,802,220	46,609,229	-	-
Cash and bank balances		66,688,039	40,915,167	15,853,235	2,018,103
Included in disposal group	12	512,450	13,796,298	-	-
		111,002,709	101,320,694	15,853,235	2,018,103

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Corporate Information

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

The principal place of business of the Company is at No.1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor Darul Ehsan.

The registered office of the Company is at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

## 2. Basis of Preparation

### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions  
Annual Improvements to MFRSs 2010 – 2012 Cycle  
Annual Improvements to MFRSs 2011 – 2013 Cycle

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.



## NOTES TO THE FINANCIAL STATEMENTS

### (cont'd)

## 2. Basis of Preparation (cont'd)

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

#### Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements	to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (cont'd)

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

##### Standards issued but not yet effective (cont'd)

##### MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

##### MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

#### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

#### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (cont'd)

##### **Key sources of estimation uncertainty**

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

##### Useful lives of property, plant and equipment (Note 4)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

##### Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 5.

##### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

##### Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 8 and 9 respectively.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. Basis of Preparation (cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (cont'd)

##### Key sources of estimation uncertainty (cont'd)

###### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2015, the Group has tax recoverable and payable of RM349,438 (2014: RM29,719) and RM 2,517,716 (2014: RM2,427,601) respectively.

###### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 31(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

### 3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (a) Basis of consolidation (cont'd)

##### (i) Subsidiary companies (cont'd)

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (a) Basis of consolidation (cont'd)

##### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

#### (b) Foreign currency translation

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (b) Foreign currency translation (cont'd)

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

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

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j).

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (c) Property, plant and equipment (cont'd)

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land and buildings	Over the remaining lease period
Plant and machinery	5 - 12½ years
Motor vehicles	5 years
Office equipment and computers	5 - 10 years
Furniture and fittings	8 - 10 years
Air conditioners	8 - 10 years
Electrical installation and renovation	4 - 10 years
Factory equipment	10 years
Signboard	8 - 10 years

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

#### (d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

##### As lessee

##### (i) Finance Lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (d) Leases (cont'd)

##### As lessee (cont'd)

##### (i) Finance Lease (cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

##### (ii) Operating Lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

##### As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (e) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (e) Financial assets (cont'd)

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

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

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (f) Financial liabilities

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

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

#### (i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### (ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (h) Inventories

Raw materials, work-in-progress, finished goods and completed properties are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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

#### (i) Cash and cash equivalents

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

#### (j) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (j) Impairment of assets (cont'd)

##### (i) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

##### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

##### Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (j) Impairment of assets (cont'd)

##### (ii) Financial assets (cont'd)

###### Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

###### Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (k) Share capital

##### (i) Ordinary shares

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

##### (ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (k) Share capital (cont'd)

##### (ii) Treasury shares (cont'd)

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

##### (iii) Distribution of non-cash assets to owners of the Company

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the assets to be distributed. At the end of the reporting period and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

#### (l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

#### (m) Employee benefits

##### (i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (m) Employee benefits (cont'd)

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

#### (n) Revenue

##### (i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

##### (ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

##### (iv) Interest income

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

#### (o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (p) Income tax

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

#### (q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (r) Contingencies

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (s) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 4. Property, Plant and Equipment

Group 2015	Leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Air- conditioners RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Total RM
Cost										
At 1 January	24,506,139	33,772,746	6,429,339	1,187,890	2,401,237	16,335	1,216,625	5,334,702	20,846	74,885,859
Additions	-	4,562,288	1,526,143	144,431	6,381	3,270	94,083	107,376	-	6,443,972
Disposals	-	-	(990,194)	-	-	-	-	-	-	(990,194)
Others	(47,628)	-	-	-	-	-	-	-	-	(47,628)
At 31 December	24,458,511	38,335,034	6,965,288	1,332,321	2,407,618	19,605	1,310,708	5,442,078	20,846	80,292,009
Accumulated depreciation										
At 1 January	2,581,141	21,426,915	4,267,788	856,309	2,053,477	13,921	695,516	2,675,793	14,906	34,585,766
Charge for the financial year	271,253	2,973,815	731,964	106,960	180,066	1,230	108,793	534,845	1,950	4,910,876
Disposals	-	-	(975,298)	-	-	-	-	-	-	(975,298)
At 31 December	2,852,394	24,400,730	4,024,454	963,269	2,233,543	15,151	804,309	3,210,638	16,856	38,521,344
Carrying amount										
At 31 December	21,606,117	13,934,304	2,940,834	369,052	174,075	4,454	506,399	2,231,440	3,990	41,770,665

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 4. Property, Plant and Equipment (cont'd)

Group 2014	Leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Air- conditioners RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Total RM
<b>Cost</b>										
At 1 January	24,506,139	33,810,936	6,144,087	1,125,708	2,371,562	16,335	1,185,398	4,853,206	20,846	74,034,217
Additions	-	158,108	1,542,113	64,682	29,675	-	31,227	481,496	-	2,307,301
Disposals	-	(196,298)	(1,256,861)	(2,500)	-	-	-	-	-	(1,455,659)
At 31 December	24,506,139	33,772,746	6,429,339	1,187,890	2,401,237	16,335	1,216,625	5,334,702	20,846	74,885,859
<b>Accumulated depreciation</b>										
At 1 January	2,309,359	18,847,690	4,697,219	761,806	1,892,598	12,911	570,902	2,166,148	12,954	31,271,587
Charge for the financial year	271,782	2,760,226	817,424	95,920	160,879	1,010	124,614	509,645	1,952	4,743,452
Disposals	-	(181,001)	(1,246,855)	(1,417)	-	-	-	-	-	(1,429,273)
At 31 December	2,581,141	21,426,915	4,267,788	856,309	2,053,477	13,921	695,516	2,675,793	14,906	34,585,766
<b>Carrying amount</b>										
At 31 December	21,924,998	12,345,831	2,161,551	331,581	347,760	2,414	521,109	2,658,909	5,940	40,300,093

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 4. Property, Plant and Equipment (cont'd)

	Company 2015 RM	2014 RM
<b>Office equipment</b>		
<b>Cost</b>		
At 1 January/31 December	15,213	15,213
<b>Accumulated depreciation</b>		
At 1 January / 31 December	15,213	15,213
<b>Carrying amount</b>		
At 31 December / 1 January	-	-

- (a) The net carrying amount of leasehold land and buildings of the Group that pledged as securities for bank borrowings as disclosed in Note 17 amounted to RM18,420,566 (2014: RM18,695,661).
- (b) The remaining period of the lease terms for the leasehold land of the Group are more than 50 years (2014: more than 50 years).
- (c) Assets held under finance leases

At 31 December 2015, the net carrying amount of leased property, plant and machinery of the Group are as follows:

	Group 2015 RM	2014 RM
Motor vehicles	2,023,906	1,351,991
Plant and machinery	1,503,193	2,384,035
	3,527,099	3,736,026

Leased assets are pledged as security for the related finance lease liabilities.

- (d) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase financing and cash payment are as follows:

	Group 2015 RM	2014 RM
Aggregate costs	6,443,972	2,307,301
Less: Hire purchase financing	(654,271)	(750,031)
Cash payments	5,789,701	1,557,270

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 5. Investments in Subsidiary Companies

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost		
- In Malaysia	58,804,039	58,804,039
- Outside Malaysia	-	24,352,122
	58,804,039	83,156,161
Less: Accumulated impairment losses	(181,974)	(14,587,205)
	58,622,065	68,568,956

Movements in the allowances for impairment losses on investments in subsidiary companies are as follows:

	Company	
	2015 RM	2014 RM
At 1 January	14,587,205	9,048,075
Impairment loss recognised	-	5,539,130
Reversal	(1,628,321)	-
Disposal	(12,776,910)	-
At 31 December	181,974	14,587,205

The above reversal and disposal of impairment losses made were in relation to Beijing Wang-Zheng Hygienic Products Co., Ltd., based on net recoverable amount from its liquidation.

