SAMCHEM HOLDINGS BERHAD
(797567-U)
(Incorporated in Malaysia under the Companies Act, 1965)

ANNUAL REPORT 2016

Double digit performance Revenue

16.20%

FY16 Revenue climbed 16.20% to RM697.18 million, from RM600.00 million in 2015

Financial Year Ended 31 December	2015	**2016**
Group		
Revenue (RM'000)	600,004	**697,178**
Profit Before Tax (RM'000)	11,136	**27,999**
Profit After Tax (RM'000)	5,287	**18,954**
Earnings Per Share (sen)	2.97	**11.09**
Net Assets Per Share (sen)	82	**88**
Dividend Per Share (sen)	3.50	**6.50**

Corporate Milestones : : Thru the Decades

Samchem becoming a leading industrial chemical distributor in Malaysia and SEA

1989

Established in 1989 to trade Polyurethane in East Malaysia, Samchem has since expanded its range of products to include Intermediate and Specialty Chemicals and has become a market leader in Malaysia.

1996

By 1996, Samchem commenced the development of the intermediate and specialty chemicals business and expanded its PU business to the Northern and Southern regions of Peninsular Malaysia.

1998

Samchem became the distributor of PU chemicals from Shell EP (Singapore) throughout Malaysia. It also secured BP Chemicals (Malaysia) Sdn Bhd and Exxon Chemical (M) Sdn Bhd as its major suppliers.

2000

In 2000, Samchem made its first export of intermediate and specialty chemical products to Singapore, followed by other countries such as Australia, PRC and India.

2007

SAMCHEM HOLDINGS BERHAD (SHB) was incorporated in Malaysia as a public limited company under the Companies Act, 1965 on 29 November 2007. SHB is principally engaged in investment activities. Our Group's founder, Ng Thin Poh together with Dato' Ng Lian Poh have played pivotal roles in steering the growth of our Group to become one of the major players in the distribution of industrial chemicals in Malaysia, particularly in intermediate and specialty chemicals and polyurethane products.

The Company ventured into Vietnam in 2007 to set up a sales operation in Ho Chi Minh City. Today, Samchem is a key player and one of only 3 major petrochemical distributors in Vietnam, with offices and warehouses in Ho Chi Minh City and Hanoi.

2009

On 23 June 2009, the Company was listed on the Main Board of Bursa Malaysia as Samchem Holdings Berhad with its headquarter in Shah Alam, Malaysia.

2010

With proven successes in Malaysia and Vietnam, the Company extended its reach to Jakarta, Indonesia. PT Samchem Prasandha was incorporated in 2010 and since then, resources were channelled to the subsidiary to build up a strong infrastructure and marketing network.

2014

In 2014, Samchemsphere Vietnam reached another milestone when it obtained an investment license and converted to a Joint-Stock Company (equivalent to a Public Limited Company).

In 2014, a subsidiary was incorporated in Cambodia. The company is looking into expanding to Myanmar and Laos in the next three to five years to complete its presence in Indo China.

2015

In 2015, in acknowledgement of Samchem's capability and proven track record, the company was awarded distribution rights to represent Petronas Chemicals in Singapore, Pakistan, Bangladesh, South India, Sri Lanka and New Zealand, thus expanding the Company's coverage beyond ASEAN.

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CORPORATE VISION

We strive to excel as one of the leading industrial chemicals distributors in Malaysia and the Asia-Pacific region.

We reach out to our customers with our competencies to satisfy the anticipated needs of our customers identified by our capabilities and meet the commitments that have been made to enhance relationships.

CORPORATE MISSION STATEMENTS

To integrate synergistic process outsourcing alliances and partnerships with our MNC chemical suppliers in order to satisfy our mutual needs for strategic interdependency in the chemical industry supply chain.

To form and govern conformance of the strategic choices and actions of the management with the intention to continously improve our future performance.

To be the preferred chemicals distributor to suppliers and customers.

Executive Chairman's Statement

Dear Shareholders,

In 2016, Samchem Holdings Berhad (Samchem or The Group) performed against trend when all its companies showed improved earnings despite challenging global and regional economies, saddled with weak commodity prices and currency uncertainties. The year saw the acquisition and expansion of business activities and product portfolio that contributed to the good performance in 2016.

There was increased revenues in all the countries in Samchem's coverage, thanks to continued rising demand for petrochemicals in ASEAN which has remained a strong growth area in the global economy.

With this, I am honoured to present to you this statement for the financial year ended 31 December 2016 (FY2016).

FINANCIAL PERFORMANCE

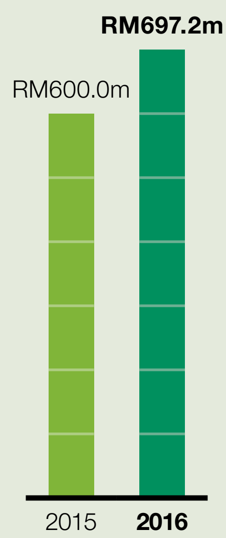
The Group's FY2016 revenue increased to RM697.2 million from RM600.0 million in 2015, with net profit before tax of RM28.0 million from RM11.1 million a year ago.

DIVIDEND

For the year ending 2016, the company has paid interim dividends totalling RM6.12 million to shareholders. In addition, the company has proposed a final dividend in respect of financial year ended 31 December 2016 amounting to RM2.72 million which is subject to approval of shareholders at the next Annual General Meeting.

CORPORATE GOVERNANCE

The Board and management of Samchem strive to ensure that good governance is at the heart of the Group's policies and practices. We adhere to the highest standards, and seek to ensure business sustainability in line with our shareholders' interests. The Group's internal controls are specified in the Corporate Governance Statement in this Annual Report.



Revenues

Profit Before Tax

The Group's FY2016 revenue increased to RM697.2 million from RM600.0 million in 2015, with net profit before tax of RM28.0 million from RM11.1 million a year ago.

APPRECIATION

Samchem's achievements in 2016 could only have been achieved with the commitment of our CEO, Directors, Management, and all employees of the Group. The dedication they have shown in carrying out their responsibilities have resulted in the Group's position today which defy the trend shown in most corporate earnings results in 2016. For this, I would like to extend our deepest gratitude for their dedication and contribution. I would also like to take this opportunity to thank our shareholders, business partners, and valued clientele for their support towards the Group.

Ng Thin Poh
Executive Chairman

Samchem performed against trend when all its companies showed improved earnings despite challenging global and regional economies.

Management's Statement

Dear Valued Shareholders,

It gives me great pleasure to present this statement and management review of the Samchem Group's 2016 performance.

Although global political and economic events affected the Asia Pacific region negatively, the Group's performance has continued to improve, riding on sustained effort in operational and financial efficiency to expand the Group's market position and business portfolio. This resulted in increased profits and revenues in all the countries in Samchem's coverage, thanks to the financial and infrastructure invested in 2012-2013, in preparation for future business and the dedication and drive of management and staff in the Group.

BUSINESS ACTIVITIES

Distribution of Industrial Chemicals and Blending of Customised Products

The core business for the Group is in Distribution of Chemicals. The Group's business has expanded with the acquisitions of new companies to the Group, as well as a growing portfolio of products from existing principals.

Besides distribution, the Group has a division that does blending of solvents to make customised products for specific applications. This division focus on chemical distribution with value-added services (warehousing (DG cargo), bulk-breaking (into drums or smaller packaging) & blending for local industries and is complemented by the set-up in Singapore (Westgate Tower, Jurong East) that export to other global destinations.

Samchem represents the largest petrochemical companies in the business today – ExxonMobil Chemical, Shell, Petronas, BASF; these are the largest global producers of petrochemicals in this region. Collaboration with these petrochemical giants began in Samchem's early days and over >20 years of working together, Samchem has expanded out to other ASEAN countries, acquired a wider range of products for distribution, including specialty premium chemicals and established a vast network of customer base for mutual business growth and benefit.

Other than these major petrochemicals producers, Samchem also market and distribute for a large number of specialty chemical manufacturers, all global names in their respective industries (e.g., Momentive, Idemitsu, Afton, Arkema, Celanese, etc.). Products from all these suppliers are used in a wide range of industries such as paints & coatings, polyurethane foam (for mattresses, car seats), automotive, printing ink, construction, agriculture, adhesives, industrial cleaning, household and personal care, electronics, oil & gas and many more.

Technical & Development (T&D) Division for Market Development

By 2014, Samchem has grown to become a regional distributor of global brands in the chemical industry. Dynamics of the industry have changed and Samchem has additional focus on market development to grow premium specialty chemicals other than the distribution of industrial chemicals.

Samchem set up a T&D division that learned from the technical resources of MNC producers to provide technical support to end-use customers. The T&D division enables Samchem to extend the MNC suppliers' technical resources to a wider reach of customers, especially to the SMEs in emerging ASEAN economies that require it most to expand business.

Being the first in the region to establish a T&D division sets Samchem apart from the others, not just in providing technical support but equally important, in tapping into our customers' technical resource/R&D for mutual benefit and to further enhance business relationship.

Capitalising on Samchem's Infrastructure: Distribution of Visual & IT Products

With expertise honed from more than 25 years' experience of warehousing, logistics and chemical distribution activities, Samchem embarked on to the distribution of Visual and IT products in 2015. The company, Sampro Distribution Sdn Bhd, represents leading brands in projectors and audio-visual devices, as well as accessories. This company has more than a hundred dealers throughout the country and has already tapped into the Group's infrastructure by setting up depots, sharing premises where Samchem has presence (Penang, Ipoh, Johor Bharu, Kuantan with more in the pipeline).

PERFORMANCE OVERVIEW

2016 has been an exceptionally difficult year for the Malaysian economy due to low commodity prices and a subdued external demand. There was slow growth in domestic demand attributable to the slowdown in private expenditures, both for investment and consumption. This slowdown in private investment is more prominent due to weakened investment flows globally.

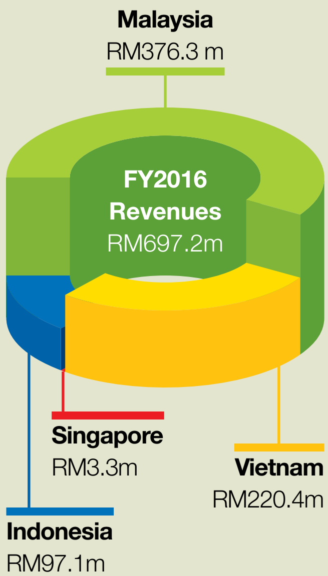
While most companies struggled with the weak demand and a challenging economy, Samchem had been expanding its business. In 2016, Samchem's revenue increased to RM697.2 million, up 16.2% from RM600.0 million a year ago. The Group's operations in Malaysia is the largest contributor to the group revenue at RM376.3 million, an increase of 18.1% from RM318.6 million, with contribution from expanded business activities.

Vietnam's 2016 GDP grew 6.2%, dragged down by significant drop in agricultural output. Although lower than 2015's 6.7%, the economy grew healthily on the back of soaring manufacturing and a fast growing service sector. The Group's Vietnam operation registered a revenue of RM220.4 million, an increase of 11.4% from RM197.9 million. Vietnam's economy remained one of the ASEAN region's top performers.

Indonesia's 2016 GDP expanded 5.02%, higher than last year's 4.88 %, effectively ending the economy downtrend since 2011. The Group's operations in Indonesia grew a hefty 17.3% to RM97.1 million from RM82.8 million, owing to the company's aggressive sales and marketing activities, backed by human resource and infrastructure that had been ready for the economy to rebound.

Singapore's contribution grew steadily to RM3.3 million, increased from 2015's RM0.8 million revenue.

Samchem's net profit of RM28.0 million in 2016 from RM11.1 million a year ago, is a steep increase of 152 %, a result of the stellar performance from operations in all the countries, including Singapore.



FY2016 Revenues
by geographical segments

FUTURE OUTLOOK

We see room to further grow our business in ASEAN. We expect 2017 to be good for ASEAN countries with China's Belt and Road initiatives rolling out aggressive construction activities. Given the prospects of an improving global economy with the US economy leading the pack, there is optimism of a sustained revival in commodities ranging from raw materials, industrial and precious metals as commodity prices are showing sign of recovery. Prices for crude oil, iron and steel have rebounded since last year.

The PMI or Purchasing Managers' Indices (an indicator of the health of the manufacturing sector) in major economies have been sustaining above the boom-and-bust threshold levels since the last quarter of 2016.

Analysts see the 2017 ASEAN region growth at 4.7%. In 2018, the region is predicted growing at 4.9%.

In Malaysia, there will be ongoing effort to improve costs structure and operational efficiency even as global economic outlook begin to recover. For business sustainability,

the Group will maintain efforts with opportunistic acquisitions & expansion. Construction of mega public infrastructure projects such as the East Coast Rail Link (ECRL), Pan-Borneo Highway, Mass Rapid Transit (MRT), High Speed Rail (HSR), Refinery and Petrochemical Integrated Development (RAPID) and other projects are expected to have positive spill-over and multiplier effects on the economy through greater output, income and employment.

In overseas operations, the company can capitalise on the region's faster growing economies and further increase market position. The company is well positioned, having strategised market development and market penetration activities during the slow economy, to seize opportunities and capture market position as the economy rebounds. We see more market development activities in the coming years in these developing countries with more need for technical knowledge as lifestyle and sophistication grows.

In 2016, to keep pace with demands of prevailing and future market dynamics, Samchem invested in human capital development and initiated a comprehensive training program to further enhance the skills of staff at all levels. Samchem's investment in training is part of its succession planning exercise, to groom staff to cope with the company's expansion and continue to manage the Samchem companies of the future.

CORPORATE SOCIAL RESPONSIBILITY

Samchem's work locations observe Health, Safety and Environment (or HSE) principles to ensure workers' wellbeing and the environment is taken care of. Samchem is a signatory to Responsible Care® (in Malaysia), a global initiative by the chemical industry's desire to improve health, safety and environmental performance.

Besides the commitment to provide a safe and healthy work environment for staff, the company engage in corporate social responsibility in giving back to society and in the process, inculcate social awareness behaviour among the staff so that they learn that they can make a difference to people and planet.

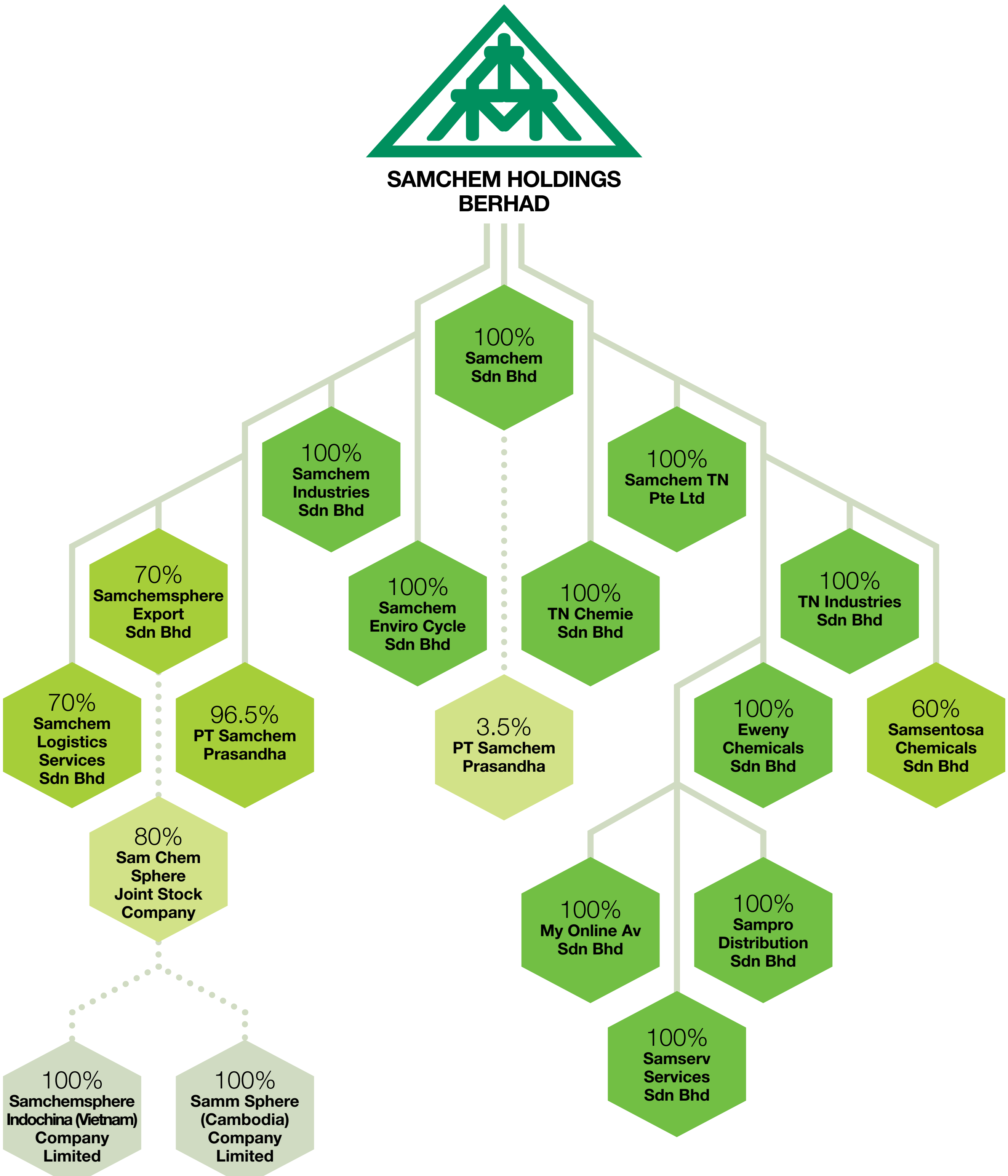
In August 2016, volunteers from among Samchem staff visited Persatuan Penjagaan Kanak-Kanak Cacat Klang, Selangor (PPKKCKS) where they held a "*gotong royong*" and played games with children at the home. Samchem staff brought food supplies (milk powder, beverage, rice, cooking oil, etc.) as well as candies, chocolates and drawing blocks for the children.

PPKKCKS is a happy multi-racial home with children of ages ranging from 3 months to 26. The home is currently taking care of over 80 handicapped children with disabilities such as Down's Syndrome, Autism, Blindness, Deafness, Muteness, Mental retardation.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our deepest gratitude to the management and employees for their commitment and contribution to the outstanding 2016 results. I would also like to take this opportunity to thank our shareholders, business partners and valued clientele for their support towards the Group.

Dato LP Ng
Group Chief Executive Officer


SAMCHEM HOLDINGS BERHAD
100% Samchem Sdn Bhd
100% Samchem Industries Sdn Bhd
100% Samchem TN Pte Ltd
70% Samchemsphere Export Sdn Bhd
100% Samchem Enviro Cycle Sdn Bhd
100% TN Chemie Sdn Bhd
100% TN Industries Sdn Bhd
70% Samchem Logistics Services Sdn Bhd
96.5% PT Samchem Prasandha
3.5% PT Samchem Prasandha
100% Eweny Chemicals Sdn Bhd
60% Samsentosa Chemicals Sdn Bhd
80% Sam Chem Sphere Joint Stock Company
100% My Online Av Sdn Bhd
100% Sampro Distribution Sdn Bhd
100% Samserv Services Sdn Bhd
100% Samchemsphere Indochina (Vietnam) Company Limited
100% Samm Sphere (Cambodia) Company Limited

Corporate Information

BOARD OF DIRECTORS

Ng Thin Poh
Executive Chairman

Dato' Ng Lian Poh
Chief Executive Officer

Ng Soh Kian
Executive Director

Chooi Chok Khooi
Executive Director

Cheong Chee Yun
Independent Non-Executive Director

Dato' Theng Book
Independent Non-Executive Director

Lok Kai Chun
Independent Non-Executive Director

AUDIT COMMITTEE

Cheong Chee Yun
Chairman

Dato' Theng Book

Lok Kai Chun

REMUNERATION COMMITTEE

Dato' Theng Book
Chairman

Ng Thin Poh

Lok Kai Chun

NOMINATION COMMITTEE

Lok Kai Chun
Chairman

Dato' Theng Book

Cheong Chee Yun

COMPANY SECRETARY

Wong Youn Kim (F)
(MAICSA 7018778)

Lee Chin Wen (F)
(MAICSA 7061168)

REGISTERED OFFICE

Lot 6, Jalan Sungai Kayu Ara 32/39
Seksyen 32, 40460 Shah Alam
Selangor Darul Ehsan
Tel: 03-5740 2000
Fax: 03-5740 2101

CORPORATE OFFICE

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Selangor Darul Ehsan
Tel: 03-5740 2000
Fax: 03-5740 2101
Website: www.samchem.com.my
E-mail: inquiry@samchem.com.my

SHARE REGISTRAR

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

AUDITORS

Baker Tilly AC
Baker Tilly MH Tower
Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur

SOLICITORS

Rozlan Khuen

PRINCIPAL BANKERS

Malayan Banking Berhad

Citibank Berhad

Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

NG THIN POH

Executive Chairman

Ng Thin Poh, a Malaysian aged 59, has been re-designated as our Executive Chairman effective 1 March 2014. He graduated with a Bachelor of Science (Honours) degree, majoring in chemistry, from University of Malaya in 1981. Upon graduation, he started his career in chemical distribution as a Sales Executive in Texchem Malaysia Sdn Bhd. In 1982 and 1983, he was a Sales Executive in Jebsen & Jessen (M) Sdn Bhd and Rhone-Poulenc Sdn Bhd respectively, of which both companies are distributors of chemicals. In 1989, he left Rhone-Poulenc Sdn Bhd and founded SCSB.

DATO' NG LIAN POH

Chief Executive Officer

Dato' Ng Lian Poh, a Malaysian aged 50, was appointed as our Chief Executive Officer on 1 March 2014. He obtained a Sijil Tinggi Persekolahan Malaysia from Sekolah Menengah Tunku Mohd, Kuala Pilah in 1988. In 1990, he started his career as a sales representative in API Sdn Bhd, a construction material trading company and rose through the ranks to become a Sales Executive before leaving in 1993. In 1994, he began his career in chemical distribution when he joined Thiam Joo (M) Sdn Bhd, a company trading in solvent chemicals, as a Sales Executive. In 1996, he joined SCSB and was appointed as the Executive Director of SCSB group. Dato' Ng Lian Poh is responsible for executing our Group's strategy and plays a pivotal role in developing our Group's business. He was instrumental in setting up and expanding our chemical distribution business in South East Asia region.

NG SOH KIAN

Executive Director

Ng Soh Kian, a Malaysian aged 49, was appointed as our Executive Director on 27 February 2009. He graduated with a Diploma in Business Studies from Southern University College, Johor in 1989. In 1990, he was employed as an Assistant Production Controller in United Plastics Sdn Bhd, a company involved in plastic injection. From 1991 to 1993, he was attached to Thiam Joo (M) Sdn Bhd, as a Sales Executive. In 1993, he started his own sole proprietorship, namely TNN Chemie, which was involved in the trading of solvent and chemicals. In 2001, he incorporated TN Chemie and has been the Managing Director of the company since its inception. He is presently responsible for the general management of TN Chemie. Over the years, he has successfully established a sales and distribution network, driven product innovation and maintained quality control as well as continuously driven the growth of the business and improved efficiency in the company, thus leading to the creation of a strong and reliable chemical company with a competitive edge.

CHOOI CHOK KHOOI

Executive Director

Chooi Chok Khooi, a Malaysian aged 60, was appointed to the Board on 27 February 2009. In 1976, he started his career at Eastern Hotel, Ipoh, Perak. He obtained a LCCI certificate in Accounting in 1977. Between 1978 and 1982, he was employed as an Assistant Manager in Chemikas Sdn Bhd, where he was responsible for handling the company's administrative, purchase, sales and collection activities. In 1982, he started his own sole proprietorship, namely Unichem Enterprise, which is involved in the trading of chemicals. In 1990, Mr Chooi founded Eweny Chemicals and has been the Managing Director of the company since inception. With more than 30 years experience in the chemical business, Mr Chooi is presently responsible for handling Eweny Chemicals' administrative and sales activities.

CHEONG CHEE YUN

Independent Non-Executive Director

Cheong Chee Yun, a Malaysian, aged 56, is a chartered accountant member of the Malaysian Institute of Accountants, a member of the Certified Practising Accountant Australia (CPA Australia) and also a member of the Asian Chartered Institute of Bankers. In 1985, he graduated with a Bachelor of Accounting (Hons) from Universiti Malaya. In the same year, he started his career as an executive officer with RHB Bank Bhd (then known as D&C Bank). He was involved in all branch operational aspects, corporate banking, trade financing and international banking matters and last held a managerial position. Thereafter, he joined a PC assembly and monitor manufacturer, KT Technology Sdn Bhd as Financial Controller in 1998. He then joined a software development and system integration company known as Object Solutions Sdn Bhd as director in 1999. In 2001, he joined Saferay (M) Sdn Bhd a manufacturer and exporter of Architectural Mouldings as an executive director. In 2003, he was also appointed a non-executive Director in CS Opto Semiconductors Sdn Bhd but had resigned in 2012. In 2006, he was appointed as an Operational Director in Eastmont Sdn Bhd a building construction services company. He joined Enco Holdings Sdn Bhd, a biomass thermal energy solutions provider in 2012 as Head of Finance & Corporate Affairs and is now an Executive Director of the Company. He is also a director with Kencana BioEnergy Ptd Ltd, Singapore, a biomass power generation company.

DATO' THENG BOOK

Independent Non-Executive Director

Dato' Theng Book, a Malaysian aged 57, was appointed to the Board as our Independent Non-Executive Director on 27 February 2009. He graduated with a Bachelor of Law from the University of London, United Kingdom in 1991, and holds a Certificate of Legal Practice. He also holds a Bachelor of Science from Campbell University, United States of America awarded in 1984, Diploma in Science from Tunku Abdul Rahman College awarded in 1984 and a Diploma of Business Studies from Institute of Commercial Management, United Kingdom awarded in 1986. He began his career in the chemical business as a sales executive to the Chief Executive Officer of a foreign company involved in chemical manufacturing/trading, from 1984 to 1994. Since 1995, he has been practicing as an advocate and solicitor under the partnership known as Messrs Ling & Theng Book, Advocates & Solicitors. He is presently an independent non-executive Director of Ajiya Berhad.

LOK KAI CHUN

Independent Non-Executive Director

Lok Kai Chun a Malaysian aged 64, was appointed to the Board as our Independent Non-Executive Director on 29 December 2015. He graduated with a business administration degree in London.

Mr Lok has over 20 years of experience in the banking and finance sector. He has served in various capacities with financial institutions such as Supreme Finance, Maybank finance and MBF finance where he served as a Branch Manager until his resignation in 1994.

Mr Lok joined Recos Ind Sdn Bhd soon after, to become its General Manager, in charge of the operations and manufacturing of industrial foam. He stayed with Recos for many years and resigned in 2015, having been its Executive Director for 15 years.

Currently Mr Lok is the Chief Operating Officer of Pharmacy Murni Marketing Sdn Bhd, a pharmaceutical retail outlet in Johor. Mr Lok has acquired his experience in the finance and manufacturing industry, having worked for many years in both.

NOTES

i. Ng Thin Poh and Dato' Ng Lian Poh are brothers. Other than the above, none of the Directors has any family relationship with each other and with any substantial shareholders of the Company.

ii. None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.

iii. Other than the related party transactions disclosed in Note 30 of the Financial Statements, none of the Directors has conflict of interest with the Company.

iv. Except as disclosed above, none of the Directors holds any directorship in other public companies.

v. The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report.

The Board of Directors ("the Board") of Samchem Holdings Berhad ("the company" or "Samchem") is fully committed to promote and achieve the highest standard of corporate governance and to ensure that the principles and best practices in corporate governance as detailed in the Malaysian Code on Corporate Governance ("the Code") are practised and adopted in Samchem and its subsidiaries ("the Group").

The Board continuously evaluates the Group's corporate governance practices and procedures with a view to adopt and implement the principles and best practices as recommended by the Code, wherever applicable, as a fundamental part of discharging its duties and responsibilities to protect and enhance shareholders' value. The Board believes that good corporate governance results in creation of long term value and benefits for all shareholders.

SECTION 1: THE BOARD OF DIRECTORS

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long term objectives, setting corporate strategies for growth and new business development while providing advice and direction to the Management to enable the Group to achieve its corporate goals and objectives.

Composition of the Board and Board Balance

The Board members are professionals from diverse disciplines, tapping their respective qualifications and experiences in business, commercial, and financial aspects. Together, they bring a wide range of experience and expertise which are vital towards the effective discharge of the Board's responsibilities for the successful direction and growth of the Group. A brief profile of each Director is presented on pages 09 to 10 of this Annual Report.

The Board currently consists of seven (7) members, comprising of four (4) Executive Directors and three (3) independent Non-Executive Directors. This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which require that at least two (2) or one-third (1/3) of the Board members, whichever is the higher, to be Independent Non-Executive Directors.

The Independent Non-Executive Directors also have the necessary skill and experience to bring an independent judgment to bear the issues of strategy, performance, resources including key appointments and standard of conduct.

The Independent Non-Executive Directors are independent of Management and majority shareholders. They provide independent views and judgment and at the same time, safeguard the interests of parties such as minority shareholders. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

Dato' Ng Lian Poh, being appointed to the position of Chief Executive Officer for the past 3 years, has vast experience in chemical distribution industry, good entrepreneurship skills and is capable to lead the Company to the next level and this is in the best interest of the Group.

All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

Board Responsibilities

Having recognised the importance of an effective and dynamic Board, the Board's members are guided by the area of responsibilities as outlined:

- Reviewing and adopting strategic plan for the Group;
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed;
- Identifying the principal risks and key performance indicators of the Group's businesses and ensuring that appropriate systems are implemented and/or steps are taken to manage these risks;
- Developing and implementing an investors relations programme or shareholder communication policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Appointments to the Board

Nomination Committee

The Nomination Committee comprises the following members:

NAME OF DIRECTOR	DESIGNATION	DIRECTORSHIP
Lok Kai Chun	Chairman	Independent Non-Executive
Cheong Chee Yun	Member	Independent Non-Executive
Dato' Theng Book	Member	Independent Non-Executive

The Board annually reviews the required mix of skills, experience and other qualities of the directors to ensure that the Board is functioning effectively and efficiently.

The Nomination Committee's primary responsibilities include:

a) leading the process for Board appointments and making recommendations to the Board.

b) assessing Directors on an on-going basis.

c) annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarization with the Company's operations.

Re-Election of Directors

In accordance with the Company's Article of Association, all Directors including directors holding an executive position of Chief Executive Officer, shall retire from office at each Annual General Meeting, provided always that every Director shall retire at least once in every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year shall hold office until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Director's Training

The Group acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, technological advances in the core business, latest regulatory updates, and management strategies. In compliance with the Listing Requirements and the relevant Practice Note issued by Bursa Securities, all Directors have completed their Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities.

The Directors are also aware of their duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The Board is mindful therefore of the need to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates. Whenever the need arises, the Company provides briefings of new recruits to the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

During the financial year ended 31 December 2016, the external training programmes and seminars attended by the Director are as follows:

DIRECTORS	COURSES/SEMINAR/CONFERENCE
Dato' Ng Lian Poh	Building The Board of Directors
Ng Thin Poh	Building The Board of Directors
	Companies Act 2016 – Key Insights & implications for Directors/Shareholders
	Companies Act 2016 – Key Changes affecting accountants and auditors
Ng Soh Kian	Building The Board of Directors
Chooi Chok Khooi	Building The Board of Directors
Cheong Chee Yun	Companies Act 2016 – Key Insights & implications for Directors/Shareholders
	Companies Act 2016 – Key Changes affecting accountants and auditors
	GST – Tax Codes, GST 03 returns
	GST – Record keeping & audits, offences & penalty & Power of DG
	Building The Board of Directors
Dato' Theng Book	Building The Board of Directors
	Intellectual Property Training

Supply of Information

The Board has a formal schedule of matters for decision-making to ensure that the direction and control of the Group is firmly in its hands.

Prior to each Board meeting, a full agenda together with relevant reports and comprehensive Board papers would be distributed to all Directors in a timely basis to enable the Directors to consider the matters to be deliberated and where necessary, obtain further information.

Proceedings of Board meetings are duly recorded and signed by the Chairman of the meeting.

Every Director has full and timely access to all Group Information, records, documents and property to enable them in discharge their duties and responsibilities effectively. The directors, whether collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense, if required.

Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were six (6) Board meetings held during the financial year ended 31 December 2016 and the details of attendance are as follows:

DIRECTORS	MEETINGS ATTENDED BY THE DIRECTORS/TOTAL NUMBER OF MEETING HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2016	% OF ATTENDANCE
EXECUTIVE CHAIRMAN		
Ng Thin Poh	6/6	100
CHIEF EXECUTIVE OFFICER		
Dato' Ng Lian Poh	6/6	100
EXECUTIVE DIRECTORS		
Ng Soh Kian	5/6	83.33
Chooi Chok Khooi	6/6	100
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Dato' Theng Book	6/6	100
Cheong Chee Yun	6/6	100
Lok Kai Chun	6/6	100

During the financial year ended 31 December 2016, six Board meetings were convened on 25/2/2016, 24/3/2016, 26/5/2016, 2/6/2016, 19/8/2016 and 11/11/2016 respectively.

Restriction on Directorships

The number of Directorships held by the Directors is stated in the Profile of Directors in the Annual Report.

Board Committees

The Board has established the following Committees to assist the Board in discharging its duties and responsibilities effectively:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee are set out in Board Charter and have been approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

Audit Committee

The report of the Audit Committee is set out on pages 18 to 20 of this Annual Report.

Nomination Committee

The details of the Nomination Committee are set out on page 11 of this Annual Report.

Remuneration Committee

The details of the Remuneration Committee are set out on page 13 of this Annual Report.

In line with best practices in Corporate Governance, the Code recommends for the establishment of the following committees:

1) Nomination Committee

The primary function of the Nomination Committee is to propose new nominees for the Board and to assess directors on an ongoing basis.

As the existing Board members are professionals from diverse disciplines, the Board collectively undertakes to review the required skills sets annually to ensure that it has an optimal mix of expertise and experience.

2) Remuneration Committee

The primary function is to set the policy framework for the remuneration of the directors to ensure that the policy on directors' are sufficient to attract and retain directors of the calibre needed to manage the Group successfully.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration the Remuneration Committee's recommendation.

SECTION 2: DIRECTOR'S REMUNERATION

(A) Remuneration Procedure

The remuneration of directors is formulated to be competitive and realistic, emphasis being placed on performance and calibre, with aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

For Executive Directors, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.

The level of remuneration for the Executive Directors is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The determination of the remuneration package of Non-Executive Directors, should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

The Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Directors and the Company Secretary.