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2015 %	2014 %	
Direct holding:				
Quality Hero Corporation Sdn. Bhd.	Malaysia	100	100	Manufacturer of adult and baby diapers, sanitary napkins and its related products
Modern Alpine Sdn. Bhd.	Malaysia	100	100	Trading of papers and related products
Wang-Zheng Corporation Sdn. Bhd.	Malaysia	100	100	Distributor of disposable fibre-based products
Carefeel Cotton Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of facial cotton and other cotton related products
New Top Win Corporation Sdn. Bhd.	Malaysia	100	100	Importing, processing and trading of papers

## NOTES TO THE FINANCIAL STATEMENTS

### (cont'd)

#### 5. Investments in Subsidiary Companies (cont'd)

Details of the subsidiary companies are as follows (cont'd):

Name of company	Country of incorporation	Effective interest		Principal activities
		2015 %	2014 %	
Mey Paper Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of corrugated paper carton boxed and other related products
Wonderful Eden Sdn. Bhd.	Malaysia	100	100	Dormant
*Wang-Zheng Petroleum Sdn. Bhd.	Malaysia	-	-	Dealing with petroleum products
* Subsidiary company discontinued operation and commenced member's voluntary process since the previous financial year. The financial statements have been audited for consolidation purposes.				

#### Acquisition of non-controlling interest

In the previous financial year, the Company has acquired the remaining equity interest from the non-controlling interest of Wang-Zheng Petroleum Sdn. Bhd. ("WZP"), thus, WZP became a wholly-owned subsidiary company of the Company. WZP had ceased its business operation since 27 May 2013. On 3 October 2014, the Company has commenced the member's voluntary process and liquidator had been appointed. The financial impact of the changes in equity interest in WZP was immaterial to the Group.

#### Voluntary winding up process for a subsidiary company

The member voluntary winding up process for Beijing Wang-Zheng Hygienic Products Co., Ltd., a wholly-owned subsidiary company has been completed on 18 March 2015. The residual value after deducting all of its liabilities amounted to RM13,918,569. The subsidiary company was previously reported as part of the discontinued operation.

The effect of the voluntary winding up of Beijing Wang-Zheng Hygienic Products Co., Ltd. on the financial position of the Group as at the date of voluntary winding up was as follows:

	<b>Group 2015 RM</b>
Fixed deposit with licensed bank	12,830,278
Cash and bank balances	1,260,397
Net assets	14,090,675
Less: Foreign exchange reserve	(3,696,255)
Total net assets disposed	10,394,420
Gain on disposal	3,524,149
Proceeds from disposal	13,918,569
Less: Cash and bank balances disposed	(14,090,675)
Net cash outflows from disposal	(172,106)

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 6. Other Investments

	2015 RM	Group 2014 RM
<b>NON-CURRENT ASSETS</b>		
<b>Available-for-sale</b>		
<b>Unquoted investment, at cost</b>		
At 1 January	16,834,396	16,798,696
Addition	7,150	35,700
Reclassification to current assets	(16,798,696)	–
At 31 December	42,850	16,834,396
<b>Membership in a Time-sharing plan, at cost</b>		
At 1 January/31 December	19,341	19,341
	62,191	16,853,737
<b>Accumulated amortisation</b>		
At 1 January	6,447	6,017
Amortisation during the financial year	430	430
At 31 December	6,877	6,447
<b>Carrying amount</b>		
At 31 December	55,314	16,847,290
<b>CURRENT ASSETS</b>		
<b>Available-for-sale</b>		
<b>Unquoted investment, at cost</b>		
At 1 January	–	–
Reclassification from non-current assets	16,798,696	–
At 31 December	16,798,696	–

In the previous financial year, included in the unquoted investment, at cost amounting to RM16,834,396 (2014: RM16,834,396), represents the Group's investment in the investee's joint investment to develop a mixed development activities in Oscar Cheers Sdn. Bhd. ("OCSB").

As at 31 December 2015, the investment in OCSB was reclassified under current assets.

3 February 2016, Oscar Cheers Sdn. Bhd. ("OCSB") had agreed with the proposal from Sunsuria Development Sdn. Bhd. and Strata Johan Sdn. Bhd., (collectively as "the Non-Entitled Shareholders") to undertake a capital reduction and repayment exercise on OCSB to all the shareholders of OCSB, other than the Non-Entitled Shareholders pursuant to Section 64 of the Companies Act, 1965 of Malaysia, subject to the terms and conditions as stipulated in the letter from the Non-Entitled Shareholders dated 3 February 2016 ("the Letter") ("Proposed SCR"). Upon completion of the Proposed SCR, the Group shall receive approximately RM1.23 for every RM1.00 investment in OCSB.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 7. Inventories

	2015 RM	2014 RM
<b>At cost</b>		
Raw material	4,314,623	11,707,646
Packing materials	570,279	469,107
Finished goods	5,317,580	990,989
	10,202,482	13,167,742
<b>At net realisable value</b>		
Raw material	11,660,238	–
Finished goods	21,352,690	44,294,587
	33,012,928	44,294,587
	43,215,410	57,462,329

	2015 RM	Group 2014 RM
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	230,438,754	198,386,055
Inventories written down	600,000	–
Reversal of impairment loss on slow moving inventories	(9,432)	(6,351)

### 8. Trade Receivables

	2015 RM	Group 2014 RM
Trade receivables	67,080,017	57,513,397
Less: Accumulated impairment losses	(3,406,207)	(1,943,179)
At 31 December	63,673,810	55,570,218

The Group's normal trade credit terms range from 30 to 90 days (2014: 30 to 90 days).

They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	2015 RM	Group 2014 RM
At 1 January	1,943,179	1,523,472
Impairment losses recognised	1,600,000	652,698
Impairment losses reversed	(136,972)	(232,991)
At 31 December	3,406,207	1,943,179

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 8. Trade Receivables (cont'd)

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	2015 RM	Group 2014 RM
Neither past due nor impaired	48,086,114	42,759,219
Past due but not impaired:		
Less than 30 days	7,605,231	7,634,501
31 to 60 days	4,082,178	3,565,268
More than 60 days	3,900,287	1,611,230
	15,587,696	12,810,999
Impaired	3,406,207	1,943,179
	67,080,017	57,513,397

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 December 2015, trade receivables of RM15,587,696 (2014: RM12,810,999) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM3,406,207 (2014: RM1,943,179), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

### 9. Other Receivables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	2,479,113	3,894,559	1	-
Less: Accumulated impairment loss	(614,865)	(614,865)	-	-
	1,864,248	3,279,694	1	-
Deposits	2,523,007	576,057		
Prepayments	511,683	661,252	90	6,181
Dividends receivable from subsidiary companies	-	-	100,000	9,501,463
	4,898,938	4,517,003	100,091	9,507,644

## NOTES TO THE FINANCIAL STATEMENTS

### (cont'd)

#### 9. Other Receivables (cont'd)

Movements in the allowance for impairment loss of other receivables are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	614,865	10,759	-	-
Impairment loss recognised	-	614,865	-	-
Impairment loss reversed	-	(10,759)	-	-
At 31 December	614,865	614,865	-	-

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

#### 10. Amounts due from / (to) subsidiary companies

These amounts represent unsecured, interest free advances and are repayable on demand.

#### 11. Fixed Deposits with Licensed Banks

The average interest rates of the fixed deposit during the financial year range from 3.25% to 4.20% (2014: 3.40%) per annum, and have maturity period of 30 days (2014: 30 days).

#### 12. Disposal group held for sale and discontinued operation

In the previous financial year, the Company announced the decision to discontinue operation and dispose of the assets and liabilities of the two subsidiary companies, namely Beijing Wang-Zheng Hygienic Products Co., Ltd. ("BWZ") and Wang-Zheng Petroleum Sdn. Bhd. ("WZP"):

- (i) BWZ incorporated in the People's Republic of China ("PRC"). The principal activity of BWZ is manufacturing and trading of sanitation products. BWZ had ceased its operation since 31 May 2014. On 12 August 2014, the Company had submitted an application for the member's voluntary winding-up process for BWZ, in accordance with the Company Law of PRC. The member's voluntary winding-up process was completed on 18 March 2015.
- (ii) The principal activity of WZP is to buy and trade of petroleum, diesel and other oil related products. On 3 October 2014, the Company has commenced the member's voluntary process and liquidator had been appointed. The Returns by Liquidator Relating To Final Meeting ("Return") of WZP was lodged on 22 January 2016 with the SSM and the Official Receiver. Pursuant to Section 272(5) of the Companies Act 1965, on the expiration of 3 months after the lodgement of the Return, the Company will be dissolved.