The Remuneration Committee is also responsible for recommending the remuneration for the senior management and that the remuneration should reflect the responsibility and commitment that goes with it.

The primary roles and responsibilities of the Committee are clearly defined and include the following:

- To review the required mix of skills, experience and other qualifications which Directors (including Independent Directors) should bring to the Board in order for the Board to function effectively;
- To annually review and assess the contribution of each individual Director and to recommend to the Board new candidates for appointment as Director if there is a need for additional Board Members;
- To recommend to the Board a framework for remuneration for the Board and each Executive Director, which include but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind; and

- To establish objectives performance criteria and measurement to evaluate the performance and effectiveness of the Board as a whole and to assess the contribution by each individual Director.

(B) Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year ended 31 December 2016 are as follows:

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Emoluments	3,049,894	9,500
Fees	–	120,000

The number of Directors whose remuneration falls into the following bands is as follows:

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
< RM100,000	–	3
RM100,001-RM200,000	–	–
RM200,001-RM500,000	1	–
RM500,001-RM1,000,000	3	–

SECTION 3: SHAREHOLDERS

Dialogue between Company and Investors

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:

i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors;

ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;

iii. the Company website at www.samchem.com.my;

iv. regular meetings with research analysts and fund managers to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general; and

v. participation in surveys and research conducted by professional organisations as and when such requests arise.

The Annual General Meeting

The Annual General Meeting serves as an important means for shareholders communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty one days prior to the meeting.

At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages attendance and participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the quarterly announcement of results to the Bursa Malaysia as well as the Management Discussions and Analysis, review of operations and annual financial statements in the Annual Report. The Audit Committee assists the Board in ensuring accuracy and adequacy of information by overseeing and reviewing the financial statements and quarterly announcements prior to the submission to Bursa Securities.

The Directors are responsible to ensure that the annual financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and Companies Act 1965 (now Companies Act 2016) . A Statement by the Directors of their responsibilities in preparing the financial statements is set out separately on page 25 of this Annual Report.

Internal Control and Risk Management

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 16 to 17 of the Annual Report.

Relationship with Auditors

The Board establishes formal and transparent arrangements for maintaining an appropriate relationship with the Group's Auditors, both internal and external. Whenever the need arises, the Auditors would highlight to the Audit Committee and the Board from time to time on matters that require the Board's attention.

SECTION 5: RESPONSIBILITY STATEMENT BY DIRECTORS

The Board is responsible to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year ended.

In preparing the financial statements, the Directors have:

i. Adopted the appropriate accounting policies and applied them consistently

ii. Made judgements and estimates that are reasonable and prudent;

iii. Ensure applicable approved accounting standards have been followed and any material departures have been disclosed and explained in the financial statements; and

iiii. Ensure the financial statements have been prepared on a going concern basis.

The Board is responsible for keeping proper accounting records of the Group and the Company, which disclosure with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act 1965 (now Companies Act 2016) and the applicable approved accounting standards in Malaysia.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

SECTION 6: COMPLIANCE STATEMENT

The Company has, in all material aspects, complied with the recommendations of the Code throughout the financial year, save for the following:

(a) the Board must comprise a majority of Independent Non-Executive Directors where the chairman of the Board is not an independent director;

(b) Nomination a Senior Independent Non-Executive Director to whom concerns may be conveyed;

(c) Formalize, periodically review and make public Board Charter.

Dato' Ng Lian Poh, being the Chief Executive Officer for the past 3 years, has equipped himself with good entrepreneurship skills and business acumen, his vast experience in chemical distribution industry will lead the Company to the next level and this is in the best interest of the Group.

However, moving forward, the Board will take steps to appoint additional Independent Non-Executive Directors so that the Board comprises majority of Independent Non-Executive Directors where the chairman of the Board is not an independent Director or to restructure its composition to be in line with the recommendations of the Code.

The Board shall nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed as and when the need arises.

Going forward, the Board intends to strengthen its roles and responsibilities by:

(i) Defining the board schedule of matters of those functions reserved to the Board and delegated to management;

(ii) Implementing whistle blowing policy and procedure to provide employee with a mechanism to monitor the compliance of code of ethics;

(iii) Setting out clearly the code of conduct that stipulates the sound principles to provide guidance to stakeholders on the ethical behaviours to be expected from the Group;

(iiii) Defining its business sustainability policy and ensuring its current business decision making process incorporate the elements of Environment, Social and Governance ("ESG") within its value chain in the business processes; and

(v) Formalising the above actions into its board charter and creating a new page on corporate governance in the present corporate website to keep the public and shareholder informed of its progress and status of the above actions.

Statement on Risk Management and Internal Control

INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, which requires Malaysian public listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities and reaffirms its commitment to recognise the importance of having an effective and appropriate system of risk management and internal control to enhance good corporate governance. In this respect, the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's systems of risk management and internal control.

The systems of risk management and internal control cover inter alia, governance, financial organisation, operational and compliance control. However the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve the Group's business objectives. Accordingly, this systems can only provide reasonable, but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board also acknowledges the guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) which further emphasises the need for maintaining a sound system of risk management and internal control.

The management also assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

RISK MANAGEMENT FRAMEWORK

Risk management is embedded in the Group's management systems. The Company has established a Risk Management Committee comprising members of Senior Management and the Chief Executive Officer to identify, evaluate and manage the significant risks faced by the core business of the Group during the financial year and up to the date of the Statement for inclusion in the annual report while the Risk Management Committee is in the progress of formulating a structured risk management framework to identify, evaluate, control, report and monitor significant risk.

The Board also relies largely on the close involvement of the Executive Directors of the Group in its daily operations. There are reviews of operational and financial performance at Management, Audit Committee and Board Meetings. The Board and Management ensure that appropriate measures are taken to address any significant risks.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to an external consultant to assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, the scope of the review of the outsourced internal audit function is determined by the Audit Committee with feedback from Executive Management.

The internal audit scope has been agreed with the Audit Committee and the outsourced internal audit function is currently in the process of executing as per the approved internal audit plan.

OTHER KEY INTERNAL CONTROL PROCESSES

The Board has considered the system of internal control in operation during the financial year and some of the key elements include the following:

- Annual budget is prepared for the Group.
- The Executive Directors and departmental heads meet quarterly to review the financial performance of the Group to ensure that they are in line with the corporate objectives, strategies and annual budget;

- Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee have been established with defined terms of reference;
- Management organisation structure with reporting lines of accountability and authority have been defined and documented;
- There are proper procedures within the Group for hiring and termination of staff, formal training programmes for staff, annual performance appraisals and other relevant procedures in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- Continuous compliance and maintenance of the requirements of ISO 9001:2008 and ISO 14001:2004 since February 2008 in major subsidiaries in Malaysia. This includes continuous implementation, improvement and compliance to our business process, health, environmental and safety guidelines. Audits on the management systems are carried out by the Management and by a certification body. These audits are conducted annually to provide assurance of compliance with ISO 9001:2008 Quality Management System and ISO 14001:2004 Environmental Management System.
- The Audit Committee reviews the quarterly financial results, annual report, audited financial statements and internal control issues identified by the External Auditors, Internal Auditors and the management. The Audit Committee also monitors the implementation of the recommendations proposed by the External Auditors and Internal Auditors. To further enhance corporate governance the Audit Committee has also requested the Internal auditors as a standard audit requirement to review for related party transactions within the Group in upcoming internal audit scope.
- The outsourced internal audit function reviews the adequacy and integrity of the system of internal control according to the approved internal audit plan and reports its findings to the Audit Committee. During the financial year, some areas of improvement to internal control were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal control have not resulted in any material losses and/or require further disclosure in this Statement.

ASSURANCE PROVIDED BY THE GROUP EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Chief Executive Officer and Group Financial Controller have provided verbal assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objective during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

CONCLUSION

The Board is of the view that the systems of internal controls and risk management, are in place for the year under review and up to the date of approval of this statement and is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board also recognises that the systems of internal control and risk management must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control and risk management.

Audit Committee Report

The Audit Committee of Samchem Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2016.

COMPOSITION OF THE AUDIT COMMITTEE AND ATTENDANCE

The Audit Committee met five times during the financial year ended 31 December 2016. The members of the Audit Committee, their attendance at the Audit Committee Meetings held during the financial year ended 31 December 2016 are as follows:

MEMBERS OF THE AUDIT COMMITTEE	TOTAL MEETINGS ATTENDED
Cheong Chee Yun – Chairman *Independent Non-Executive Director*	5/5
Dato' Theng Book – Member *Independent Non-Executive Director*	5/5
Lok Kai Chun – Member *Independent Non-Executive Director*	5/5

TERMS OF REFERENCE OF AUDIT COMMITTEE

(A) Terms of Membership

The Audit Committee shall be appointed by the Board of Directors amongst its members and consist of at least three (3) members, of whom all must be Non-Executive Directors with a majority of them being Independent Directors. The Chairman, who shall be elected by the Audit Committee, must be an independent director.

The Committee shall include one member who is a member of the Malaysian Institute of Accountants ("MIA"); or if he is not a member of the MIA, he must have at least three (3) years' working experience and he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or he must hold a degree/master/doctorate in accounting or finance and have at least 3 years' post qualification experience in accounting or finance; or he must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Listing Requirements of Bursa Securities, the Board shall appoint a new member within three (3) months.

The Board of Directors shall review the term of office and the performance of an Audit Committee and each of its members at least once in every three (3) years.

No alternate Director shall be appointed as a member of the Audit Committee.

(B) Meetings and Quorum of the Audit Committee

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of the members present must be independent directors. The Company Secretary shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Audit Committee may require the attendance of any management staff from the Finance/Accounts Department or other departments deemed necessary together with a representative or representatives from the external auditors and/or internal auditors.

In the five meetings, the Chief Financial Officer was present to report on the results of the Group as well as to answer questions posed by the Audit Committee in relation to the results to be announced.

In any event, should the external auditors request, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors believe should be brought to the attention of the Director or shareholders.

(C) Functions of the Audit Committee

The duties and responsibilities of the Audit Committee include the following:

1. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
3. To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors;
4. To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
5. To review the quarterly and year-end financial statements of the Company and Group prior to the approval of the Board, focusing particularly on:

a. Changes in or implementation of major accounting policies and practices;

b. Significant adjustments arising from the audit;

c. The going concern assumption; and

d. Compliance with accounting standards and other legal requirements.

6. To discuss problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary);

7. To review the external auditor's management letter and management's response;

8. To do the following in relation to the internal audit function:

   a. review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

   b. review the internal audit programmes and the results of the internal audit processes or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;

   c. review any appraisal or assessment of the performance of members of the internal audit function;

   d. approve any appointment or termination of senior staff members of the internal audit function; and

   e. take cognisance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

9. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group;

10. To consider the major findings of internal investigations and the management's response;

11. To consider any other functions or duties as may be agreed by the Committees and the Board.

(D) Rights of the Audit Committee

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

1. have authority to investigate any matter within its terms of reference;

2. have the resources which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company and Group;

4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

5. be able to obtain independent professional or other advice when needed; and

6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

(E) Procedure of Audit Committee

The Audit Committee regulates its own procedures by:

1. the calling of meetings;

2. the notice to be given of such meetings;

3. the voting and proceedings of such meetings;

4. the keeping of minutes; and

5. the custody, protection and inspection of such minutes.

(F) Summary of Activities of the Audit Committee

During the financial year up to the date of this Report, the Audit Committee carried out the following activities in discharging their duties and responsibilities:

I Financial Results

Review quarterly results and audited annual financial statements of the Group and Company before recommending to the Board for release to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The review should focus primarily on:

a. major judgmental areas, significant and unusual events;

b. significant adjustments resulting from audit;

c. the going concern assumptions;

d. compliance with applicable approved accounting standards in Malaysia; and

e. compliance with Listing Requirements of Bursa Malaysia and other regulatory requirements.

II External Audit

Reviewed with the external auditor, their audit plan for the financial year ended 31 December 2016 to ensure that their scope of work adequately covers the activities of the Group;

Reviewed the results and issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Committee; and

Reviewed their performance and independence before recommending to the Board their reappointment and remuneration.

III Internal Audit

Reviewed with the internal auditor, their audit plan for the financial year ended 31 December 2016 ensuring that principal risk areas were adequately identified and covered in the plan;

Reviewed the competencies of the internal auditors to execute the plan; and

Reviewed the adequacy of the terms of reference of internal audit.

The fees paid to the internal auditor for the provision of internal audit services for the financial year ended 31 December 2016 was RM48,000.

1. **Utilisation of Proceeds from the Initial Public Offering**

   Save for the RM3.535 million gross proceeds raised from its Initial Public Offering ("IPO") in connection with its listing on the Main Market of Bursa Malaysia Securities Berhad, which had been fully utilised in financial period ended 31 December 2011, there were no proceeds raised from any corporate proposal during the financial year 2013.

2. **Share Buy-back**

   The Company did not carry out any share buy-back for the financial year under review.

2. **Options, Warrants or Convertible Securities**

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

3. **American Depository Receipt (ADR) or Global Depository Receipt (GDR)**

   The Company did not sponsor any ADR or GDR programme during the financial year.

4. **Imposition of sanctions/penalties**

   There were no sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year.

5. **Non-Audit fees**

   The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2016 is RM10,500.

6. **Profit Forecast or Projections**

   The Company did not announce any profit forecast or projections during the financial year.

7. **Profit Guarantee**

   During the financial year, there were no profit guarantees given by the Group.

8. **Recurrent Related Party Transactions of Revenue or Trading Nature**

   The recurrent related party transactions for the financial year ended 31 December 2016 was as follows:

COMPANY IN THE SAMCHEM GROUP INVOLVED	TRANSACTING PARTIES	NATURE OF TRANSACTION	TRANSACTION VALUE (RM)
Cong Ty Tnhh Sam Chem Qua Cau (SQC)	Vigor Sphere Pte Ltd (VS)	Sales from VS to SQC	4,044,863

9. **Revaluation Policy**

   The Company does not have a revaluation policy on landed properties.

10. **Material Contract**

    There were no material contracts entered by the Company and its subsidiaries involving Directors' interests during the financial year.

11. **Corporate Social Responsibility**

    As the Group expands its business, the Board believes that the responsibility towards the society increases and the operating conditions shall be harmonised to ensure that the people within and outside the Group benefit from the existence of our organisation.

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP	COMPANY
	RM	RM
Profit for the financial year	**18,954,417**	**77,878,918**
Profit attributable to:		
Owners of the Company	**15,077,457**	**77,878,918**
Non-controlling interests	**3,876,960**	**–**
	18,954,417	**77,878,918**

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

(i) A final single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2015 approved at the Annual General Meeting on 29 April 2016, which was paid on 18 May 2016;

(ii) An first interim single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2016, which was paid on 20 July 2016;

(iii) A second interim single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2016, which was paid on 10 October 2016; and

(iv) A third interim single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2016, which was paid on 16 December 2016.

The directors have recommended a final single-tier dividend of 2.0 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,720,000 for the current financial year ended 31 December 2016, subject to shareholder's approval at the forthcoming Annual General Meeting to be held at a date to be determined later.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares and debentures were made by the Company.

DIRECTORS

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

NG THIN POH

DATO' NG LIAN POH

NG SOH KIAN

CHOOI CHOK KHOOI

DATO' THENG BOOK

CHEONG CHEE YUN

LOK KAI CHUN

DIRECTORS' INTERESTS

The interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2016	BOUGHT	SOLD	AT 31.12.2016
Direct Interest				
Ng Thin Poh	59,558,702	370,500	-	59,929,202
Dato' Ng Lian Poh	8,613,463	–	–	8,613,463
Ng Soh Kian	9,797,279	–	–	9,797,279
Chooi Chok Khooi	4,661,046	–	–	4,661,046
Lok Kai Chun	7,300	–	–	7,300
Indirect Interest*				
Ng Thin Poh	100,000	–	–	100,000
Dato' Ng Lian Poh	527,100	–	–	527,100
Ng Soh Kian	684,000	–	–	684,000

** Held through spouse and/or child of director.*

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act 1965 in Malaysia, Ng Thin Poh is deemed to have interests in the shares of the subsidiaries to the extent that the Company has an interest.

The other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 37 to the financial statements.

AUDITORS

Messrs. Baker Tilly Monteiro Heng have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, Messrs. Baker Tilly AC.

The report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

NG THIN POH
Director

DATO' NG LIAN POH
Director

Date: 14 April 2017

Statement by Directors

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

We, NG THIN POH and DATO' NG LIAN POH, being two of the directors of SAMCHEM HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 30 to 91 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 92 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

NG THIN POH
Director

DATO' NG LIAN POH
Director

Date: 14 April 2017

Statutory Declaration

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

I, EILEEN NG LIEW CHIN, being the officer primarily responsible for the financial management of SAMCHEM HOLDINGS BERHAD, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 30 to 91 and the supplementary information as set out on page 92 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 at
Klang in the State of Selangor Darul Ehsan
on 14 April 2017

EILEEN NG LIEW CHIN

Before me

GOH CHENG TEAK (B204)
Commissioner for Oaths

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Samchem Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 91.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Trade receivables (Notes 2(d) and 17 to the financial statements)

We focussed on this area because the directors made judgements over both the events or changes in circumstances indicating that the trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by directors and therefore the impairment is accessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- evaluating the design and assessing the implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue as at 31 December 2016;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts, considering level of activity with the customer and the Group's explanation on recoverability of balances which are significantly past due; and
- evaluating audit procedures performed by the component auditors.