The divestment of its non-performing investments was to relieve the Company from incurring further losses.

As at 31 December 2015, the assets and liabilities of the subsidiary company have been presented on the consolidated statements of financial position as assets and liabilities of discontinued cooperation held for disposal and results is presented separately on the statement of profit or loss and other comprehensive income as discontinued operation.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. Disposal group held for sale and discontinued operation (cont'd)

The major class of assets and liabilities of the discontinued subsidiary company as at the financial year end are as follows:

	2015 RM	Group 2014 RM
<b>Assets</b>		
Property, plant and equipments	3,088	3,088
Other receivables	–	5,131
Tax recoverable	500	500
Fixed deposits with licensed bank	461,657	461,657
Cash and bank balances	50,793	13,334,641
Assets of discontinued operations	516,038	13,805,017
<b>Liabilities</b>		
Other payables	1,475	1,475
Deferred tax liabilities	772	772
Liabilities of discontinued operations	2,247	2,247

The results of the discontinued subsidiary company is as follows:

	2015 RM	Group 2014 RM
Revenue	–	2,136,876
Cost of sales	–	(3,154,379)
Loss from operations	–	(1,017,503)
Other income	5,060	411,520
Marketing and distribution expenses	–	(385,059)
Administration expenses	(16,789)	(4,528,016)
Loss before taxation	(11,729)	(5,519,058)
Tax expenses	–	2,285
Loss from discontinued operation	(11,729)	(5,516,773)

The profit from discontinued operation is attributable entirely to the owners of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 12. Disposal group held for sale and discontinued operation (cont'd)

#### Statements of Cash Flows

Cash flows attributable to WZB are as follows:

	2015 RM	Group 2014 RM
Net cash used in operating activities	(6,598)	(5,519,058)
Effect of exchange rate changes	813,425	425,273
Effect on cash flows	806,827	(5,093,785)

### 13. Share Capital

	Number of Shares		Group and Company Amount	
	2015 Units	2014 Units	2015 RM	2014 RM
<b>Authorised</b>				
Ordinary share of RM0.50 each:	200,000,000	200,000,000	100,000,000	100,000,000
<b>Issued and fully paid shares</b>				
Ordinary share of RM0.50 each:	160,000,000	160,000,000	80,000,000	80,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

### 14. Reserves

The nature of reserves of the Group and the Company is as follows:

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 15. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 25 June 2009, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 31 December 2015, the total number of treasury shares held by the Company is 1,418,900 (2014: 1,418,900) ordinary shares.

The repurchase transactions were financed by internally generated funds. The repurchased shares were being held as treasury shares and carried at cost in accordance with the requirement of Section 67A of the Companies Act, 1965. Treasury shares had no rights to voting, dividends and participation in other distribution.

### 16. Hire Purchase Payables

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>Minimum hire purchase payments</b>		
Within one year	732,780	908,577
Between one to five years	706,544	785,963
	1,439,324	1,694,540
Less: Future finance charges	(86,642)	(86,947)
Present value of hire purchase liabilities	1,352,682	1,607,593
<b>Present value of hire purchase liabilities</b>		
Within one year	685,609	848,520
Between one to five years	667,073	759,073
	1,352,682	1,607,593

The hire purchase liabilities of the Group and of the Company bear interest at rates ranging from 1.97% to 3.75% (2014: 1.97% to 3.50%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 17. Bank Borrowings

	2015 RM	Group 2014 RM
<b>Secured</b>		
Term loan	17,498,000	20,000,000
<b>Unsecured</b>		
Bill payables	73,007,507	73,252,070
<b>Total bank borrowings</b>	<b>90,505,507</b>	<b>93,252,070</b>
<b>Analysed as:</b>		
<b>Repayable within twelve months</b>		
Term loan	2,502,000	2,293,500
Bill payables	73,007,507	73,252,070
	75,509,507	75,545,570
<b>Repayable after twelve months</b>		
Term loan	14,996,000	17,706,500
	90,505,507	93,252,070

The above credit facilities obtained from licensed banks are denominated in RM and USD secured by the following:

- (a) First party legal charge over the leasehold land and buildings of the Group as disclosed in Notes 4;
- (b) fixed and floating charge over all present and future assets of a subsidiary company;
- (c) a letter of negative pledge by certain subsidiary companies; and
- (d) Corporate guarantee by the Company.

Range of interest rates per annum is as follows:

	2015 %	Group 2014 %
Term loan - floating rates	4.75 - 4.95	4.70
Bill payables	3.75 - 4.57	3.75 - 4.57

### 18. Deferred Tax Liabilities

	2015 RM	Group 2014 RM
At 1 January	3,315,041	3,240,357
Recognised in profit or loss	-	74,684
Over provision in prior year	(682,631)	-
At 31 December	2,632,410	3,315,041



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 18. Deferred Tax Liabilities (cont'd)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	2015 RM	Group 2014 RM
Deferred tax liabilities	3,035,692	3,790,455
Deferred tax assets	(403,282)	(475,414)
	2,632,410	3,315,041

The components and movements of deferred tax liabilities and assets are as follows:

	Group Accelerated Capital Allowance RM
<b>Deferred tax liabilities</b>	
At 1 January 2015	3,790,455
Recognised in profit or loss	(105,318)
Over provision in prior year	(649,445)
At 31 December 2015	3,035,692
At 1 January 2014	3,391,105
Recognised in profit or loss	399,350
At 31 December 2014	3,790,455

	Group Utilised tax losses and capital allowance RM	Group Others RM	Group Total RM
<b>Deferred tax assets</b>			
At 1 January 2015	(83,630)	(391,784)	(475,414)
Recognised in profit or loss	-	105,318	105,318
Under/(Over) provision in prior year	22,030	(55,216)	(33,186)
At 31 December 2015	(61,600)	(341,682)	(403,282)
At 1 January 2014	(141,108)	(9,640)	(150,748)
Recognised in profit or loss	57,478	(382,144)	(324,666)
At 31 December 2014	(83,630)	(391,784)	(475,414)

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 18. Deferred Tax Liabilities (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	2015 RM	Group 2014 RM
Utilised tax losses	–	260,824
Unutilised capital allowances	–	73,698
Other deductible temporary differences	2,280,800	–
	2,280,800	334,522

### 19. Trade Payables

Credit terms of trade payables of the Group and Company ranged from 60 to 90 days (2014: 60 to 90 days) depending on the terms of the contracts.

### 20. Other Payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	2,955,515	2,417,478	–	–
Accruals	5,246,548	5,180,403	19,653	18,000
Deposit received	50,000	267,655	–	–
	8,252,063	7,865,536	19,653	18,000

### 21. Amounts Due to Directors

These represent unsecured, interest free advances and are repayable on demand.

### 22. Revenue

	Group		Company	
Continuing operations	2015 RM	2014 RM	2015 RM	2014 RM
Sales of goods	292,575,928	253,876,347	–	–
Dividend income	–	–	100,000	9,501,463
	292,575,928	253,876,347	100,000	9,501,463
<i>Discontinued operation</i>				
Sales of goods (Note 12)	–	2,136,876		

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 23. Finance Costs

Continuing operations	2015 RM	Group 2014 RM
Interest expenses of financial liabilities not at fair value through profit or loss		
- Bill payables	2,681,974	2,550,019
- Hire purchase	72,336	89,440
- Term loans	921,049	1,433,154
	3,675,359	4,072,613

### 24. Profit Before Taxation

Profit before taxation is determined after charging / (crediting) amongst other, the following items:

Continuing operations	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Auditors' remuneration				
- statutory audits				
- current year	105,000	101,300	18,000	18,000
- under provision in prior years	13,404	5,500	6,900	5,500
- non-audit services	14,339	-	-	-
Amortisation of				
other investment	430	430	-	-
Bad debts recovered	(55,734)	(188,384)	-	-
Bad debts written off	176,917	95,254	-	-
Depreciation of property, plant and equipment	4,910,876	4,743,452	-	-
Directors' remuneration (Note 29)				
- the Company's Directors				
- fees	198,000	198,000	198,000	198,000
- salaries and other emoluments	2,034,171	2,014,586	31,500	25,500
- EPF	196,669	239,725	-	-
- Directors of the subsidiary companies				
- salaries and other emoluments	767,898	389,056	-	-
- EPF	91,502	55,962	-	-
Gain on disposal of non-current asset held for sales	-	(6,582,850)	-	-
Gain on disposal of property, plant and equipment	(328,104)	(357,847)	-	-
Gain on disposal of subsidiary company	(3,524,149)	-	-	-
Loss/(Gain) on foreign exchange				
- Realised	154,253	(1,069,540)	(2,343,356)	-
- Unrealised	(822,414)	(315,694)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 24. Profit Before Taxation (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<i>Continuing operations (cont'd)</i>				
Hire of machinery	117,362	38,100	-	-
Hire of motor vehicles	34,000	41,100	-	-
Impairment loss on				
- Trade receivables	1,600,000	652,698	-	-
- Other receivables	-	614,865	-	-
- Investments in subsidiary companies	-	-	-	5,539,130
Interest income	(2,919,612)	(2,370,267)	(327,990)	(116,335)
Inventories written down	600,000	-	-	-
Property, plant and equipment written off	-	5	-	-
Rental income	-	(2,492,548)	-	-
Rental of premises	1,277,305	1,581,128	-	-
Reversal of impairment loss on investment in subsidiary company	-	-	(1,628,321)	-
Reversal of impairment loss on slow moving inventories	(9,432)	(6,351)	-	-
Reversal of impairment loss on trade receivables	(136,972)	(243,750)	-	-
<i>Discontinued operation</i>				
Auditors' remuneration				
- statutory	-	11,400	-	-
- under provision in prior year	11,470	-	-	-
Depreciation of property, plant and equipment	-	390,016	-	-
Interest income	(5,060)	(128,545)	-	-
Loss on disposal of property, plant and equipment	-	2,383,724	-	-
Rental of premises	-	288,397	-	-
Tax recoverable written off	-	1,002,628	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 25. Taxation

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Tax expenses recognised in profit or loss				
Current tax - continuing operations	5,094,700	3,912,701	13,100	-
Under/(Over) provision in prior year	13,965	(52,490)	28,241	(22,603)
	5,108,665	3,860,211	41,341	(22,603)
Real property gain tax - continuing operations	(1,338,681)	1,890,798	-	-
Deferred tax - continuing operations				
- Origination and reversal of temporary differences	-	46,800	-	-
(Over)/Under provision in prior years	(682,631)	27,884	-	-
	(682,631)	74,684	-	-
Income tax attributable to continuing operations	3,087,353	5,825,693	41,341	(22,603)
Income tax attributable to discontinued operation (Note 12)	-	(2,285)	-	-
	3,087,353	5,823,408	41,341	(22,603)

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and the Company are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation				
- From continuing operations	16,398,318	18,228,413	4,019,142	3,706,497
- From discontinued operations	(11,729)	(5,519,058)	-	-
	16,386,589	12,709,355	4,019,142	3,706,497

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 25. Taxation (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At Malaysian statutory tax rate of 25% (2014: 25%)	4,096,647	3,177,339	1,004,786	926,624
Expenses not deductible for tax purposes	1,479,796	2,509,884	33,189	1,448,742
Income not subject to tax	(1,051,943)	(1,679,837)	(1,024,875)	(2,375,366)
Utilisation of reinvestment allowances	-	(50,170)	-	-
Real property gains tax	(1,338,681)	1,890,798	-	-
Under/(Over) provision of taxation of prior years	13,965	(52,490)	28,241	(22,603)
(Over)/Under provision of deferred taxation of prior years	(682,631)	27,884	-	-
Deferred tax assets not recognised	570,200	-	-	-
	3,087,353	5,823,408	41,341	(22,603)

The Group has estimated unutilised tax losses and unutilised capital allowances of NIL and NIL (2014: RM260,824 and RM303,608) respectively carry forward available to off-set against future taxable profits subject to guidelines issued by the tax authority.

### 26. Earnings Per Share

The basic earnings per share has been calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2015 RM	2014 RM
Profit/(Loss) attributable to owners of the parent		
- from continuing operations	13,310,965	12,402,720
- from discontinued operations	(11,729)	(5,516,773)
Profit attributable to owners of the parent for basic earnings	13,299,236	6,885,947
Weighted average number of ordinary shares in issue	160,000,000	160,000,000
Adjusted for:		
Treasury shares	(1,418,900)	(1,418,900)
	158,581,100	158,581,100
Basic earnings per shares (sen):		
Profit from continuing operations	8.39	7.82
Loss from discontinued operation	(0.01)	(3.48)
	8.38	4.34

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 26. Earnings Per Share (cont'd)

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

### 27. Dividends

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Final single tier dividend of 2.5 sen (2014: 2.5 sen) in respect of the financial year ended 31 December 2014 (2014: 31 December 2013)	3,964,528	3,964,528

### 28. Employee benefits expenses

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Employee benefits expenses (excluding Directors)	17,009,179	14,285,113

Included in the employee benefits expenses (excluding Directors) is contribution made to the EPF under a defined contribution plan of the Group amounting to RM 1,124,895 (2014: RM723,207).

### 29. Related Party Disclosures

#### (a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

The Group has related party relationships with its subsidiary companies, companies where certain directors of the Company have financial interest and key management personnel.



## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 29. Related Party Disclosures (cont'd)

#### (b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party balances disclosed in Notes 10 and 21 in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2015 RM	2014 RM
<b>Group</b>		
Sales of trading goods to companies in which a Director of the Company has financial interest	8,111,907	10,333,713
Purchase of trading goods from a company in which certain Directors of the Company have financial interest	–	12,669,177
Factory rental payable to a company in which certain Directors of the Company have financial interest	924,000	1,188,000
<b>Company</b>		
Gross dividend income received/receivable from subsidiary companies	100,000	9,501,463

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

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, fees and other emoluments	3,000,069	2,601,642	229,500	223,500
EPF	288,171	295,687	–	–
	3,288,240	2,897,329	229,500	223,500

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. Segment Information

The Group has three reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Processed papers products	Processed and distributed papers include wood-free paper and art paper.
Disposable fibre-based products	Manufacture and distribute a wide range of disposable adult and baby diapers, sanitary protection, tissue products and cotton products.
Investment holding and others	Investment holding and others.

The accounting policies of the segments are consistent with the accounting policies of the Group.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

#### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liability.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basic and classification are consistent with those adopted in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. Segment Information (cont'd)

<b>2015</b>		<b>Processed papers products RM</b>	<b>Disposable fibre-based products RM</b>	<b>Investment holding and others RM</b>	<b>Elimination RM</b>	<b>Total continuing operations RM</b>	<b>Discontinued operation RM</b>	<b>Total operation RM</b>
<b>Revenue</b>								
External customer	206,062,481	86,513,447	-	-	-	292,575,928	-	292,575,928
Inter-segment	90,224,250	34,518,168	100,000	(124,842,418)	-	-	-	-
Total revenue	296,286,731	121,031,615	100,000	(124,842,418)	292,575,928	-	292,575,928	
<b>Results</b>								
Segment results	10,607,000	9,536,067	2,058,479	(2,443,357)	19,758,189	(16,789)	19,741,400	
Interest income	2,054,857	1,336,507	327,990	(799,742)	2,919,612	5,060	2,924,672	
Finance costs	(3,265,537)	(1,209,564)	-	799,742	(3,675,359)	-	(3,675,359)	
Depreciation and amortisation	(1,228,071)	(3,683,235)	-	-	(4,911,306)	-	(4,911,306)	
Other non-cash items	(1,820,945)	603,978	1,628,321	1,895,828	2,307,182	-	2,307,182	
Profit before taxation	6,347,304	6,583,753	4,014,790	(547,529)	16,398,318	(11,729)	16,386,589	
Taxation	(942,414)	(2,103,598)	(41,341)	-	(3,087,353)	-	(3,087,353)	
Profit for the financial year	5,404,890	4,480,155	3,973,449	(547,529)	13,310,965	(11,729)	13,299,236	
<b>Segment assets</b>	181,685,250	129,937,921	91,234,692	(121,845,333)	281,012,530	756,038	281,768,568	
<b>Additions to non-current assets</b>	1,537,683	4,913,439	-	-	6,451,122	-	6,451,122	
<b>Segment Liabilities</b>	118,461,470	56,842,586	519,308	(63,223,272)	112,600,092	2,247	112,602,339	

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. Segment Information (cont'd)

	Processed papers products RM	Disposable fibre-based products RM	Investment holding and others RM	Elimination RM	Total continuing operations RM	Discontinued operation RM	Total operation RM
<b>2015</b>							
<b>Non-Cash Expenses/(Income)</b>							
Bad debts written off	156,124	20,793	-	-	176,917	-	176,917
Gain on disposal of property, plant and equipment	(328,104)	-	-	-	(328,104)	-	(328,104)
Gain on disposal of subsidiary company	-	-	-	(3,524,149)	(3,524,149)	-	(3,524,149)
Impairment on trade receivables	1,600,000	-	-	-	1,600,000	-	1,600,000
Inventories written down	600,000	-	-	-	600,000	-	600,000
Reversal of impairment loss on investment in subsidiary company	-	-	(1,628,321)	1,628,321	-	-	-
Reversal of impairment loss on slow moving inventories	-	(9,432)	-	-	(9,432)	-	(9,432)
Unrealised gain on foreign exchange	(207,075)	(615,339)	-	-	(822,414)	-	(822,414)
	1,820,945	(603,978)	(1,628,321)	(1,895,828)	(2,307,182)	-	(2,307,182)

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. Segment Information (cont'd)

<b>2014</b>		<b>Processed papers products RM</b>	<b>Disposable fibre-based products RM</b>	<b>Investment holding and others RM</b>	<b>Adjustments and Elimination RM</b>	<b>Total continuing operations RM</b>	<b>Discontinued operation RM</b>	<b>Total operation RM</b>
<b>Revenue</b>								
External customer	173,197,618	80,678,729	-	-	-	253,876,347	2,136,875	256,013,222
Inter-segment	76,228,588	28,778,172	9,501,463	(114,508,223)	-	-	-	-
Total revenue	249,426,206	109,456,901	9,501,463	(114,508,223)	253,876,347	2,136,875	256,013,222	
<b>Results</b>								
Segment results	8,732,524	10,416,990	9,126,670	(9,501,463)	18,774,721	(1,871,235)	16,903,486	
Interest income	1,820,278	1,224,886	116,335	(791,232)	2,370,267	128,545	2,498,812	
Finance costs	(3,584,388)	(1,279,457)	-	791,232	(4,072,613)	-	(4,072,613)	
Depreciation and amortisation	(1,247,765)	(3,496,117)	-	-	(4,743,882)	(390,016)	(5,133,898)	
Other non-cash items	5,479,775	420,145	(5,539,130)	5,539,130	5,899,920	(3,386,352)	2,513,568	
Profit before taxation	11,200,424	7,286,447	3,703,875	(3,962,333)	18,228,413	(5,519,058)	12,709,355	
Taxation	(3,677,805)	(2,170,491)	22,603	-	(5,825,693)	2,285	(5,823,408)	
Profit for the financial year	7,522,619	5,115,956	3,726,478	(3,962,333)	12,402,720	(5,516,773)	6,885,947	
<b>Segment assets</b>	179,231,418	91,319,770	92,075,808	(100,375,948)	262,251,048	13,805,017	276,056,065	
<b>Additions to non-current assets</b>	731,968	1,575,333	-	-	2,307,301	-	2,307,301	
<b>Segment Liabilities</b>	179,231,418	91,319,770	92,075,808	(100,375,948)	262,251,048	13,805,017	276,056,065	

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. Segment Information (cont'd)

2014	Processed papers products RM	Disposable fibre-based products RM	Investment holding and others RM	Adjustments and Elimination RM	Total continuing operations RM	Discontinued operation RM	Total operation RM
<b>Non-Cash Expenses/ (Income)</b>							
Bad debts written off	-	95,254	-	-	95,254	-	95,254
Equipment written off	5	-	-	-	5	-	5
(Gain)/Loss on disposal of property, plant and equipment	(164,493)	(193,354)	-	-	(357,847)	2,383,724	2,025,877
Gain on disposal of asset held for sale	(6,582,850)	-	-	-	(6,582,850)	-	(6,582,850)
Impairment loss of investment in subsidiary	-	-	5,539,130	(5,539,130)	-	-	-
Impairment on trade receivables	652,698	-	-	-	652,698	-	652,698
Impairment on other receivables	614,865	-	-	-	614,865	-	614,865
Reversal of impairment loss on slow moving inventories	-	(6,351)	-	-	(6,351)	-	(6,351)
Tax recoverable written-off	-	-	-	-	-	1,002,628	1,002,628
Unrealised gain on foreign exchange	-	(315,694)	-	-	(315,694)	-	(315,694)
	(5,479,775)	(420,145)	5,539,130	(5,539,130)	(5,899,920)	3,386,352	(2,513,568)

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 30. Segment Information (cont'd)

#### Geographical segments

Revenue based on the geographical location of customers are as follow:

	Revenue	
	2015 RM	2014 RM
<i>Continuing operations</i>		
Malaysia	247,193,106	212,592,645
Asia (other than Malaysia)	45,333,702	41,200,491
Others	49,120	83,211
	<hr/> 292,575,928	<hr/> 253,876,347
<i>Discontinued operation</i>		
Malaysia	-	-
Asia (other than Malaysia)	-	2,136,875
Others	-	-
	<hr/> -	<hr/> 2,136,875

### 31. Financial Instruments

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Financial Assets	Available- for-sale RM	Loans and receivables RM	Total RM
<b>Group</b>			
<b>2015</b>			
Other investments	16,841,546	-	16,841,546
Trade receivables	-	63,673,810	63,673,810
Other receivables	-	4,387,255	4,387,255
Fixed deposits with licensed banks	-	43,802,220	43,802,220
Cash and bank balances	-	66,688,039	66,688,039
<i>Assets of discontinued operation:</i>			
Fixed deposits with licensed banks	-	461,657	461,657
Cash and bank balances	-	50,793	50,793
<hr/> Total financial assets	<hr/> 16,841,546	<hr/> 179,063,774	<hr/> 195,905,320



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Financial Instruments (cont'd)

#### (a) Classification of financial instruments (cont'd)

Financial Assets	Available- for-sale RM	Loans and receivables RM	Total RM
<b>2014</b>			
Other investments	16,834,396	-	16,834,396
Trade receivables	-	55,570,218	55,570,218
Other receivables	-	3,855,751	3,855,751
Fixed deposits with licensed banks	-	46,609,229	46,609,229
Cash and bank balances	-	40,915,167	40,915,167
<i>Assets of discontinued operation:</i>			
Other receivables	-	5,131	5,131
Fixed deposits with licensed banks	-	461,657	461,657
Cash and bank balances	-	13,334,641	13,334,641
Total financial assets	16,834,396	160,751,794	177,586,190

	Financial liabilities at Financial Liabilities amortised cost RM
<b>Group</b>	
<b>2015</b>	
Trade payables	7,141,714
Other payables	8,252,063
Amounts due to Directors	198,000
Hire purchase payables	1,352,682
Bank borrowings	90,505,507
<i>Liabilities discontinued operation:</i>	
Other payables	1,475
Total financial liabilities	107,451,441

<b>2014</b>	
Trade payables	4,673,626
Other payables	7,865,536
Amounts due to Directors	198,000
Hire purchase payables	1,607,593
Bank borrowings	93,252,070
<i>Liabilities discontinued operation:</i>	
Other payables	1,475
Total financial liabilities	107,598,300

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 31. Financial Instruments (cont'd)

#### (a) Classification of financial instruments (cont'd)

<b>Financial Assets</b>	<b>Loans and receivables RM</b>
<b>Company</b>	
<b>2015</b>	
Other receivables	100,001
Amounts due from subsidiary companies	16,699,400
Cash and bank balances	15,853,235
<b>Total financial assets</b>	<b>32,652,636</b>
<b>2014</b>	
Other receivables	9,501,463
Amounts due from subsidiary companies	11,200,065
Cash and bank balances	2,018,103
<b>Total financial assets</b>	<b>22,719,631</b>
<b>Financial Liabilities</b>	<b>Financial liabilities at amortised cost RM</b>
<b>Company</b>	
<b>2015</b>	
Other payables	19,653
Amounts due to subsidiary companies	240,000
Amounts due to Directors	198,000
<b>Total financial liabilities</b>	<b>457,653</b>
<b>2014</b>	
Other payables	18,000
Amounts due to subsidiary companies	240,003
Amounts due to Directors	198,000
<b>Total financial liabilities</b>	<b>456,003</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Financial Instruments (cont'd)