Inventory (Notes 2(d) and 16 to the financial statements)

The Group's inventories are measure at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our response:

Our audit procedures included, among others:

- evaluating the design and assessing the implementation of controls associated with monitoring and detection and write down of slow-moving inventories as at 31 December 2016;
- observing year end physical inventory count to examine physical existence and condition of the finished goods and evaluating the design and implementation of controls during the count;
- reviewing subsequent sales and evaluating Group's assessment on estimated net realisable value on selected inventory items; and
- evaluating audit procedures performed by the component auditors.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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 Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements, being accounts that have been included in the consolidated accounts.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 92 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Baker Tilly AC
AF 001826
Chartered Accountant

Ong Teng Yan
3076/07/17(J)
Chartered Accountants

Kuala Lumpur
Date: 14 April 2017

financials

Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	4	**697,178,025**	600,004,513	**83,398,150**	12,135,000
Cost of sales		**(610,131,405)**	(523,676,910)	**–**	–
Gross profit		**87,046,620**	76,327,603	**83,398,150**	12,135,000
Other income		**4,207,286**	6,663,869	**3,752**	176,997
Selling and distribution expenses		**(13,059,737)**	(16,186,811)	**–**	–
Administrative expenses		**(41,275,777)**	(33,933,524)	**(4,830,598)**	(4,270,412)
Other expenses		**(3,086,150)**	(17,156,208)	**–**	(618,334)
		(57,421,664)	(67,276,543)	**(4,830,598)**	(4,888,746)
Profit from operations		**32,743,415**	15,714,929	**78,571,304**	7,423,251
Finance costs		**(4,744,390)**	(4,578,920)	**(692,386)**	(648,087)
Profit before tax	5	**27,999,025**	11,136,009	**77,878,918**	6,775,164
Tax (expense)/credit	7	**(9,044,608)**	(5,848,458)	**–**	23,574
Profit for the financial year		**18,954,417**	5,287,551	**77,878,918**	6,798,738
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Net fair value changes on available-for-sale financial assets		**(8,034)**	(3,197)	**–**	–
Foreign currency translation		**1,897,383**	3,246,985	**–**	–
Total other comprehensive income, net of tax		**1,889,349**	3,243,788	**–**	–
Total comprehensive income for the financial year		**20,843,766**	8,531,339	**77,878,918**	6,798,738
Profit attributable to:					
Owners of the Company		**15,077,457**	4,033,932	**77,878,918**	6,798,738
Non-controlling interests		**3,876,960**	1,253,619	**–**	–
		18,954,417	5,287,551	**77,878,918**	6,798,738
Total comprehensive income attributable to:					
Owners of the Company		**16,284,909**	6,083,284	**77,878,918**	6,798,738
Non-controlling interests		**4,558,857**	2,448,055	**–**	–
		20,843,766	8,531,339	**77,878,918**	6,798,738
Earnings per share attributable to owners of the Company (sen):					
Basic	8	**11.09**	2.97		
Diluted	8	**11.09**	2.97		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9	**36,521,543**	30,845,907
Investment properties	10	**843,790**	2,571,385
Prepaid land lease payments	11	**1,060,098**	1,041,526
Other investments	13	**39,684**	47,718
Goodwill	14	**–**	–
Deferred tax assets	15	**1,165,311**	916,519
		39,630,426	35,423,055
Current assets			
Inventories	16	**88,611,973**	72,984,017
Trade receivables	17	**156,847,702**	115,003,920
Other receivables, deposits and prepayments	18	**3,655,144**	4,476,136
Derivative financial assets		**8,737**	7,019
Tax recoverable		**5,933,428**	5,529,328
Deposits with licensed banks	19	**22,700,872**	13,356,376
Cash and bank balances		**31,090,357**	27,582,334
		308,848,213	238,939,130
Non-current assets classified as held for sale	20	**–**	–
		308,848,213	238,939,130
TOTAL ASSETS		**348,478,639**	274,362,185

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**68,000,000**	68,000,000
Reserves	22	**51,511,146**	43,520,289
Equity attributable to owners of the Company		**119,511,146**	111,520,289
Non-controlling interests		**11,069,220**	6,944,271
Total Equity		**130,580,366**	118,464,560
Liabilities			
Non-current liabilities			
Borrowings	23	**3,641,481**	3,233,498
Deferred tax liabilities	15	**287,814**	1,052,088
Retirement benefit obligations	25	**539,973**	358,831
		4,469,268	4,644,417
Current liabilities			
Trade payables	26	**75,401,938**	36,576,901
Other payables and accruals	27	**6,081,523**	9,402,982
Tax payable		**1,804,517**	940,495
Borrowings	23	**130,141,027**	104,332,830
		213,429,005	151,253,208
Liability directly attributable to assets classified as held for sale	20	**–**	–
		213,429,005	151,253,208
Total Liabilities		**217,898,273**	155,897,625
TOTAL EQUITY AND LIABILITIES		**348,478,639**	274,362,185

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
ASSETS			
Non-current assets			
Investments in subsidiaries	12	**150,765,118**	79,365,058
Current assets			
Other receivables, deposits and prepayments	18	**–**	1,143,160
Tax recoverable		**349,136**	229,136
Dividend receivable		**–**	1,700,000
Cash and bank balances		**157,517**	141,459
		506,653	3,213,755
TOTAL ASSETS		**151,271,771**	82,578,813
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	21	**68,000,000**	68,000,000
Reserves	22	**73,048,576**	3,329,658
Total Equity		**141,048,576**	71,329,658
Liabilities			
Current liability			
Other payables and accruals	27	**10,223,195**	11,249,155
Total Liabilities		**10,223,195**	11,249,155
TOTAL EQUITY AND LIABILITIES		**151,271,771**	82,578,813

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		ATTRIBUTABLE TO OWNERS OF THE COMPANY									
					NON-DISTRIBUTABLE						
	NOTE	SHARE CAPITAL RM	DISTRIBUTABLE RETAINED EARNINGS RM	SHARE PREMIUM RM	FAIR VALUE RESERVE RM	REVERSE ACQUISITION RESERVE RM	CURRENCY TRANSLATION RESERVE RM	TOTAL OTHER RESERVES RM	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
At 1 January 2015		68,000,000	82,305,893	954,444	15,997	(40,725,742)	1,091,236	(38,664,065)	111,641,828	4,307,668	115,949,496
Comprehensive income											
Profit for the financial year		–	4,033,932	–	–	–	–	–	4,033,932	1,253,619	5,287,551
Other comprehensive income											
Net fair value changes on available-for-sale financial assets		–	–	–	(3,197)	–	–	(3,197)	(3,197)	–	(3,197)
Foreign currency translation		–	–	–	–	–	2,052,549	2,052,549	2,052,549	1,194,436	3,246,985
Total other comprehensive income		–	–	–	(3,197)	–	2,052,549	2,049,352	2,049,352	1,194,436	3,243,788
Total comprehensive income for the financial year		–	4,033,932	–	(3,197)	–	2,052,549	2,049,352	6,083,284	2,448,055	8,531,339
Transactions with owners											
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	400,000	400,000
Acquisition of non-controlling interests		–	(149,929)	–	–	–	65,106	65,106	(84,823)	(190,452)	(275,275)
Dividend paid to non-controlling shareholders of the subsidiaries		–	–	–	–	–	–	–	–	(21,000)	(21,000)
Dividends	28	–	(6,120,000)	–	–	–	–	–	(6,120,000)	–	(6,120,000)
		–	(6,269,929)	–	–	–	65,106	65,106	(6,204,823)	188,548	(6,016,275)
At 31 December 2015		68,000,000	80,069,896	954,444	12,800	(40,725,742)	3,208,891	(36,549,607)	111,520,289	6,944,271	118,464,560

		Attributable to owners of the Company									
					Non-distributable						
	NOTE	SHARE CAPITAL RM	DISTRIBUTABLE RETAINED EARNINGS RM	SHARE PREMIUM RM	FAIR VALUE RESERVE RM	REVERSE ACQUISITION RESERVE RM	CURRENCY TRANSLATION RESERVE RM	TOTAL OTHER RESERVES RM	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
At 1 January 2016		68,000,000	80,069,896	954,444	12,800	(40,725,742)	3,208,891	(36,549,607)	111,520,289	6,944,271	118,464,560
Comprehensive income											
Profit for the financial year		–	15,077,457	–	–	–	–	–	15,077,457	3,876,960	18,954,417
Other comprehensive income											
Net fair value changes on available-for-sale financial assets		–	–	–	(8,034)	–	–	(8,034)	(8,034)	–	(8,034)
Foreign currency translation		–	–	–	–	–	1,215,486	1,215,486	1,215,486	681,897	1,897,383
Total other comprehensive income		–	–	–	(8,034)	–	1,215,486	1,207,452	1,207,452	681,897	1,889,349
Total comprehensive income for the financial year		–	15,077,457	–	(8,034)	–	1,215,486	1,207,452	16,284,909	4,558,857	20,843,766
Transactions with owners											
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	40	40
Acquisition of non-controlling interests		–	(134,052)	–	–	–	–	–	(134,052)	(265,948)	(400,000)
Dividend paid to non-controlling shareholders of the subsidiaries		–	–	–	–	–	–	–	–	(168,000)	(168,000)
Dividends	28	–	(8,160,000)	–	–	–	–	–	(8,160,000)	–	(8,160,000)
		–	(8,294,052)	–	–	–	–	–	(8,294,052)	(433,908)	(8,727,960)
At 31 December 2016		68,000,000	86,853,301	954,444	4,766	(40,725,742)	4,424,377	(35,342,155)	119,511,146	11,069,220	130,580,366

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE SHARE PREMIUM RM	DISTRIBUTABLE RETAINED EARNINGS RM	TOTAL EQUITY RM
At 1 January 2015		68,000,000	954,444	1,696,476	70,650,920
Profit for the financial year, representing total comprehensive income for the financial year		–	–	6,798,738	6,798,738
Dividends	28	–	–	(6,120,000)	(6,120,000)
At 31 December 2015		68,000,000	954,444	2,375,214	71,329,658
Profit for the financial year, representing total comprehensive income for the financial year		–	–	77,878,918	77,878,918
Dividends	28	–	–	(8,160,000)	(8,160,000)
At 31 December 2016		**68,000,000**	**954,444**	**72,094,132**	**141,048,576**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
Cash Flows from Operating Activities			
Profit before tax		**27,999,025**	11,136,009
Adjustments for:			
Amortisation of prepaid land lease payments		**19,656**	18,486
Bad debts written off		**–**	12,592
Depreciation of property, plant and equipment		**2,895,098**	2,600,619
Depreciation of investment properties		**47,758**	57,994
Fair value gain on derivative financial instruments		**(1,718)**	(7,019)
Gain on disposal of non-current assets held for sales		**–**	(500,449)
Gain on disposal of property, plant and equipment		**(272,924)**	(44,206)
Goodwill written off		**–**	547,866
Impairment loss on trade receivables		**156,297**	2,613,623
Interest expense		**4,744,390**	4,578,920
Interest income		**(1,220,832)**	(882,899)
Inventories written off		**–**	11,255
Net unrealised loss/(gain) on foreign exchange		**2,237,875**	(3,481,607)
Property, plant and equipment written off		**13,898**	9,923
Provision for slow moving inventories		**143,285**	446,452
Retirement benefit obligations		**149,437**	117,060
Reversal of impairment loss on trade receivables		**(170,549)**	(29,900)
Reversal of inventories written down		**(487,436)**	–
Operating profit before working capital changes		**36,253,260**	17,204,719
(Increase)/Decrease in inventories		**(15,268,050)**	1,059,453
(Increase)/Decrease in receivables		**(43,246,414)**	27,284,292
Increase in payables		**35,503,578**	10,924,401
Cash generated from operations		**13,242,374**	56,472,865
Tax refunded		**2,397,147**	2,474,726
Tax paid		**(7,168,708)**	(5,548,712)
Net cash from operating activities carried down		**8,470,813**	53,398,879

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
Net cash from operating activities brought down		**8,470,813**	53,398,879
Cash Flows from Investing Activities			
Acquisition of non-controlling interests in subsidiaries		**(400,000)**	(275,275)
Net cash inflows on acquisition of subsidiaries	12	**40**	12
Interest received		**1,220,832**	882,899
Purchase of property, plant and equipment	9	**(4,207,113)**	(2,446,510)
Proceeds from disposal of property, plant and equipment		**378,223**	531,522
Proceeds from disposal of non-current assets held for sales		**–**	1,781,290
Net cash (used in)/from investing activities		**(3,008,018)**	473,938
Cash Flows from Financing Activities			
Payments of finance lease payables		**(969,169)**	(688,948)
Interest paid		**(4,744,390)**	(4,578,920)
Net drawdown of bankers' acceptances		**11,425,000**	13,899,000
Repayment of term loans		**(1,516,781)**	(19,562,277)
Uplift of fixed deposit pledged to financial institution		**–**	14,454,282
Drawdown/(Repayment) of onshore foreign currency loans		**20,514,497**	(25,915,070)
Repayment of foreign currency trade loan		**(14,060,132)**	(2,585,491)
Dividend paid to non-controlling shareholders of the subsidiaries		**(168,000)**	(21,000)
Dividend paid		**(8,160,000)**	(6,120,000)
Net cash from/(used in) financing activities		**2,321,025**	(31,118,424)
Net increase in cash and cash equivalents		**7,783,820**	22,754,393
Effect of exchange rate changes		**(3,139,559)**	(652,575)
Cash and cash equivalents at beginning of the financial year		**40,071,035**	17,969,217
Cash and cash equivalents at end of the financial year	29	**44,715,296**	40,071,035

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

	NOTE	2016 RM	2015 RM
Cash Flows from Operating Activities			
Profit before tax		**77,878,918**	6,775,164
Adjustments for:			
Interest expense		**692,386**	648,087
Dividend income		**(80,492,000)**	(9,399,000)
Investment in subsidiaries written off		**–**	618,334
Operating loss before working capital changes		**(1,920,696)**	(1,357,415)
Decrease in receivables		**2,843,160**	3,107,678
Decrease in payables		**(1,718,346)**	(4,306,941)
Cash used in operations		**(795,882)**	(2,556,678)
Dividend received		**9,492,000**	9,399,000
Tax paid		**(120,000)**	(120,000)
Net cash from operating activities		**8,576,118**	6,722,322
Cash Flows from Investing Activity			
Investments in subsidiaries, representing net cash used in investing activity		**(400,060)**	(600,000)
Cash Flows from Financing Activity			
Dividend paid, representing net cash used in financing activity		**(8,160,000)**	(6,120,000)
Net increase in cash and cash equivalents		**16,058**	2,322
Cash and cash equivalents at beginning of the financial year		**141,459**	139,137
Cash and cash equivalents at end of the financial year	29	**157,517**	141,459

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The registered office and principal place of business of the Company are located at Lot 6, Jalan Sungai Kayu Ara 32/39, Berjaya Industrial Park, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue in accordance with a resolution by the Board of directors on 14 April 2017.

2. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

(a) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int")

(i) Adoption of Amendments/Improvements to MFRSs

The Group and the Company had adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (Continued)

(a) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Considerations	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new standards, the financial effects of its adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

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

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

2. BASIS OF PREPARATION (Continued)

(a) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Int that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 9 Financial Instruments (Continued)

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways and one method is by providing reconciliation between the opening and closing balance in the statement of financial position for liabilities arising from financing activities.

2. BASIS OF PREPARATION (Continued)

(a) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

(ii) New MFRSs, Amendments/Improvements to MFRSs and new IC Int that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except for those as disclosed in the significant accounting policies note.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant accounting estimates and judgements

Significant areas of estimation uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

(i) Depreciation of property, plant and equipment and investment properties (Notes 9 and 10) – The cost of property, plant and equipment and investment properties is depreciated on a straight line method over the assets' useful lives. The Group estimates the useful lives of these property, plant and equipment and investment properties to be within 5 to 50 years based on common life expectancies of the industry. The Group anticipates that the residual values of the assets will be insignificant and as such, residual values are not being taken into consideration for the computation of the depreciation amount. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. BASIS OF PREPARATION (Continued)

(d) Significant accounting estimates and judgements (Continued)

(ii) Impairment loss on receivables (Notes 17 and 18) – The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iii) Income tax expense (Note 7) – Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different will impact the current tax and deferred tax in the periods in which the outcome is known.

(iv) Inventories (Note 16) – Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by the management on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of selling price or cost, or any inventories on hand that may not be realised, as a result of events occurring after the end of the reporting period to the extent such events confirm conditions existing at the end of the reporting period. Possible changes in these estimates could result in revisions to the valuation of inventories.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiaries made up to the end of the financial year.

A subsidiary is an entity, including structured entities, controlled by the Group. Control exists when the Group is exposed, 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. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements;
- the nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

(i) Business Combinations under acquisition method

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(i) Business Combinations under acquisition method (Continued)

For new acquisition, the Group measures the cost of goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(ii) Reverse Acquisition

Pursuant to the share sales agreement signed between Samchem Sdn. Bhd. and Samchem Holdings Berhad on 16 June 2008, the Company had on 20 February 2009 completed the acquisition of a total of 8 companies ("Acquired Group") from Samchem Sdn. Bhd. The Group's consolidated statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows are prepared and presented as a continuation of the Acquired Group (the acquirer for reverse acquisition accounting purposes).