#### (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

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

##### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks. The Company's exposure to credit risks arises from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company only provided unsecured loans and advances to wholly-owned subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM174,017,778 (2014: RM203,945,778), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. The Group provide bankers' guarantee in favour of the local authorities of RM390,000 (2014: RM340,000). These financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantee was secured by certain property, plant and equipment of the Group.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 31. Financial Instruments (cont'd)

#### (b) Financial risk management objectives and policies (cont'd)

##### (ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>						
<b>2015</b>						
Trade payables	7,141,714	-	-	-	7,141,714	7,141,714
Other payables	8,253,538	-	-	-	8,253,538	8,253,538
Amounts due to Directors	198,000	-	-	-	198,000	198,000
Hire purchase payables	732,780	394,514	312,030	-	1,439,324	1,352,682
Bank borrowings	75,509,507	2,502,000	7,506,000	4,988,000	90,505,507	90,505,507
Total financial liabilities	91,835,539	2,896,514	7,818,030	4,988,000	107,538,083	107,451,441
<b>2014</b>						
Trade payables	4,673,626	-	-	-	4,673,626	4,673,626
Other payables	7,865,536	-	-	-	7,865,536	7,865,536
Amounts due to Directors	198,000	-	-	-	198,000	198,000
Hire purchase payables	908,577	777,126	8,837	-	1,694,540	1,607,593
Bank borrowings	75,545,570	2,502,000	7,506,000	7,698,500	93,252,070	93,252,070
Total financial liabilities	89,191,309	3,279,126	7,514,837	7,698,500	107,683,772	107,596,825

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 31. Financial Instruments (cont'd)

#### (b) Financial risk management objectives and policies (cont'd)

##### (iii) Market risks

##### (a) Foreign currency exchange risk

The Group is exposed to foreign currency risk on transaction that are denominated in foreign currencies such as United States Dollar (USD), Singapore Dollar (SGD), Hong Kong Dollar (HKD) and Renminbi (RMB).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD RM	SGD RM	Denominated in		Total RM
			HKD RM	RMB RM	
<b>Group 2015</b>					
Trade and other receivables	996,264	982,879	-	-	1,979,143
Cash and bank balances	5,700,377	-	3,257	-	5,703,634
Trade payables	(3,130,810)	-	-	-	(3,130,810)
Other payables	(795,575)	-	-	-	(795,575)
Bill payables	(3,935,141)	-	-	-	(3,935,141)
	(1,164,885)	982,879	3,257	-	(178,749)
	USD RM	SGD RM	HKD RM	RMB RM	Total RM
<b>Group 2014</b>					
Trade and other receivables	1,921,387	1,688,122	-	-	3,609,509
Fixed deposits with licensed banks	-	-	-	461,657	461,657
Cash and bank balances	2,728,873	-	2,577	13,334,641	16,066,091
	4,650,260	1,688,122	2,577	13,796,298	20,137,257

## NOTES TO THE FINANCIAL STATEMENTS

### (cont'd)

### 31. Financial Instruments (cont'd)

#### (b) Financial risk management objectives and policies (cont'd)

##### (iii) Market risks (cont'd)

##### (a) Foreign currency exchange risk (cont'd)

##### Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in USD, SGD, HKD and RMB exchange rates against RM, with other variables held constant.

		Effect on profit before tax	
		2015	2014
		RM	RM
<b>Group</b>			
<b>Change in currency rate</b>			
USD	Strengthened 10%	(116,489)	465,026
	Weakened 10%	116,489	(465,026)
SGD	Strengthened 10%	98,288	168,812
	Weakened 10%	(98,288)	(168,812)
HKD	Strengthened 10%	326	258
	Weakened 10%	(326)	(258)
RMB	Strengthened 10%	-	1,379,630
	Weakened 10%	-	(1,379,630)

##### (b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 31. Financial Instruments (cont'd)

#### (b) Financial risk management objectives and policies (cont'd)

##### (iii) Market risks (cont'd)

##### (b) Interest rate risk (cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2015 RM	2014 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial Assets		
- Fixed deposits with licensed bank	44,263,877	47,070,886
Financial Liabilities		
- Hire purchase payables	(1,352,682)	(1,607,593)
- Bank borrowings	(73,007,507)	(73,252,070)
	(30,096,312)	(27,788,777)
<b>Floating rate instruments</b>		
Financial Liabilities		
- Bank borrowings	(17,498,000)	(20,000,000)

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

The Group do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have decreased the Group's profit before tax by RM174,980 (2014: RM200,000), arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### (c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.



## NOTES TO THE FINANCIAL STATEMENTS

### (cont'd)

### 31. Financial Instruments (cont'd)

#### (c) Fair value of financial instruments (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value Level 2 RM	amount RM
<b>Group</b>		
<b>2015</b>		
<b>Financial Asset</b>		
Other investments	*	55,314
<b>Financial Liabilities</b>		
Hire purchase	669,739	667,073
Contingent liabilities	@	390,000
<b>2014</b>		
<b>Financial Asset</b>		
Other investments	*	16,847,290
<b>Financial Liabilities</b>		
Hire purchase	657,554	759,073
Contingent liabilities	@	340,000
<b>Company</b>		
<b>2015</b>		
<b>Financial Liabilities</b>		
Contingent liabilities	@	75,111,581
<b>Company</b>		
<b>2014</b>		
<b>Financial Liabilities</b>		
Contingent liabilities	@	73,193,322

\* It is not practicable to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

(i) Policy on transfer between levels

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

There were no transfers between levels in the current and previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. Financial Instruments (cont'd)

#### (c) Fair value of financial instruments (cont'd)

##### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

##### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

##### (iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

It is not practicable to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

### 32. Contingencies

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiary companies				
- Limit of guarantees	-	-	174,017,778	203,945,778
- Amount utilised	-	-	73,193,322	75,111,581
<hr/>				
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Banker's guarantees in favour of the local authorities				
- Secured	100,000	100,000	-	-
- Unsecured	290,000	240,000	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 33. Capital Management

The Group's management manages its capital to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents, bank borrowings.

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Total loans and borrowings	91,858,189	94,859,663
Less: Cash and cash equivalents	(111,002,709)	(101,320,694)
Net debt	(19,144,520)	(6,461,031)
Total equity	169,166,229	162,714,351
Gearing ratio	N/A	N/A

Note: The gearing ratio analysis was not applicable for current financial year as the cash and cash equivalents were sufficient to repay all the borrowings.

### 35. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 6 April 2016.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 36. Supplementary Information on The Disclosure of Realised And Unrealised Profits or Losses

The following analysis of realised and unrealised retained profits of the Group and of the Company at 31 December 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits of the Group and of the Company as at 31 December 2015 is analysed as follows:

	2015 RM	2014 RM
<b>Group</b>		
Retained Profits		
- Realised	131,539,248	109,096,202
- Unrealised	(1,703,228)	(3,000,119)
	129,836,020	106,096,083
Less: Consolidation adjustment	(46,697,059)	(32,291,830)
	83,138,961	73,804,253
<b>Company</b>		
Retained Profits		
- Realised	4,849,770	4,836,497
- Unrealised	-	-
	4,849,770	4,836,497

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

# LIST OF PROPERTIES

No.	Location	Aprox. age of building (Years)	Tenure/ Date of expiry of lease	Description and existing use	Land area (sqm)	Unaudited Net book value @ 31.03.2016 (RM)
<b><u>Wang-Zheng Corporation Sdn Bhd</u></b>						
1.	Lot No. 8 & 10, Jalan Pusat BCH 1C, Bandar Country Homes, 48000 Rawang ("Lot No. 8 & 10") (held under HS(D)36700 & 36701, PT140 & 141, Bandar Kundang, Daerah Gombak, Selangor)	17	99 years lease expiring on 18.09.2089	Two (2) units of intermediate three (3) storey shophouse. Used to store documents and other filing records.	286	317,028
<b><u>New Top Win Corporation Sdn Bhd</u></b>						
2.	HS(D) 115081, PT 36416, Mukim Sungai Buloh, Daerah Petaling, Selangor ("HS(D) 115081") (Mah Sing Industrial Park)	10	99 years lease expiring on 11.12.2096	Industrial land on which an office-cum-factory building has been constructed for use by Wang-Zheng Group.	26,305	14,881,497
3.	HS (D) 115080, PT 36415, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	8	99 years	Industrial land lease on which a expiring on warehouse building 11.12.2096 has been constructed for use by Wang-Zheng Group	4,006	2,857,576
4.	HS (D) 115079, PT 36414, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	9	99 years	Industrial land lease on which a expiring on warehouse building 11.12.2096 has been constructed for use by Wang-Zheng Group	6,072	3,482,203

# STATISTICS OF SHAREHOLDING

## SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM80,000,000.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2016

	No. of holders	% of shareholders	No. of holdings	% of shares
1 – 99	7	0.69	343	0.00
100 – 1,000	358	35.41	186,000	0.12
1,001 – 10,000	354	35.01	1,866,443	1.18
10,001 – 100,000	206	20.38	7,096,953	4.48
100,001 to less than 5% of issued shares	83	8.21	58,571,428	36.92
5% and above of issued shares	3	0.30	90,859,933	57.30
	1,011	100.00	158,581,100 <sup>(a)</sup>	100.00

(a) Excluding a total of 1,418,900 shares bought-back by the Company and retained as treasury shares as at 31 March 2016

## SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016

	Direct	%	Indirect	%
1 Wang-Zheng Resources Sdn Bhd	54,000,000	34.05	–	–
2 Macro-Link Sdn Bhd	20,859,933	13.15	–	–
3 Charost Limited	16,000,000	10.09	–	–
5 Chung Shan Kwang	3,730,072	2.35	24,406,432 <sup>(a)</sup>	15.39
6 Goh Kheng Jiu	4,422,722	2.79	55,951,479 <sup>(b)</sup>	35.28
7 Fu Jun	20,000	0.01	20,859,933 <sup>(c)</sup>	13.15
8 Wu Xiangdong	–	–	20,859,933 <sup>(d)</sup>	13.15
9 Yang Yunhua	–	–	20,859,933 <sup>(e)</sup>	13.15
10 Chua Leong Hin	–	–	16,000,000 <sup>(f)</sup>	10.09
11 Wong Lup Soon	–	–	16,000,000 <sup>(g)</sup>	10.09

(a) Deemed interested through direct holding of brothers, parent and deemed interest in the shares held by Macro-Link Sdn Bhd pursuant to Section 6A of the Companies Act.

(b) Deemed interested through direct holding of spouse, brother-in-law and substantial shareholding in Wang-Zheng Resources Sdn Bhd.

(c) Deemed interested through substantial shareholding in Macro-Link Sdn Bhd.

(d) Deemed interested through substantial shareholding in Macro-Link Sdn Bhd.

(e) Deemed interested through substantial shareholding in Macro-Link Sdn Bhd.

(f) Deemed interested through substantial shareholding in Charost Limited.

(g) Deemed interested through substantial shareholding in Charost Limited.

## STATISTICS OF SHAREHOLDING (cont'd)

### DIRECTORS' INTERESTS IN SHARES AS AT 31 MARCH 2016

	Direct	%	Indirect	%
Chung Shan Kwang	3,730,072	2.35	24,406,432 <sup>(1)</sup>	15.39
Goh Kheng Jiu	4,422,722	2.79	55,951,479 <sup>(2)</sup>	35.28
Dato' Seri Abdul Azim Bin Mohd Zabidi	63,950	0.04	–	–
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	5,000	0.00	–	–
Thang Yuen Mei	2,244,487	1.42	503,800 <sup>(3)</sup>	0.32
Tan Wan Huat	1,664,887	1.05	996,641 <sup>(4)</sup>	0.63
Chai Tuck Chuen	2,444,459	1.54	451,669 <sup>(5)</sup>	0.28
Teh Hui Guan	1,643,479	1.04	4,422,722 <sup>(6)</sup>	2.79
Dato' Tan Teck Ang	996,641	0.63	1,664,887 <sup>(7)</sup>	1.04
Chung Shan Meng	1,389,233	0.88	5,887,338 <sup>(8)</sup>	3.71
Fu Jun	20,000	0.01	20,859,933 <sup>(9)</sup>	13.15
Loo Choo Hong	10,000	0.01	–	–
Ch'ng Eng Hing	20,000	0.01	–	–
Low Yu Keat	70,000	0.04	–	–
Tan Kar Thye	120,000	0.08	–	–
Yap Kien Pin	20,000	0.01	–	–
Chung Shan Hui (Alternate director to Fu Jun)	1,255,133	0.79	6,021,438 <sup>(10)</sup>	3.79

(1) Deemed interested through direct holding of brothers, parent and deemed interest in the shares held by Macro-Link Sdn Bhd pursuant to Section 6A of the Companies Act.

(2) Deemed interest through direct holding of spouse, brother-in-law and substantial shareholdings in Wang-Zheng Resources Sdn Bhd.

(3) Deemed interest through direct holding of spouse and brother.

(4) Deemed interest through direct holding of brother.

(5) Deemed interest through direct holding of brother.

(6) Deemed interest through direct holding of brother-in-law.

(7) Deemed interest through direct holding of brother.

(8) Deemed interested through direct holding of brothers and parent.

(9) Deemed interest through substantial holding in Macro-Link Sdn Bhd.

(10) Deemed interested through direct holding of brothers and parent.



## STATISTICS OF SHAREHOLDING (cont'd)

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2016)

	No. of shares	% of shares
1. WANG-ZHENG RESOURCES SDN BHD	54,000,000	34.05
2. MACRO-LINK SDN BHD	20,859,933	13.15
3. CHAROST LIMITED	16,000,000	10.09
4. GOH KHENG JIU	4,422,722	2.79
5. ZHONG XIN CONSTRUCTION CO., LTD	4,000,000	2.52
6. CHUNG SHAN KWANG	3,730,072	2.35
7. TEO KWEE HOCK	2,993,500	1.89
8. KHOO BENG HWA	2,736,198	1.73
9. CHAI TUCK CHUEN	2,444,459	1.54
10. THANG YUEN MEI	2,244,487	1.42
11. JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)	2,071,400	1.31
12. SUN LIN	1,942,800	1.23
13. AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR XU YALAN	1,887,000	1.19
14. TAN WAN HUAT	1,664,887	1.05
15. CHUA LEAN HONG	1,519,000	0.96
16. TEH HUI GUAN	1,443,479	0.91
17. CHUNG SHAN MENG	1,389,233	0.88
18. CHUNG SHAN HUI	1,255,133	0.79
19. KEA LEONG MENG	1,200,000	0.76
20. LEE PIANG KOON	1,046,040	0.66
21. TAN TECK ANG	996,641	0.63
22. MOHD RAZALI BIN ABDUL RAHMAN	904,300	0.57
23. KHOO BENG KEONG	776,783	0.49
24. CHUAH JOON HOOI	726,076	0.46
25. WONG NYOK LAN	714,000	0.45
26. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH KIAN LANG (E-KLC)	691,800	0.44
27. SOH LAY CHING	675,081	0.43
28. CHUNG SHAN YONG	663,133	0.42
29. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)	552,000	0.35
30. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	534,000	0.34
TOTAL	136,084,157	85.81

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13th) Annual General Meeting of Wang-Zheng Berhad ("WZB" or "the Company") will be held at Sri Damansara Club Berhad of Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 8 June 2016 at 11.00 a.m. for the purpose of transacting the following businesses:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)
2. To approve a First and Final Single Tier Dividend of 6% or 3.0 sen per share for the financial year ended 31 December 2015. (Ordinary Resolution 2)
3. To approve the payment of Directors' fees of RM198,000.00 to non-executive directors of the Company for the financial year ended 31 December 2015. (Ordinary Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 91 of the Company's Articles of Association:
  - (a) Mr Chai Tuck Chuen (Ordinary Resolution 4)
  - (b) Mr Teh Hui Guan (Ordinary Resolution 5)
  - (c) YBhg Dato' Tan Teck Ang (Ordinary Resolution 6)
  - (d) Mr Fu Jun (Ordinary Resolution 7)
  - (e) YBhg Dato' Seri Abdul Azim Bin Mohd Zabidi (Ordinary Resolution 8)
5. To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 9)

### As Special Business:

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

#### 6. Continuation of Terms of Office as Independent Directors

THAT approval be and is hereby given to the following Directors who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company :

- (a) Mr Loo Choo Hong (Ordinary Resolution 10)
- (b) Mr Ch'ng Eng Hing (Ordinary Resolution 11)
- (c) Mr Tan Kar Thye (Ordinary Resolution 12)
- (d) Mdm Low Yu Keat (Ordinary Resolution 13)
- (e) Mr Yap Kien Pin (Ordinary Resolution 14)
- (f) YBhg Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Ordinary Resolution 15)

#### 7. Authority To Directors To Allot And Issue Shares (Ordinary Resolution 16)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue."