For the purpose of reverse acquisition accounting, the cost of acquisition by the Acquired Group of the Company (the legal parent) is recorded as equity. The cost of acquisition is determined using the fair value of the issued equity of the Company before acquisition. It is deemed to be incurred by the Acquired Group in the form of equity issued to the owners of the legal parent.

Since such consolidated financial statements represent as continuation of the financial statements of the Acquired Group:

(a) the assets and liabilities of the Acquired Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
(b) the retained earnings and the other equity balances recognised in those consolidated financial statements are the retained earnings and other equity balances of the Acquired Group immediately before the business combination; and
(c) the amount recognised as issued equity instruments in those consolidated financial statements is determined by adding to the issued equity of the Acquired Group immediately before the business combination the costs of the combination of the acquisition. However, the equity structure appearing in those consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (the Company), including the equity instruments issued by the Company to reflect the combination.

Reverse acquisition applies only in the consolidated financial statements. In the legal parent (the Company's) separate financial statements, the investment in the legal subsidiary (the Acquired Group) is accounted for in accordance with the requirements of MFRS 127 Consolidated and Separate Financial Statements.

(iii) Acquisitions of Non-controlling Interests

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

(iv) Loss of Control

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(v) Non-controlling Interests

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

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation 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 Group's net investment in foreign operations are recognised in profit or loss in the Company's separate 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 period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
(iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency (Continued)

(iii) Principal closing rates

The principal closing rates used in translation of foreign currency amounts as at the reporting date are as follows:

	2016 RM	2015 RM
1 Singapore Dollar ("SGD")	**3.10**	3.04
1 United States Dollar ("USD")	**4.50**	4.30
100 Vietnam Dong ("VND")	**0.0201**	0.0193
100 Indonesian Rupiah ("IDR")	**0.0330**	0.0311

(c) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, 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) Transportation charges

Transportation charges are recognised upon performance of services, net of discounts.

(iii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(iv) Dividend income

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

(v) Interest income

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

(vi) Management fees

Management fees are recognised when services are rendered.

(d) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense as incurred.

(iii) Defined benefit plans

A subsidiary of the Company operates an unfunded defined benefit scheme. The subsidiary's net obligation under the scheme is determined by estimating the amount of benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine the present value of the liability. The subsidiary's obligation is calculated using the projected unit credit method.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings 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 incurred in connection with the borrowing of funds.

(f) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

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

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Short term leasehold land and long term leasehold land are depreciated over the lease term of 50 and 99 years respectively. Freehold land is not depreciated. Building-in-progress is not depreciated as the asset is not available for use. All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	2% – 5%
Motor vehicles	12.5% – 25%
Plant and machinery	10% – 25%
Renovation and office equipment	10% – 33.3%
Signboard, furniture and fittings	10% – 15%

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment and depreciation (Continued)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(h) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated. Building is depreciated on a straight line basis at 2% per annum to write off the cost of the asset to its residual value over the estimated useful life.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

(i) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

(j) Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs of disposal and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value and cost is determined on the weighted average basis. Cost includes the actual cost of purchase and incidentals in bringing the inventories into store.

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.

(l) Financial assets

Financial assets are recognised in 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.

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

The Group and the Company determine the classification of their financial assets at initial recognition, and has categorised the financial assets as loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables comprise trade and other receivables including deposits and amount due from subsidiaries and cash and cash equivalents (excluding bank overdrafts).

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

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

(ii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in financial assets at fair value through profit or loss, held-to-maturity investments and loans and receivables. Available-for-sales financial assets include investments in quoted shares.

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 on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial assets (Continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

(m) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

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

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

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

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, 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. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred 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, if any, subsequent to impairment loss is recognised in 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.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term 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 the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

(o) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's and the Company's other financial liabilities include trade payables, other payables including deposits (including deposits received on sale of properties), amount due to subsidiary and accruals, 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.

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 and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

(q) Leases

(i) Finance lease – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating Lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(iii) Operating lease – the Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, 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 initially recognised less cumulative amortisation.

(t) Provisions

A provision is recognised if, as a result of a past event, the Group has present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

(u) Contingencies

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

Contingent liabilities or assets are not recognised in the statements of financial positions.

(v) Non-current asset held for sale

Non-current asset classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such assets and its sale must be highly probable.

Immediately before the initial classification as held for sale, the carrying amounts for the non-current assets are measured in accordance with the Group's accounting policies. On initial classification as held for sale, non-current assets measured at the lower of carrying amount immediately before the initial classification as held for sale and fair value costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified as current assets in the face of the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs of disposal and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the assets as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset been classified as held for sale; and

(b) its recoverable amount at the date of subsequent decision not to sell.

(w) Fair value measurements

Fair Value Measurement which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

4. REVENUE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Management fees	**–**	–	**2,906,150**	2,736,000
Dividend income	**–**	–	**80,492,000**	9,399,000
Sales of goods	**697,118,502**	600,004,513	**–**	–
Transportation charges	**59,523**	–	**–**	–
	697,178,025	600,004,513	**83,398,150**	12,135,000

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration:				
– Statutory audit	**250,452**	177,836	**34,000**	34,000
– Other services by auditors of the Company	**10,500**	10,500	**10,500**	10,500
Amortisation of prepaid land lease payments	**19,656**	18,486	**–**	–
Bad debts written off	**–**	12,592	**–**	–
Depreciation of investment properties	**47,758**	57,994	**–**	–
Depreciation of property, plant and equipment	**2,895,098**	2,600,619	**–**	–
Direct operating expenses for investment properties which generate rental income	**6,840**	8,854	**–**	–
Employee benefits expense (including key management personnel)				
– contributions to Employees Provident Fund	**1,401,078**	938,528	**402,204**	231,342
– retirement benefit obligations	**149,437**	117,060	**–**	–
– wages, salaries and others	**19,752,025**	15,388,534	**3,449,442**	3,208,019
Fair value gain on derivative financial instruments	**(1,718)**	(7,019)	**–**	–
Gain on disposal of property, plant and equipment	**(272,924)**	(44,206)	**–**	–
Gain on disposal of non-current assets held for sales	**–**	(500,449)	**–**	–
Goodwill written off	**–**	547,866	**–**	–
Impairment loss on trade receivables	**156,297**	2,613,623	**–**	–
Interest expense	**4,744,390**	4,578,920	**692,386**	648,087
Interest income	**(1,220,832)**	(882,899)	**–**	–
Inventories written off	**–**	11,255	**–**	–
Net loss/(gain) on foreign exchange				
– realised	**454,830**	12,467,120	**(3,752)**	(176,997)
– unrealised	**2,237,875**	(3,481,607)	**–**	–
Property, plant and equipment written off	**13,898**	9,923	**–**	–
Provision for slow moving inventories	**143,285**	446,452	**–**	–
Rental of premises	**1,390,134**	1,066,191	**–**	–
Rental of motor vehicle	**57,227**	–	**–**	–
Rental of storage tank	**4,306,518**	4,395,722	**–**	–
Rental income from investment properties	**(3,600)**	(220,626)	**–**	–
Reversal of impairment loss on trade receivables	**(170,549)**	(29,900)	**–**	–
Reversal of inventories written down	**(487,436)**	–	**–**	–

6. DIRECTORS' REMUNERATION

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Directors of the Company				
Executive directors				
– Other emoluments	**3,217,654**	2,332,777	**3,049,894**	2,194,537
– Estimated monetary value of benefits-in-kind	**–**	89,250	**–**	89,250
	3,217,654	2,422,027	**3,049,894**	2,283,787
Non–executive directors				
– Fees	**120,000**	111,000	**120,000**	111,000
– Other emoluments	**9,500**	7,500	**9,500**	7,500
	129,500	118,500	**129,500**	118,500
	3,347,154	2,540,527	**3,179,394**	2,402,287
Directors of subsidiaries				
Executive directors				
– Other emoluments	**1,901,170**	1,712,058	**–**	–
	5,248,324	4,252,585	**3,179,394**	2,402,287

7. TAX EXPENSE/(CREDIT)

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Current tax:				
Malaysian income tax				
– Current financial year	**6,282,700**	3,187,550	**–**	–
– Under/(Over) provision in prior financial year	**882,918**	218,788	**–**	(23,574)
	7,165,618	3,406,338	**–**	(23,574)
Foreign income tax				
– Current financial year	**2,842,476**	1,832,537	**–**	–
	10,008,094	5,238,875	**–**	(23,574)
Deferred tax:				
Origination and reversal of temporary differences	**(952,351)**	556,662	**–**	–
(Over)/Under provision of deferred tax liabilities in prior financial year	**(11,135)**	52,921	**–**	–
	(963,486)	609,583	**–**	–
Tax expense/(credit)	**9,044,608**	5,848,458	**–**	(23,574)

7. TAX EXPENSE/(CREDIT) (Continued)

The reconciliation from the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	**27,999,025**	11,136,009	**77,878,918**	6,775,164
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	**6,719,800**	2,784,000	**18,690,900**	1,693,800
Tax effects arising from:				
– non-deductible expenses	**1,771,890**	1,935,436	**215,100**	656,000
– non–taxable income	**(1,170,665)**	(81,363)	**(19,318,100)**	(2,349,800)
– double deduction	**(28,200)**	(32,800)	**–**	–
Deferred tax assets not recognised during the financial year	**882,200**	971,476	**412,100**	–
Utilisation of previously unrecognised deferred tax assets	**(2,200)**	–	**–**	–
Under/(Over) provision of current tax in prior financial year	**882,918**	218,788	**–**	(23,574)
(Over)/Under provision of deferred tax liabilities in prior financial year	**(11,135)**	52,921	**–**	–
Tax expense/(credit)	**9,044,608**	5,848,458	**–**	(23,574)

The Group has estimated unutilised tax losses of RM10,176,200 (2015: RM6,706,400) and unabsorbed capital allowances of RM89,400 (2015: RM28,000) carried forward available for set off against future taxable profits.

8. EARNINGS PER SHARE

(a) Earnings per share

The basic earnings per share of the Group is calculated by dividing the Group's profit for the financial year attributable to equity holders of the Company of RM15,077,457 (2015: RM4,033,932) by the weighted average number of ordinary shares in issue during the financial year of 136,000,000 (2015: 136,000,000) ordinary shares of RM0.50 each.

(b) Diluted Earnings per share

Diluted earnings per share is equivalent to the basic earnings per share as there were no potential dilutive ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	SHORT TERM LEASEHOLD LAND RM	BUILDINGS RM	MOTOR VEHICLES RM	PLANT AND MACHINERY RM	RENOVATION AND OFFICE EQUIPMENT RM	SIGNBOARD, FURNITURE AND FITTINGS RM	TOTAL RM
Cost									
At 1 January 2016	7,276,336	–	650,000	18,597,696	10,245,020	6,550,991	5,929,646	613,906	49,863,595
Additions	–	2,579,935	–	22,224	3,157,196	88,509	810,725	163,031	6,821,620
Disposals	–	–	–	–	(1,255,554)	–	(33,219)	(250)	(1,289,023)
Written off	–	–	–	–	–	(64,000)	(49,125)	–	(113,125)
Effect of movement in exchange rate	–	–	–	127,360	121,167	82,518	(57,201)	–	273,844
Reclassification from investment properties (Note 10)	1,179,635	–	–	758,763	–	–	–	–	1,938,398
At 31 December 2016	8,455,971	2,579,935	650,000	19,506,043	12,267,829	6,658,018	6,600,826	776,687	57,495,309
Accumulated Depreciation									
At 1 January 2016	–	–	133,822	3,120,721	6,376,143	5,299,189	3,606,095	481,718	19,017,688
Charge for the financial year	–	2,687	17,648	465,186	1,326,846	505,011	518,941	58,779	2,895,098
Disposals	–	–	–	–	(1,178,860)	–	(4,614)	(250)	(1,183,724)
Written off	–	–	–	–	–	(63,997)	(35,230)	–	(99,227)
Effect of movement in exchange rate	–	–	–	26,265	82,513	78,512	(70,987)	–	116,303
Reclassification from investment properties (Note 10)	–	–	–	227,628	–	–	–	–	227,628
At 31 December 2016	–	2,687	151,470	3,839,800	6,606,642	5,818,715	4,014,205	540,247	20,973,766
Net Carrying Amount									
At 31 December 2016	8,455,971	2,577,248	498,530	15,666,243	5,661,187	839,303	2,586,621	236,440	36,521,543

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP	FREEHOLD LAND RM	LONG TERM LEASEHOLD LAND RM	SHORT TERM LEASEHOLD LAND RM	BUILDINGS RM	MOTOR VEHICLES RM	PLANT AND MACHINERY RM	RENOVATION AND OFFICE EQUIPMENT RM	SIGNBOARD, FURNITURE AND FITTINGS RM	TOTAL RM
Cost									
At 1 January 2015	7,276,336	–	650,000	18,079,476	8,348,581	5,779,550	5,563,999	643,984	46,341,926
Additions	–	–	–	12,182	2,239,457	448,898	749,685	20,288	3,470,510
Disposals	–	–	–	–	(792,862)	–	(347,310)	(50,366)	(1,190,538)
Written off	–	–	–	–	(5,314)	–	(202,261)	–	(207,575)
Effect of movement in exchange rate	–	–	–	506,038	455,158	322,543	165,533	–	1,449,272
At 31 December 2015	7,276,336	–	650,000	18,597,696	10,245,020	6,550,991	5,929,646	613,906	49,863,595
Accumulated Depreciation									
At 1 January 2015	–	–	116,175	2,605,012	5,399,163	4,474,260	3,523,191	479,031	16,596,832
Charge for the financial year	–	–	17,647	435,526	1,121,963	519,921	452,509	53,053	2,600,619
Disposals	–	–	–	–	(363,112)	–	(289,744)	(50,366)	(703,222)
Written off	–	–	–	–	(5,314)	–	(192,338)	–	(197,652)
Effect of movement in exchange rate	–	–	–	80,183	223,443	305,008	112,477	–	721,111
At 31 December 2015	–	–	133,822	3,120,721	6,376,143	5,299,189	3,606,095	481,718	19,017,688
Net Carrying Amount									
At 31 December 2015	7,276,336	–	516,178	15,476,975	3,868,877	1,251,802	2,323,551	132,188	30,845,907

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Net carrying amount of motor vehicles, plant and machinery of the Group held under finance lease arrangements are as follows:

	GROUP	
	2016 RM	2015 RM
Motor vehicles	**3,139,148**	2,449,407

Net carrying amounts of property, plant and equipment pledged as security for borrowings (Note 23) are as follows:

	GROUP	
	2016 RM	2015 RM
Freehold land	**8,455,971**	7,276,336
Short term leasehold land	**498,530**	516,178
Buildings	**13,446,766**	15,476,975
	22,401,267	23,269,489

The short term leasehold land has unexpired lease period of less than 50 years while the long term leasehold land has unexpired lease period of more than 50 years.

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	GROUP	
	2016 RM	2015 RM
Additions of property, plant and equipment	**6,821,620**	3,470,510
Less: Financed by finance lease arrangement	**(2,614,507)**	(1,024,000)
	4,207,113	2,446,510

10. INVESTMENT PROPERTIES

	GROUP	
	2016 RM	2015 RM
Costs		
At 1 January	**3,321,825**	3,148,164
Reclassification to property, plant and equipment (Note 9)	**(1,938,398)**	–
Effect of movement in exchange rate	**43,415**	173,661
At 31 December	**1,426,842**	3,321,825
Accumulated depreciation and impairment		
At 1 January	**750,440**	651,689
Depreciation charge for the financial year	**47,758**	57,994
Reclassification to property, plant and equipment (Note 9)	**(227,628)**	–
Effect of movement in exchange rate	**12,482**	40,757
At 31 December	**583,052**	750,440
Net carrying amount	**843,790**	2,571,385

10. INVESTMENT PROPERTIES (Continued)

	GROUP	
	2016 RM	**2015 RM**
Fair value of investment properties		
At 31 December	**1,695,000**	8,585,000

The market value for the above investment properties are determined based on information available through internal research and Director's best estimate.

In previous financial year, net carrying amount of investment properties pledged as security for borrowings (Note 23) amounted to RM1,710,770.

11. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2016 RM	**2015 RM**
At 1 January	**1,041,526**	807,122
Amortisation for the financial year	**(19,656)**	(18,486)
Effect of movement in exchange rate	**38,228**	252,890
At 31 December	**1,060,098**	1,041,526

The Group has land use rights over certain parcels of land located in the Republic of Indonesia and Socialist Republic of Vietnam with remaining tenure ranging from 19 to 25 years and 37 years respectively.

The land is pledged as security for bank borrowings (Note 23).

12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2016 RM	**2015 RM**
Unquoted shares, at cost		
At 1 January	**79,365,058**	79,383,392
Additions	**400,060**	600,000
Less: Write-off arising from winding up of a subsidiary	**–**	(618,334)
	79,765,118	79,365,058
Capital contributions to subsidiaries, at cost	**71,000,000**	–
At 31 December	**150,765,118**	79,365,058

Capital contributions represent unsecured, interest free, non-trade balances with subsidiaries. As these balances are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any. The settlement of these balances is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat them as long term source of capital to the subsidiaries.

12. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2016	2015
Held by the Company				
Samchem Logistics Services Sdn. Bhd.	Malaysia	Provision of logistics services	**70%**	70%
Samchem Industries Sdn. Bhd.	Malaysia	Distribution of specialty chemicals	**100%**	100%
TN Industries Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
TN Chemie Sdn. Bhd.	Malaysia	Distribution of intermediate and specialty chemicals, and blending of customised solvents	**100%**	100%
Eweny Chemicals Sdn. Bhd.	Malaysia	Ceased operation	**100%**	100%
Samchemsphere Export Sdn. Bhd.	Malaysia	Export of intermediate and specialty chemicals	**70%**	70%
Samchem Enviro Cycle Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Samchem Sdn. Bhd.	Malaysia	Distribution of Polyurethane (PU), intermediate and specialty chemicals and investment holding	**100%**	100%
My Online AV Sdn. Bhd.	Malaysia	Retail sale of audio video and ICT system distribution and trading	**100%**	60%
Samserv Services Sdn. Bhd.	Malaysia	Retail sale of audio video and ICT system distribution and trading	**100%**	60%
Sampro Distribution Sdn. Bhd.	Malaysia	Retail sale of audio video and ICT system distribution and trading	**100%**	60%
Samsentosa Chemicals Sdn. Bhd.	Malaysia	Distribution of industrial chemicals	**60%**	–
^ PT Samchem Prasandha	Republic of Indonesia	Distribution of industrial chemicals	**96.5%**	96.5%
# Samchem TN Pte. Ltd.	Republic of Singapore	Distribution of intermediate and specialty chemicals and blending of customised solvents	**100%**	100%
Held through Samchem Sdn. Bhd.				
^ PT Samchem Prasandha	Republic of Indonesia	Distribution of industrial chemicals	**3.5%**	3.5%
Held through Samchemsphere Export Sdn. Bhd.				
# Sam Chem Sphere Joint Stock Company	Socialist Republic of Vietnam	Distribution of PU, intermediate and specialty chemicals	**56%**	56%
Held through Sam Chem Sphere Joint Stock Company				
# Samchemsphere Indochina (Vietnam) Company Limited	Socialist Republic of Vietnam	Dormant	**56%**	56%
# Samm Sphere (Cambodia) Company Limited	Cambodia	Dormant	**56%**	56%

\# Audited by a firm of auditors other than Baker Tilly AC.
^ Audited by an independent member firm of Baker Tilly International.

12. INVESTMENTS IN SUBSIDIARIES (Continued)

Acquisition of non-controlling interests

2016

On 29 December 2016, the Company acquired the remaining 40% equity interest in My Online AV Sdn. Bhd. ("MOASB"), Samserv Services Sdn. Bhd. ("Samserv") and Sampro Distribution Sdn. Bhd. ("Sampro") for a cash consideration of RM100,000, RM100,000 and RM200,000 respectively. Consequently, MOASB, Samserv and Sampro became wholly-owned subsidiary of the Company.

	RM
Cash consideration paid to non-controlling interests	400,000
Carrying amount of additional interest acquired	(265,948)
Total difference recognised in retained earnings within equity attributable to owners of the Company	134,052

2015

On 30 June 2015, Samchem Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Share Sales Agreement with non-controlling shareholder of PT Samchem Prasandha ("PT Samchem") to acquire the remaining 3.5% equity interest in PT Samchem for a cash consideration of Rp665,350,000 (equivalent to approximately RM201,046). Consequently, PT Samchem became a wholly-owned subsidiary of the Company. The Group recognised a decrease in non-controlling interests of RM190,452, increase in currency translation reserve of RM65,106 and a decrease in retained earnings of RM149,929 on the date of acquisition. The following summarises the effect of changes in the equity interest in PT Samchem that is attributable to owners of the Company:

	RM
Cash consideration paid to non-controlling interests	275,275
Carrying amount of additional interest acquired	(190,452)
Currency translation reserve	65,106
Total difference recognised in retained earnings within equity attributable to owners of the Company	149,929

Non-controlling interests ("NCI") in subsidiaries

(a) The subsidiaries of the Group that have material NCI are as follows:

	SAMCHEMSPHERE EXPORT SDN. BHD. RM	SAM CHEM SPHERE JOINT STOCK COMPANY RM	OTHER INDIVIDUALLY IMMATERIAL SUBSIDIARIES RM	TOTAL RM
2016				
NCI effective ownership interest and voting interest	**30%**	**44%**		
Carrying amount of NCI	**(3,713,986)**	**14,490,564**	**292,642**	**11,069,220**
(Loss)/Profit allocated to NCI	**(938,290)**	**4,739,645**	**75,605**	**3,876,960**
Total other comprehensive income allocated to NCI	**–**	**667,956**	**13,941**	**681,897**
Total comprehensive (loss)/income allocated to NCI	**(938,290)**	**5,407,601**	**89,546**	**4,558,857**
2015				
NCI effective ownership interest and voting interest	30%	44%		
Carrying amount of NCI	(2,775,696)	9,082,964	637,003	6,944,271
(Loss)/Profit allocated to NCI	(1,302,195)	2,536,841	18,973	1,253,619
Total other comprehensive income allocated to NCI	–	1,092,281	102,155	1,194,436
Total comprehensive (loss)/income allocated to NCI	(1,302,195)	3,629,122	121,128	2,448,055

12. INVESTMENTS IN SUBSIDIARIES (Continued)

Non-controlling interests ("NCI") in subsidiaries (Continued)

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at each reporting date are as follows:

	SAMCHEMSPHERE EXPORT SDN. BHD. RM	SAM CHEM SPHERE JOINT STOCK COMPANY RM
2016		
Assets and liabilities		
Non-current assets	**580,233**	**1,704,696**
Current assets	**9,580,175**	**81,787,578**
Non current liabilities	**(195,769)**	**–**
Current liabilities	**(22,344,592)**	**(50,559,173)**
Net (liabilities)/assets	**(12,379,953)**	**32,933,101**
Results		
Revenue	**33,727,544**	**219,344,906**
(Loss)/Profit for the financial year	**(3,127,634)**	**10,771,921**
Other comprehensive income	**–**	**1,518,081**
Total comprehensive (loss)/income for the financial year	**(3,127,634)**	**12,290,002**
Cash flows from/(used in):		
– operating activities	**2,766,415**	**4,685,877**
– investing activities	**(7,344)**	**388,378**
– financing activities	**(5,420,342)**	**(611,529)**
Net (decrease)/increase in cash and cash equivalents	**(2,661,271)**	**4,462,726**
Dividends paid to NCI	**–**	**–**
2015		
Assets and liabilities		
Non-current assets	712,074	1,726,169
Current assets	17,912,486	57,313,548
Non current liabilities	(259,167)	–
Current liabilities	(27,617,712)	(38,396,618)
Net (liabilities)/assets	(9,252,319)	20,643,099
Results		
Revenue	44,712,445	193,075,953
(Loss)/Profit for the financial year	(4,340,649)	5,765,547
Other comprehensive income	–	2,482,456
Total comprehensive (loss)/income for the financial year	(4,340,649)	8,248,003
Cash flows from/(used in):		
– operating activities	15,759,772	3,513,526
– investing activities	(685,439)	112,849
– financing activities	(11,629,800)	(11,922,156)
Net (decrease)/increase in cash and cash equivalents	3,444,533	(8,295,781)
Dividends paid to NCI	–	–

12. INVESTMENTS IN SUBSIDIARIES (Continued)

Non-controlling interests ("NCI") in subsidiaries (Continued)

(c) There are no restrictions in the ability of the Group to access or use the assets and settle the liabilities of the subsidiaries.

Acquisition of subsidiaries

2016

On 1 June 2016, Samsentosa Chemicals Sdn. Bhd. ("Samsentosa") became a subsidiary of the Company by way of acquisition of 60 ordinary shares of RM1.00 each, representing 60% equity interest held for a total cash consideration of RM60.

Effects of acquisition on cash flows:

	RM
Cash and cash equivalents acquired	100
Consideration paid in cash	(60)
Net cash inflows on acquisition	40

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	8,692,879
Profit for the financial year	189,808

2015

(a) On 9 July 2015, My Online AV Sdn. Bhd. ("MOASB") became a subsidiary of the Company by way of acquisition of 6 ordinary shares of RM1.00 each, representing 60% equity interest held for a total cash consideration of RM6. In September 2015, MOASB issued new shares of 249,990 at RM1.00 per share to its existing shareholders. The Company had subscribed for 60% of the new shares for a total consideration of RM149,994.

(b) On 9 July 2015, Samserv Services Sdn. Bhd. ("Samserv") became a subsidiary of the Company by way of acquisition of 6 ordinary shares of RM1.00 each, representing 60% equity interest held for a total cash consideration of RM6. In September 2015, Samserv issued new shares of 249,990 at RM1.00 per share to its existing shareholders. The Company had subscribed for 60% of the new shares for a total consideration of RM149,994.

(c) On 9 July 2015, Sampro Distribution Sdn. Bhd. ("SDSB") became a subsidiary of the Company by way of acquisition of 6 ordinary shares of RM1.00 each, representing 60% equity interest held for a total cash consideration of RM6. In September 2015, SDSB issued new shares of 499,990 at RM1.00 per share to its existing shareholders. The Company had subscribed for 60% of the new shares for a total consideration of RM299,994.

Effects of acquisition on cash flows:

	MOASB RM	SAMSERV RM	SDSB RM	TOTAL RM
Cash and cash equivalents acquired	10	10	10	30
Consideration paid in cash	(6)	(6)	(6)	(18)
Net cash inflows on acquisition	4	4	4	12

12. INVESTMENTS IN SUBSIDIARIES (Continued)

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiaries' contributed revenue and profit net of tax are as follows:

	MOASB RM	SAMSERV RM	SDSB RM	TOTAL RM
Revenue	241,579	152,675	2,418,941	2,813,195
(Loss)/Profit for the financial year	(6,924)	29,812	90,046	112,934

13. OTHER INVESTMENTS

	GROUP	
	2016 RM	2015 RM
Available-for-sale financial assets:		
Quoted shares in Malaysia	**39,684**	47,718
Market value of quoted shares	**39,684**	47,718

14. GOODWILL

	GROUP	
	2016 RM	2015 RM
At cost		
At 1 January	**–**	547,866
Less: Goodwill written off	**–**	(547,866)
At 31 December	**–**	–

15. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2016 RM	2015 RM
Deferred Tax Assets		
At 1 January	**916,519**	870,466
Effect of movements in exchange rate	**49,580**	(100,525)
Recognised in profit or loss	**199,212**	146,578
At 31 December	**1,165,311**	916,519
Deferred Tax Liabilities		
At 1 January	**(1,052,088)**	(295,927)
Recognised in profit or loss	**764,274**	(756,161)
At 31 December	**(287,814)**	(1,052,088)

15. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

This is in respect of estimated deferred tax assets and liabilities arising from temporary differences as follows:

	GROUP	
	2016 RM	2015 RM
Deferred Tax Assets		
Deductible temporary differences in respect of expenses	**1,140,606**	778,837
Difference between the carrying amounts of property, plant and equipment and their tax base	**24,705**	137,682
	1,165,311	916,519
Deferred Tax Liabilities		
Deductible temporary differences in respect of expenses	**431,900**	778,837
Taxable temporary differences in respect of income	**(242,400)**	(930,600)
Difference between the carrying amounts of property, plant and equipment and their tax base	**(477,314)**	(468,584)
	(287,814)	(1,052,088)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	GROUP	
	2016 RM	2015 RM
Difference between the carrying amounts of property, plant and equipment and their tax base	**(200,600)**	(128,100)
Deductible temporary differences in respect of expenses	**1,491,700**	1,274,500
Unutilised tax losses	**10,176,200**	6,706,400
Unabsorbed capital allowances	**89,400**	28,000
	11,556,700	7,880,800

16. INVENTORIES

	GROUP	
	2016 RM	2015 RM
Trading goods	**84,114,939**	54,063,320
Goods-in-transit	**3,780,147**	11,775,180
Packaging materials	**716,887**	7,145,517
	88,611,973	72,984,017

(i) The cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM610,131,405 (2015: RM523,676,910).

(ii) In previous financial year, inventories of a subsidiary amounting to RM18,598,717 are pledged as security for bank borrowings (Note 23).

17. TRADE RECEIVABLES

	GROUP	
	2016 RM	2015 RM
Trade receivables	**159,159,833**	119,243,241
Less: Allowance for impairment loss	**(2,312,131)**	(4,239,321)
	156,847,702	115,003,920

In previous financial year, trade receivables of a subsidiary amounting to RM12,943,112 are pledged as security for bank borrowings (Note 23).

(a) Credit term of trade receivables

The Group's normal trade credit term extended to customers ranges from 30 to 120 days (2015: 30 to 120 days).

(b) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	GROUP	
	2016 RM	2015 RM
Neither past due nor impaired	**125,517,645**	88,176,972
1 to 30 days past due not impaired	**21,282,641**	17,601,099
31 to 60 days past due not impaired	**6,340,533**	5,304,389
61 to 90 days past due not impaired	**2,054,641**	987,610
91 to 120 days past due not impaired	**1,200,728**	660,697
More than 120 days past due not impaired	**451,514**	2,273,153
	31,330,057	26,826,948
Impaired	**2,312,131**	4,239,321
	159,159,833	119,243,241

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables amounting to RM31,330,057 (2015: RM26,826,948) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances except for trade receivables amounting to RM1,163,448 (2015: RM1,720,940) which are supported by third party guarantees.

17. TRADE RECEIVABLES (Continued)

(b) Ageing analysis of trade receivables (Continued)

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	GROUP	
	2016 RM	2015 RM
At 1 January	**4,239,321**	1,717,858
Charge for the financial year (Note 5)	**156,297**	2,613,623
Written off	**(1,972,033)**	–
Reversal of impairment loss (Note 5)	**(170,549)**	(29,900)
Effect of movement in exchange rate	**59,095**	(62,260)
At 31 December	**2,312,131**	4,239,321

Trade 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. These receivables are not secured by any collateral or credit enhancements.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	**1,001,960**	1,762,106	**–**	400,000
Less: Impairment	**(2,705)**	(2,516)	**–**	–
	999,255	1,759,590	**–**	400,000
Advanced payments to suppliers	**766,050**	1,509,240	**–**	–
Deposits	**760,276**	593,830	**–**	–
Prepayments	**1,129,563**	613,476	**–**	–
Amounts due from subsidiaries	**–**	–	**–**	743,160
	3,655,144	4,476,136	**–**	1,143,160

(i) Included in other receivables of the Group is an amount of RM633,805 (2015: RM413,188) being indirect taxes paid in advance to tax authorities by certain foreign subsidiaries.

(ii) The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at a rate of 6.0% (2015: 6.0%) per annum, receivable on demand and expected to be settled in cash.

(iii) The movement of allowance accounts used to record the impairment are as follow:

	GROUP	
	2016 RM	2015 RM
At 1 January	**2,516**	2,923
Effect of movement in exchange rate	**189**	(407)
At 31 December	**2,705**	2,516

19. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group bear effective interest rates ranging from 7.00% to 8.25% (2015: 8.00% to 8.75%) per annum and mature within one year.

Deposits amounting to RM399,294 (2015: RM399,294) are pledged for bank borrowings granted to the subsidiaries (Note 23). As such, these deposits are not available for general use.

20. NON-CURRENT ASSETS HELD FOR SALE

On 4 December 2014, Eweny Chemicals Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into sale and purchase agreements with third party to dispose of a leasehold land which was classified as property, plant and equipment.

Property, plant and equipment that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale.

	GROUP	
	2016 RM	2015 RM
At lower of carrying amount and fair value less cost to sell:		
At 1 January	–	2,838,591
Disposal	–	(2,838,591)
At 31 December	–	–
Liabilities directly attributable to assets classified as held for sales:		
At 1 January	–	1,557,750
Repayment	–	(1,557,750)
At 31 December	–	–

21. SHARE CAPITAL

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	COMPANY			
	2016		2015	
	NUMBER OF SHARES	AMOUNT RM	NUMBER OF SHARES	AMOUNT RM
Ordinary shares of RM0.50 each				
Authorised:				
At 1 January/ 31 December	**200,000,000**	**100,000,000**	200,000,000	100,000,000
Issued and fully paid:				
At 1 January/ 31 December	**136,000,000**	**68,000,000**	136,000,000	68,000,000

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

22. RESERVES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable				
Share premium	**954,444**	954,444	**954,444**	954,444
Fair value reserve	**4,766**	12,800	**–**	–
Reverse acquisition reserve	**(40,725,742)**	(40,725,742)	**–**	–
Currency translation reserve	**4,424,377**	3,208,891	**–**	–
Distributable				
Retained earnings	**86,853,301**	80,069,896	**72,094,132**	2,375,214
	51,511,146	43,520,289	**73,048,576**	3,329,658

(a) Share premium

The share premium arose from the issue of the Company's shares at a premium.

(b) Fair value reserve

Fair value reserve relates to the fair valuation of financial assets categorised as available-for-sale.

(c) Reverse acquisition reserve

Reverse acquisition reserve relates to the difference between the issued equity of the Company together with the deemed business combination costs and the issued equity of Samchem Sdn. Bhd.

(d) Currency translation reserve

The currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(e) Retained earnings

The Finance Act 2007 introduced a single-tier company income tax system with effect from year of assessment 2008. The Company may distribute dividends out of its entire retained earnings under the single-tier system.