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### 8. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** (Ordinary Resolution 17)

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company's subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.1.4 of the Circular to Shareholders dated 29 April 2016 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
  - (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:
  - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
  - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with WZB Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

9. **Proposed Renewal of Authority for the Purchase by the Company of its Own Shares ("Proposed Renewal of Share Buy-back Authority")** (Ordinary Resolution 18)

"THAT subject to the compliance with Section 67A of the CA and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued and paid-up ordinary share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits and share premium account of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 29 April 2016.

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

10. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)  
Chong Voon Wah (MAICSA 7055003)  
Company Secretaries

Kuala Lumpur  
Date: 29 April 2016

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### NOTES ON APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy to attend and vote in his place. A proxy may but need not be a member of the Company, an advocate, an approved Company auditor or a person approved by the Registrar of Companies.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the Thirteenth (13th) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 1 June 2016. Only members whose name appears on the Record of Depositors as at 1 June 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### Ordinary Resolutions 10 to 15 : Continuation of Terms of Office as Independent Directors

The Nomination Committee and the Board have assessed the independence of Mr Loo Choo Hong, Mr Ch'ng Eng Hing, Mr Tan Kar Thye, Mdm Low Yu Keat, Mr Yap Kien Pin and YBhg Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) who served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and have recommended that they continue to act as an Independent Non-Executive Directors of the Company based on the following justifications:

- (a) they fulfils the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, is able to bring independent and objective judgment to the Board as a whole;
- (b) their experience in the relevant industries has enabled them to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence;
- (c) they have been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings; and
- (d) they continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer /Managing Director and Executive Directors.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### **Ordinary Resolution 16 : Authority to Directors to Allot and Issue Shares**

The Proposed Ordinary Resolution 16, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Twelfth (12th) Annual General Meeting held on 24 June 2015 and which will lapse at the conclusion of the Thirteenth (13th) Annual General Meeting.

### **Ordinary Resolution 17 : Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Proposed Ordinary Resolution 17, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

### **Ordinary Resolution 18 : Proposed Renewal of Authority for the Purchase by the Company of its Own Shares**

The Proposed Ordinary Resolution 18, if passed, will empower the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital of the Company for the time being by utilising the funds allocated out of the retained profits and the share premium account of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a First and Final Single Tier Dividend of 6% or 3.0 sen per share for the financial year ended 31 December 2015, if approved by shareholders at the forthcoming Annual General Meeting, will be payable on 21 July 2016 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 June 2016.

A Depositor shall qualify for entitlement only in respect of:

- (a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 30 June 2016 in respect of transfer; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Thirteenth (13th) Annual General Meeting of the Company are:

i)	Mr Chai Tuck Chuen	Article 91	(Ordinary Resolution 4)
ii)	Mr Teh Hui Guan	Article 91	(Ordinary Resolution 5)
iii)	YBhg Dato' Tan Teck Ang	Article 91	(Ordinary Resolution 6)
iv)	Mr Fu Jun	Article 91	(Ordinary Resolution 7)
v)	YBhg Dato' Seri Abdul Azim Bin Mohd Zabidi	Article 91	(Ordinary Resolution 8)

The profiles of the Directors standing for re-election for Ordinary Resolutions 4 to 8 are set out on pages 6 to 11 of the Annual Report 2015. The shareholdings of the abovenamed Directors in the Company are disclosed on page 120 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 18 of the Annual Report 2015.

The Thirteenth (13th) Annual General Meeting of the Company will be held at Sri Damansara Club Berhad of Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 8 June 2016 at 11.00 a.m.

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NUMBER OF SHARES HELD	CDS ACCOUNT NO.

## Proxy Form

I / We (Full Name in Block Letters) .....

NRIC No. / Passport No. / Company No. ....

of .....

being a member / members of WANG-ZHENG BERHAD, hereby appoint .....

NRIC No. / Passport No. ....

of .....

and/or .....

NRIC No. / Passport No. ....

of .....

or failing \*him/her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Thirteenth (13th) Annual General Meeting of Wang-Zheng Berhad ("WZB" or "the Company") to be held at **Sri Damansara Club Berhad of Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 8 June 2016 at 11.00 a.m.** and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	<b>Ordinary Resolutions</b> To receive the Audited Financial Statements for the year ended 31 December 2015 and Reports of the Directors' and Auditors thereon.		
2.	To approve the payment of a First and Final Single Tier Dividend of 6% or 3.0 sen per share for the financial year ended 31 December 2015.		
3.	To approve the payment of Directors' fees of RM198,000.00 to the non-executive directors of the Company.		
4.	To re-elect Mr Chai Tuck Chuen as Director.		
5.	To re-elect Mr Teh Hui Guan as Director.		
6.	To re-elect YBhg Dato' Tan Teck Ang as Director.		
7.	To re-elect Mr Fu Jun as Director.		
8.	To re-elect YBhg Dato' Seri Abdul Azim Bin Mohd Zabidi as Director.		
9.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
10.	<b>As Special Business :-</b> To approve the continuation in office of Mr Loo Choo Hong as Independent Non-Executive Director.		
11.	To approve the continuation in office of Mr Ch'ng Eng Hing as Independent Non-Executive Director.		
12.	To approve the continuation in office of Mr Tan Kar Thye as Independent Non-Executive Director.		
13.	To approve the continuation in office of Mdm Low Yu Keat as Independent Non-Executive Director.		
14.	To approve the continuation in office of Mr Yap Kien Pin as Independent Non-Executive Director.		
15.	To approve the continuation in office of YBhg Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) as Independent Non-Executive Director.		
16.	To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		
17.	To approve the Proposed Shareholders' Mandate.		
18.	To approve the Proposed Renewal of Share Buy-Back Authority.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signature : \_\_\_\_\_  
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-	
<b>First Proxy</b>	
No. of Shares: .....	
Percentage : .....	%
<b>Second Proxy</b>	
No. of Shares: .....	
Percentage : .....	%



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**NOTES:**

1. A member entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy to attend and vote in his place. A proxy may but need not be a member of the Company, an advocate, an approved Company auditor or a person approved by the Registrar of Companies.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend the Thirteenth (13th) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 1 June 2016. Only members whose name appears on the Record of Depositors as at 1 June 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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AFFIX  
STAMP

**THE COMPANY SECRETARY**  
**WANG-ZHENG BERHAD**  
(Company No. 612237-K)  
Suite 10.03, Level 10, The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

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No.1 Jalan Utarid 5/19, Section U5  
40150 Shah Alam, Selangor, Malaysia  
Tel: 03-7801 3388 Fax: 03-7801 3389

**Wang-Zheng Berhad Group of Companies**

Wang-zheng Corporation Sdn. Bhd. (166952-D)  
Quality Hero Corporation Sdn. Bhd. (515368-M)  
Carefree Cotton Industries (M) Sdn. Bhd. (268247-U)  
New Top Win Corporation Sdn. Bhd. (302387-H)  
Mey Paper Industries Sdn. Bhd. (385113-X)  
Modern Alpine Sdn. Bhd. (573608-P)  
Wonderful Eden Sdn. Bhd. (894333-U)