23. BORROWINGS

	GROUP	
	2016 RM	2015 RM
Non-current:		
Secured:		
Finance lease payables (Note 24)		
– RM	**2,524,316**	1,500,439
– Indonesia Rupiah (“Rp”)	**109,112**	25,792
Term loans		
– RM	**1,008,053**	1,707,267
	3,641,481	3,233,498
Current:		
Secured:		
Bank overdrafts		
– RM	**5,860,009**	468,381
– VND	**1,186,549**	–
Bankers’ acceptances		
– RM	**64,764,000**	53,339,000
Finance lease payables (Note 24)		
– RM	**975,218**	555,771
– Rp	**185,382**	66,688
Short term loans		
– USD	**16,066,405**	11,432,639
– VND	**–**	5,483,177
Foreign currency trade loan		
– USD	**4,368,734**	32,318,114
Onshore foreign currency loans		
– USD	**20,514,497**	–
Term loans		
– RM	**700,904**	669,060
	114,621,698	104,332,830
Unsecured:		
Bank overdrafts	**1,630,081**	–
Foreign currency trade loans		
– USD	**13,889,248**	–
	15,519,329	–
Total current borrowings	**130,141,027**	104,332,830
Total borrowings	**133,782,508**	107,566,328

23. BORROWINGS (Continued)

	GROUP 2016 RM	GROUP 2015 RM
Total borrowings		
Bank overdrafts	**8,676,639**	468,381
Bankers' acceptances	**64,764,000**	53,339,000
Finance lease payables (Note 24)	**3,794,028**	2,148,690
Short term loans	**16,066,405**	16,915,816
Foreign currency trade loan	**18,257,982**	32,318,114
Onshore foreign currency loans	**20,514,497**	–
Term loans	**1,708,957**	2,376,327
	133,782,508	107,566,328

The secured borrowings (except for finance lease payables) of the Group are secured by the following:

(i) letter of set-off over the deposits with licensed banks of subsidiaries;

(ii) legal charge over the freehold land and buildings of subsidiaries;

(iii) legal charge over the leasehold land and buildings of subsidiaries;

(iv) guarantee by Credit Guarantee Corporation Malaysia Berhad;

(v) guarantee by certain directors of the Company and the subsidiaries; and

(vi) corporate guarantee from the Company and a subsidiary.

The borrowings (except for finance lease payables) bear interest at rates as follows:

	GROUP 2016 % PER ANNUM	GROUP 2015 % PER ANNUM
Bank overdrafts	**8.10 to 8.35**	8.10 to 8.35
Bankers' acceptances	**3.11 to 4.96**	3.45 to 4.55
Short term loans	**1.50 to 6.73**	1.75 to 2.50
Foreign currency trade loan	**1.66 to 3.49**	1.48 to 2.19
Onshore foreign currency loans	**1.35 to 1.86**	–
Term loans	**5.95 to 6.57**	5.85 to 6.73

The maturity profile of term loans is as follows:

	GROUP 2016 RM	GROUP 2015 RM
Repayable within 1 year	**700,904**	669,060
Repayable after 1 year but not later than 2 years	**405,668**	697,339
Repayable after 2 years but not later than 3 years	**218,400**	405,477
Repayable after 3 years but not later than 4 years	**218,400**	218,400
Repayable after 4 years but not later than 5 years	**165,585**	218,400
Repayable after 5 years	**–**	167,651
	1,708,957	2,376,327

24. FINANCE LEASE PAYABLES

	GROUP	
	2016 RM	**2015 RM**
Future minimum lease payments	**4,169,256**	2,323,676
Less: Future finance charges	**(375,228)**	(174,986)
Total present value of minimum lease payments	**3,794,028**	2,148,690
Current liabilities		
Payable within one year		
Future minimum lease payments	**1,346,703**	702,807
Less: Future finance charges	**(186,103)**	(80,348)
Present value of minimum lease payments	**1,160,600**	622,459
Non-current liabilities		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	**2,822,553**	1,620,869
Less: Future finance charges	**(189,125)**	(94,638)
Present value of minimum lease payments	**2,633,428**	1,526,231
Total present value of minimum lease payment	**3,794,028**	2,148,690

The finance lease payables of the Group bear interest at rates ranging from 2.50% to 16.18% (2015: 1.00% to 9.15%) per annum.

25. RETIREMENT BENEFIT OBLIGATIONS

A subsidiary of the Company in Indonesia operates an unfunded defined benefit scheme, as required under the Labour Law of the Republic of Indonesia.

	GROUP	
	2016 RM	**2015 RM**
At 1 January	**358,831**	295,239
Provision made during the financial year	**149,437**	117,060
Effect of exchange rate difference	**31,705**	(53,468)
At 31 December	**539,973**	358,831

The amounts recognised in the consolidated statement of financial position are determined as follows:

	GROUP	
	2016 RM	**2015 RM**
Present value obligations	**539,973**	358,831

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The expenses recognised in profit or loss are as follows:

	GROUP	
	2016 RM	2015 RM
Current service costs	**119,667**	105,174
Interest on obligation	**39,318**	23,820
Actual benefit payment	**(9,548)**	(11,934)
	149,437	117,060

The defined benefit obligation expense was determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions as at the reporting date are as follows:

	GROUP	
	2016	2015
Normal retirement age	**55 years old**	55 years old
Discount rate	**8.7%**	9.1%
Future salary increases	**9.0%**	9.0%
Withdrawal rate	**1% at age 20 and linearly decreasing up to age 54**	1% at age 20 and linearly decreasing up to age 54
Mortality rate	**TM I 2011**	TM I 2011

26. TRADE PAYABLES

	GROUP	
	2016 RM	2015 RM
External parties	**75,401,938**	36,576,901

The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2015: 30 to 90 days).

Included in trade payables is an amount of RM372,956 (2015: RM659,067) due to a company in which certain directors of the subsidiaries have financial interest.

27. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sundry payables	**1,778,469**	5,316,030	**40,272**	39,475
Deposits received	**68,500**	64,500	**–**	–
Advances received from customers	**141,497**	9,563	**–**	–
Accruals	**4,093,057**	4,012,889	**206,117**	513,741
Amount due to subsidiaries	**–**	–	**9,976,806**	10,695,939
	6,081,523	9,402,982	**10,223,195**	11,249,155

Amount due to subsidiaries are non-trade in nature, unsecured, bears interest at a rate of 6% (2015: 6.0%) per annum, repayable on demand and expected to be settled in cash.

28. DIVIDENDS

	GROUP AND COMPANY			
	2016		2015	
	SINGLE-TIER DIVIDEND PER SHARE SEN	AMOUNT OF DIVIDEND RM	SINGLE-TIER DIVIDEND PER SHARE SEN	AMOUNT OF DIVIDEND RM
First and final single-tier exempt dividend in respect of financial year ended:				
– 31 December 2016	**6.00**	**8,160,000**	–	–
– 31 December 2015	**–**	**–**	4.50	6,120,000

Dividends paid by the Company since the end of the previous financial year were:

(i) A final single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2015 approved at the Annual General Meeting on 29 April 2016, which was paid on 18 May 2016; and

(ii) An first interim single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2016, which was paid on 20 July 2016;

(iii) A second interim single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2016, which was paid on 10 October 2016; and

(iv) A third interim single-tier exempt dividend of 1.5 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,040,000 in respect of the financial year ended 31 December 2016, which was paid on 16 December 2016.

The directors have recommended a final single-tier dividend of 2.0 sen per share on 136,000,000 ordinary shares of RM0.50 each amounting to RM2,720,000 for the current financial year ended 31 December 2016, subject to shareholder's approval at the forthcoming Annual General Meeting to be held at a date to be determined later.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

29. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	**31,090,357**	27,582,334	**157,517**	141,459
Deposits with licensed banks (Note 19)	**22,700,872**	13,356,376	**–**	–
Less: Bank overdrafts (Note 23)	**(8,676,639)**	(468,381)	**–**	–
Less: Fixed deposit pledged (Note 19)	**(399,294)**	(399,294)	**–**	–
	44,715,296	40,071,035	**157,517**	141,459

30. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, associate, key management personnel and companies in which key management personnel have substantial financial interests.

30. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions and balances

Related party transactions are as follows:

	GROUP	
	2016 RM	2015 RM
Transactions with companies in which certain directors of subsidiaries have financial interests:		
Purchases of products	**4,044,863**	531,456
Sales of products	**–**	(182,911)

	COMPANY	
	2016 RM	2015 RM
Transactions with subsidiaries:		
Dividend income	**(80,492,000)**	(9,399,000)
Management fee income	**(2,906,150)**	(2,736,000)
Interest expense	**692,386**	648,087

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 17, 18, 26 and 27.

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group.

The remuneration of the key management personnel is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company:				
Non-executive director				
– fees	**120,000**	111,000	**120,000**	111,000
– other emoluments	**9,500**	7,500	**9,500**	7,500
	129,500	118,500	**129,500**	118,500
Executive directors				
– Short term employee benefits	**2,873,467**	2,082,834	**2,705,707**	1,944,594
– Post-employment benefits	**344,187**	249,943	**344,187**	249,943
– Estimated monetary value of benefits-in-kind	**–**	89,250	**–**	89,250
	3,217,654	2,422,027	**3,049,894**	2,283,787
	3,347,154	2,540,527	**3,179,394**	2,402,287
Other key management personnel:				
– Short term employee benefits	**1,985,510**	2,494,677	**380,008**	343,890
– Post-employment benefits	**208,330**	150,349	**58,017**	41,286
	2,193,840	2,645,026	**438,025**	385,176
	5,540,994	5,185,553	**3,617,419**	2,787,463

31. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	Products and services
Chemical distribution and blending	Distribution of Polyurethane (PU), intermediate and specialty chemicals and blending of customised solvents
Audio video and ICT distribution	Retail sale of audio video and ICT system distribution and trading

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents profit or loss before tax of the respective business segments. There are no transactions between the reportable segments. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets and liabilities

Segment assets and liabilities are measured based on all assets and liabilities of segment other than those activities that are not part of any reportable segments.

Geographical information

The Group's two business segments are operating in four principal geographical areas. These areas are as follows:

(i) Malaysia

(ii) Republic of Indonesia

(iii) Socialist Republic of Vietnam

(iv) Republic of Singapore

Information about major customers

There is no single customer with revenue equal or more than 10% of the Group revenue.

31. SEGMENT INFORMATION (Continued)

	CHEMICAL DISTRIBUTION AND BLENDING RM	AUDIO VIDEO AND ICT DISTRIBUTION RM	ELIMINATION RM	TOTAL RM
2016				
Revenue				
External revenue	686,627,845	10,550,180	–	697,178,025
Inter-segment revenue (Note a)	249,490,927	628,943	(250,119,870)	–
Total segment revenue	936,118,772	11,179,123	(250,119,870)	697,178,025
Results				
Segment results/Profit before tax	28,446,584	(447,559)	–	27,999,025
Tax expense				(9,044,608)
Profit for the financial year				18,954,417
Assets				
Total assets	341,660,607	6,818,032	–	348,478,639
Liabilities				
Total liabilities	213,960,100	3,938,173	–	217,898,273
Other segment information				
Depreciation	2,851,769	91,087	–	2,942,856
Amortisation	19,656	–	–	19,656
Interest income (Note b)	(2,164,349)	(37,550)	981,067	(1,220,832)
Interest expense (Note b)	5,552,004	173,453	(981,067)	4,744,390
Impairment loss on trade receivables	156,297	–	–	156,297
Additions to non-current assets other than financial instruments and deferred tax assets	6,459,420	362,200	–	6,821,620

Notes:

(a) Inter-segment interests are eliminated on consolidation.

(b) Inter-segment revenues are eliminated on consolidation.

31. SEGMENT INFORMATION (Continued)

	CHEMICAL DISTRIBUTION AND BLENDING RM	AUDIO VIDEO AND ICT DISTRIBUTION RM	ELIMINATION RM	TOTAL RM
2015				
Revenue				
External revenue	597,191,318	2,813,195	–	600,004,513
Inter segment revenue (Note a)	177,135,494	–	(177,135,494)	–
Total segment revenue	774,326,812	2,813,195	(177,135,494)	600,004,513
Results				
Segment result/Profit before tax	10,983,865	152,144	–	11,136,009
Tax expense				(5,848,458)
Profit for the financial year				5,287,551
Assets				
Total assets	270,295,116	4,067,069	–	274,362,185
Liabilities				
Total liabilities	153,887,097	2,010,528	–	155,897,625
Other segment information				
Depreciation	2,648,171	10,442	–	2,658,613
Amortisation	18,486	–	–	18,486
Interest income (Note b)	(1,542,818)	(27,376)	687,295	(882,899)
Interest expense (Note b)	5,264,318	1,897	(687,295)	4,578,920
Impairment loss on trade receivables	2,613,623	–	–	2,613,623
Additions to non current assets other than financial instruments and deferred tax assets	3,139,499	331,011	–	3,470,510

Notes:

(a) Inter-segment interests are eliminated on consolidation.

(b) Inter-segment revenues are eliminated on consolidation.

31. SEGMENT INFORMATION (Continued)

Geographical information

	MALAYSIA RM	REPUBLIC OF INDONESIA RM	SOCIALIST REPUBLIC OF VIETNAM RM	REPUBLIC OF SINGAPORE RM	ELIMINATION RM	TOTAL RM
2016						
Revenue						
External revenue	376,311,961	97,138,510	220,424,322	3,303,232	–	697,178,025
Inter-segment revenue (Note a)	217,471,742	–	–	–	(217,471,742)	–
Total segment revenue	593,783,703	97,138,510	220,424,322	3,303,232	(217,471,742)	697,178,025
Results						
Segment results/Profit before tax	14,343,468	3,922,545	10,469,326	(736,314)	–	27,999,025
Tax expense						(9,044,608)
Profit for the financial year						18,954,417
Assets						
Total assets	189,101,800	63,744,851	93,346,214	2,285,774	–	348,478,639
Liabilities						
Total liabilities	84,179,498	57,178,548	73,148,379	3,391,848	–	217,898,273
Other segment information						
Depreciation	2,223,211	426,114	278,369	15,162	–	2,942,856
Amortisation	–	19,656	–	–	–	19,656
Interest income (Note b)	(1,229,070)	(508,939)	(463,647)	(243)	981,067	(1,220,832)
Interest expense (Note b)	4,955,296	39,871	657,323	72,967	(981,067)	4,744,390
Impairment loss on trade receivables	102,372	7,000	46,925	–	–	156,297
Additions to non-current assets other than financial instruments and deferred tax assets	6,168,751	563,089	87,932	1,848	–	6,821,620

Notes:

(a) Inter-segment interests are eliminated on consolidation.

(b) Inter-segment revenues are eliminated on consolidation.

31. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

	MALAYSIA RM	REPUBLIC OF INDONESIA RM	SOCIALIST REPUBLIC OF VIETNAM RM	REPUBLIC OF SINGAPORE RM	ELIMINATION RM	TOTAL RM
2015						
Revenue						
External revenue	318,571,931	82,804,394	197,852,173	776,015	–	600,004,513
Inter-segment revenue (Note a)	137,199,269	–	–	–	(137,199,269)	–
Total segment revenue	455,771,200	82,804,394	197,852,173	776,015	(137,199,269)	600,004,513
Results						
Segment results/Profit before tax	10,910,510	(2,623,353)	3,256,638	(407,786)	–	11,136,009
Tax expense						(5,848,458)
Profit for the financial year						5,287,551
Assets						
Total assets	158,003,375	51,581,113	63,875,492	902,205	–	274,362,185
Liabilities						
Total liabilities	50,383,838	49,116,940	55,154,690	1,242,157	–	155,897,625
Other segment information						
Depreciation	2,027,168	470,745	154,335	6,365	–	2,658,613
Amortisation	–	18,486	–	–	–	18,486
Interest income (Note b)	(1,072,477)	(126,986)	(370,628)	(103)	687,295	(882,899)
Interest expense (Note b)	4,100,412	252,985	912,818	–	(687,295)	4,578,920
Impairment loss on trade receivables	1,012,990	1,528,052	72,581	–	–	2,613,623
Additions to non-current assets other than financial instruments and deferred tax assets	2,748,685	314,325	266,693	140,807	–	3,470,510

Notes:

(a) Inter-segment interests are eliminated on consolidation.
(b) Inter-segment revenues are eliminated on consolidation.

31. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	2016 RM	2015 RM
Malaysia	**376,311,961**	318,571,931
Republic of Indonesia	**97,138,510**	82,804,394
Socialist Republic of Vietnam	**220,424,322**	197,852,173
Republic of Singapore	**3,303,232**	776,015
	697,178,025	600,004,513

Non-current assets which do not include financial instruments and deferred tax assets analysed by geographical location of the assets are as follows:

	2016 RM	2015 RM
Malaysia	**32,468,238**	28,573,397
Republic of Indonesia	**4,482,402**	4,189,072
Socialist Republic of Vietnam	**1,341,519**	1,552,144
Republic of Singapore	**133,272**	144,205
	38,425,431	34,458,818

32. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

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:

GROUP	LOANS AND RECEIVABLES RM	AVAILABLE-FOR-SALE RM	TOTAL RM
2016			
Financial assets			
Other investments	**–**	**39,684**	**39,684**
Receivables and deposits *(exclude advanced payment to suppliers and prepayments)*	**158,607,233**	**–**	**158,607,233**
Deposits with licensed banks	**22,700,872**	**–**	**22,700,872**
Cash and bank balances	**31,090,357**	**–**	**31,090,357**
	212,398,462	**39,684**	**212,438,146**

	FINANCIAL LIABILITIES AT AMORTISED COST RM	TOTAL RM
Financial liabilities		
Payables and accruals		
(exclude down payment and advances received from customers)	**81,341,964**	**81,341,964**
Finance lease payable	**3,794,028**	**3,794,028**
Other loans and borrowings	**129,988,480**	**129,988,480**
	215,124,472	**215,124,472**

GROUP	LOANS AND RECEIVABLES RM	AVAILABLE-FOR-SALE RM	TOTAL RM
2015			
Financial assets			
Other investments	–	47,718	47,718
Receivables and deposits *(exclude advanced payment to suppliers and prepayments)*	117,357,340	–	117,357,340
Deposits with licensed banks	13,356,376	–	13,356,376
Cash and bank balances	27,582,334	–	27,582,334
	158,296,050	47,718	158,343,768

	FINANCIAL LIABILITIES AT AMORTISED COST RM	TOTAL RM
Financial liabilities		
Payables and accruals		
(exclude down payment and advances received from customers)	45,970,320	45,970,320
Finance lease payable	2,148,690	2,148,690
Other loans and borrowings	105,417,638	105,417,638
	153,536,648	153,536,648

32. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of Financial Instruments (Continued)

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 (Continued):

COMPANY	LOANS AND RECEIVABLES RM	TOTAL RM
2016		
Financial assets		
Cash and bank balances	**157,517**	**157,517**

	FINANCIAL LIABILITIES AT AMORTISED COST RM	TOTAL RM
Financial liabilities		
Amounts due to subsidiaries	**9,976,806**	**9,976,806**
Payables and accruals	**246,389**	**246,389**
	10,223,195	**10,223,195**

COMPANY	LOANS AND RECEIVABLES RM	TOTAL RM
2015		
Financial assets		
Other receivables	400,000	400,000
Amounts due from subsidiaries	743,160	743,160
Cash and bank balances	141,459	141,459
	1,284,619	1,284,619

	FINANCIAL LIABILITIES AT AMORTISED COST RM	TOTAL RM
Financial liabilities		
Amounts due to subsidiaries	10,695,939	10,695,939
Payables and accruals	553,216	553,216
	11,249,155	11,249,155

(b) Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Directors and the Financial Controller, Head of Treasury and Head of Credit Control. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(i) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Company also expose to credit risk in relation to provision of financial guarantees to banks in respect of banking facilities granted to the subsidiaries and to suppliers for granting of credit term to the subsidiaries.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	GROUP			
	2016		2015	
	RM	% OF TOTAL	RM	% OF TOTAL
By country:				
Malaysia	**104,081,841**	**65.39%**	80,493,209	67.50%
Indonesia	**18,937,184**	**11.90%**	14,925,692	12.52%
Vietnam	**35,199,711**	**22.12%**	23,561,103	19.76%
Singapore	**941,097**	**0.59%**	263,237	0.22%
	159,159,833	**100.00%**	119,243,241	100.00%

The Group does not have significant exposure to any individual customer at the reporting date.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and to suppliers for credit term granted to certain subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM164,857,287 (2015: RM109,172,576) representing the outstanding banking facilities and certain trade payables of the subsidiaries at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayments.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely the subsidiaries will default in repayments within the guarantee period.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

Analysis of financial instruments by remaining contractual maturities

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

	CARRYING AMOUNT RM	CONTRACTUAL CASH FLOWS RM	ON DEMAND OR WITHIN 1 YEAR RM	1 TO 2 YEARS RM	2 TO 5 YEARS RM	OVER 5 YEARS RM
2016						
Group						
Financial liabilities						
Trade payables	**75,401,938**	**75,401,938**	**75,401,938**	**–**	**–**	**–**
Other payables and accruals	**6,081,523**	**6,081,523**	**6,081,523**	**–**	**–**	**–**
Bank overdrafts	**8,676,639**	**8,676,639**	**8,676,639**	**–**	**–**	**–**
Bankers' acceptances	**64,764,000**	**64,764,000**	**64,764,000**	**–**	**–**	**–**
Finance lease payables	**3,794,028**	**4,169,256**	**1,346,703**	**1,217,187**	**1,605,366**	**–**
Foreign currency trade loan	**18,257,982**	**18,257,982**	**18,257,982**	**–**	**–**	**–**
Onshore foreign currency loans	**20,514,497**	**20,514,497**	**20,514,497**	**–**	**–**	**–**
Short term loans	**16,066,405**	**16,066,405**	**16,066,405**	**–**	**–**	**–**
Term loans	**1,708,957**	**1,892,199**	**784,258**	**453,671**	**654,270**	**–**
	215,265,969	**215,824,439**	**211,893,945**	**1,670,858**	**2,259,636**	**–**
2015						
Group						
Financial liabilities						
Trade payables	36,576,901	36,576,901	36,576,901	–	–	–
Other payables and accruals	9,402,982	9,402,982	9,402,982	–	–	–
Bank overdrafts	468,381	468,381	468,381	–	–	–
Bankers' acceptances	53,339,000	53,339,000	53,339,000	–	–	–
Finance lease payables	2,148,690	2,323,676	915,857	516,120	891,699	–
Foreign currency trade loan	32,318,114	32,318,114	32,318,114	–	–	–
Short term loans	16,915,816	16,915,816	16,915,816	–	–	–
Term loans	2,376,327	2,672,893	793,576	780,513	934,104	164,700
	153,546,211	154,017,763	150,730,627	1,296,633	1,825,803	164,700

2016/2015 Company

The Company's financial liabilities at the reporting date either matures within one year or repayable on demand.

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks, amounts due from or to subsidiaries and borrowings. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk.

Borrowings at floating rate amounting to RM129,988,480 (2015: RM105,417,638) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM3,794,028 (2015: RM2,148,690), expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate loans and borrowings.

The Group does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the financial year ended 31 December 2016 would decrease/increase by RM494,000 (2015: RM395,300) as a result of exposure to floating rate borrowings.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currencies of the Group entities, primarily United States Dollar ("USD") and Vietnam Dong ("VND"). The foreign currencies in which these transactions are mainly denominated are USD, Singapore Dollar ("SGD"), Indonesian Rupiah ("IDR") and Euro Dollar ("EUR").

Forward currency contracts are used by certain subsidiaries to reduce exposure to fluctuations in foreign currency risk. In addition, the Group holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuations in foreign currency risk.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Republic of Indonesia, Socialist Republic of Vietnam and Republic of Singapore.

Financial assets and liabilities denominated in USD, IDR, SGD and EUR are as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
United States Dollar				
Cash at banks	**8,243,973**	10,165,457	**52,858**	168
Trade receivables	**10,248,027**	6,094,774	**–**	–
Trade payables	**(55,857,109)**	(27,563,218)	**–**	–
Short term loans	**(16,066,405)**	(11,432,639)	**–**	–
Foreign currency trade loans	**(18,257,982)**	(32,318,114)		
Onshore foreign currency loans	**(20,514,497)**	–	**–**	–
	(92,203,993)	(55,053,740)	**52,858**	168

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(iv) Foreign Currency Risk (Continued)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Indonesian Rupiah				
Cash at banks	**14,069,201**	7,600,074	**–**	–
Trade receivables	**17,465,765**	11,527,930	**–**	–
Other receivables and deposit	**192,789**	668,100	**–**	–
Trade payables	**(188,118)**	(366,382)	**–**	–
Other payables and accruals	**(144,711)**	(593,142)		
Finance lease payables	**(294,494)**	(41,300)	**–**	–
	31,100,432	18,795,280	**–**	–
Singapore Dollar				
Cash at banks	**8,038**	8,111	**–**	–
Trade receivables	**312,802**	354,925	**–**	–
Finance lease payables	**(267,809)**	(325,992)	**–**	–
	53,031	37,044	**–**	–
Euro Dollar				
Trade payables	**(87,885)**	(84,431)	**–**	–

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's profit for the financial year to a reasonably possible change in the USD, IDR, SGD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
USD/RM	– strengthened 5%	**(3,503,800)**	(2,064,500)	**2,000**	–
	– weakened 5%	**3,503,800**	2,064,500	**(2,000)**	–
IDR/RM	– strengthened 5%	**1,181,800**	704,800	**–**	–
	– weakened 5%	**(1,181,800)**	(704,800)	**–**	–
SGD/RM	– strengthened 5%	**2,000**	1,400	**–**	–
	– weakened 5%	**(2,000)**	(1,400)	**–**	–
EUR/RM	– strengthened 5%	**(3,300)**	(3,200)	**–**	–
	– weakened 5%	**3,300**	3,200	**–**	–

(v) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to market price risk arising from its investment in quoted shares listed on the Bursa Malaysia Securities Berhad. These instruments are classified as available-for-sale. As the amount of the investment is minimal, the Group's income and operating cash flows are not excessively exposed to changes in the market price.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of insurance policy is estimated using discounted cash flows analysis, based on rate of return for a new life insurance policy of similar term.

(b) Other investments

The fair value of shares quoted in an active market is determined by reference to the quoted closing bid price at the reporting date.

(c) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease payables and fixed rate loan is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

The carrying amounts and fair values of financial instruments, other than those carrying amounts are reasonable approximation of their fair values were as follows:

GROUP	2016 CARRYING AMOUNT RM	2016 FAIR VALUE RM	2015 CARRYING AMOUNT RM	2015 FAIR VALUE RM
Financial liabilities				
Finance lease payables	**3,794,028**	**3,787,312**	2,148,690	2,136,558

34. FAIR VALUE HIERARCHY

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

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2016 and 2015, the Group held the following assets and liabilities carried at fair values:

Asset measured at fair value

	FAIR VALUE RM	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM
2016				
Available-for-sale financial assets – quoted shares	**39,684**	**39,684**	**–**	**–**
2015				
Available-for-sale financial assets – quoted shares	47,718	47,718	–	–

34. FAIR VALUE HIERARCHY (Continued)

Assets/(Liabilities) for which fair value are disclosed

	FAIR VALUE RM	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM
2016				
Assets				
Investment properties	**1,695,000**	**–**	**–**	**1,695,000**
Liabilities				
Finance lease payables	**(3,787,312)**	**–**	**(3,787,312)**	**–**
2015				
Assets				
Investment properties	8,585,000	–	–	8,585,000
Liabilities				
Finance lease payables	(2,136,558)	–	(2,136,558)	–

During the financial years ended 31 December 2016 and 2015, there was no transfer between fair value measurement hierarchy.

35. OTHER COMMITMENT

Operating lease commitments – as lessee

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follow:

	GROUP	
	2016 RM	2015 RM
– Not later than one year	**2,979,534**	631,198
– More than one year not later than 5 years	**1,691,924**	302,158
– More than 5 years	**299,632**	–
	4,971,090	933,356

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it maintains healthy capital ratios to support its business whilst maximising the return to its shareholders through the optimisation of the debt-to-equity ratio to reduce cost of capital. The Group's strategy in capital management remains unchanged from 2015.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The debt-to-equity ratio is calculated as net debts divided by total capital of the Group. Net debts comprise bank borrowings less cash and bank balances whilst total capital is the total equity of the Group. The debt-to-equity ratio as at 31 December 2016 and 2015, which are within the Group's objectives of capital management are as follows:

	GROUP	
	2016	**2015**
Total interest-bearing borrowings (RM)	**133,782,508**	107,566,328
Less: Deposits, cash and bank balances (RM)	**(53,791,229)**	(40,938,710)
Total net debts (RM)	**79,991,279**	66,627,618
Total equity (RM)	**130,580,366**	118,464,560
Debt-to-equity ratio (%)	**61**	56

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and certain subsidiaries are required to comply with externally imposed capital requirements on gearing ratio, leverage ratio and maintain certain net worth in respect of their bank borrowings.

37. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) **Companies Act 2016**

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital; and
- shares issued will have no par or nominal values.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

(b) On 23 February 2017, the Company proposed to carry out a bonus issue of 136,000,000 new ordinary shares in the Company. The 136,000,000 bonus shares is to be credited as fully paid-up, on the basis of 1 bonus share for each existing ordinary share of RM0.50 each held by the entitled shareholders of the Company, whose names appear on the Record of Depositors of the Company as at the close of business, on an entitlement date to be determined later. The proposed bonus issue shall be effected by capitalising RM68,000,000 from the Company's retained earnings account.

The above exercise is subject to the shareholders' approval at an Extraordinary General Meeting to be held on 20 April 2017.

Supplementary Information on the Disclosure of Realised and Unrealised Profit or Loss

The following analysis of realised and unrealised retained earnings of the Group and of the Company is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 earnings of the Group and of the Company at the reporting date are analysed as follows:

	GROUP	
	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries		
– realised	**109,729,854**	104,334,822
– unrealised	**1,342,507**	(3,356,254)
	111,072,361	100,978,568
Less: Consolidation adjustments	**(24,219,060)**	(20,908,672)
Total retained earnings	**86,853,301**	80,069,896

	COMPANY	
	2016 RM	2015 RM
Total retained earnings of the Company		
– realised	**72,094,132**	2,375,214
– unrealised	**–**	–
Total retained earnings	**72,094,132**	2,375,214

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

POSTAL ADDRESS/ TITLE DETAILS	DESCRIPTION/ EXISTING USE	TENURE/ DATE OF EXPIRY OF LEASE	RESTRICTION IN INTEREST/ ENCUMBRANCES	DATE OF ISSUANCE OF CERTIFICATE OF FITNESS FOR OCCUPATION	LAND AREA AND/OR BUILT-UP AREA	APPROXI-MATE AGE OF BUILDING	NET BOOK VALUE AS AT 31.12.2016 (RM)	COST OF INVESTMENT (RM)
Samchem Sdn Bhd								
Lot 6, Jalan Sungai Kayu Ara 32/39 Seksyen 32, 40460 Shah Alam Selangor Darul Ehsan H.S.(D) 57951 Lot No. 18, PT 57359 Mukim and Daerah Kelang Selangor Darul Ehsan	Single storey detached warehouse annexed with a 3-storey office building and a guard house/ Industrial	Freehold	Nil/ Charges in favour of Maybank Berhad ("MBB") vide presentation no. 34391/2004, 34392/2004, 34393/2004 all dated 4 June 2004, 4087/2005 dated 31 January 2005, 9549/2006 and 9550/2006 dated 21 February 2006, 118146/2006 dated 27 December 2006 and 81512/2008 dated 26 August 2008	29.01.2007	103,431 sq. ft/ (78,470 sq. ft)	9 years	9,032,290	10,576,993
No. 3, Jalan Biola Satu 33/1A Elite Industrial Park Seksyen 33, 40350 Shah Alam Selangor Darul Ehsan (Rented out/semi-detached factory) H.S.(D) 51789, PT 43437 Mukim and Daerah Klang Selangor Darul Ehsan	Two adjoining 1½-storey semi-detached factories/ Industrial	Freehold	Nil/ Charges in favour of: • The Pacific Bank Berhad vide presentation no. 51868/2000 dated 30.08.2000 • MBB vide presentation no. 118130/2006 dated 27.12.2006	29.10.1998	10,887 sq. ft/ (6,678 sq. ft)	18 years	747,858	869,259
No. 1, Jalan Biola Satu 33/1A, Elite Industrial Park Seksyen 33, 40350 Shah Alam Selangor Darul Ehsan (Rented out/semi-detached factory) H.S.(D)51790, PT 43438 Mukim and Daerah Klang Selangor Darul Ehsan		Freehold	Charges in favour of: • The Pacific Bank Berhad vide presentation no. 51870/2000 dated 30.08.2000 • MBB vide presentation no.118180/2006 dated 27.12.2006 and 81502/2008 dated 26.08.2008	29.10.1998	14,757 sq. ft/ (6,678 sq. ft)	18 years	947,737	1,069,139
16, Jalan Utarid U5/29 Seksyen U5, 40150 Shah Alam Selangor Darul Ehsan	A 1½-storey terraced factory	Leasehold – 99 years expiring on 11.12.2096	Cash		3,000 sq. ft/ (3,120 sq. ft)	20 years	1,288,624	1,289,967
18, Jalan Utarid U5/29 Seksyen U5, 40150 Shah Alam Selangor Darul Ehsan	A 1½-storey terraced factory	Leasehold – 99 years expiring on 11.12.2096	Cash		3,000 sq. ft/ (3,120 sq. ft)	20 years	1,288,624	1,289,967

Particulars of Properties

POSTAL ADDRESS/ TITLE DETAILS	DESCRIPTION/ EXISTING USE	TENURE/ DATE OF EXPIRY OF LEASE	RESTRICTION IN INTEREST/ ENCUMBRANCES	DATE OF ISSUANCE OF CERTIFICATE OF FITNESS FOR OCCUPATION	LAND AREA AND/OR BUILT-UP AREA	APPROXI-MATE AGE OF BUILDING	NET BOOK VALUE AS AT 31.12.2016 (RM)	COST OF INVESTMENT (RM)
Eweny Chemicals Sdn Bhd								
17, Persiaran Rishah 14 Kawasan Perindustrian Silibin 30100 Ipoh, Perak Darul Ridzuan PN 37791, Lot 128232 Locality of Hulu Kinta Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	A 2-storey office building with an annexed single storey detached factory and a single storey open sided store building (new extension at the back of factory). Building/Industrial A parcel of industrial land	Leasehold – 60 years expiring on 22.03.2045	Land cannot be transferred, sub-leased or leased without the consent of the Chief Minister of Perak. The restriction is exempted as long as the property is owned by Perbadanan Kemajuan Negeri Perak. Charges in favour of Public Bank Berhad vide: • Presentation no. 20972/1992 Jilid 4488 Folio 17 and Presentation no. 20973/1992 Jilid 4488 Folio 18 dated 14.07.1992; • Presentation no. 1685/1996 Jilid 6869 Folio 9 dated 19.01.1996; • Presentation no. 29190/1998 Jilid 8948 Folio 15 dated 25.08.1998; • Presentation no. 15299/2002 dated 05.04.2002; and • Presentation no. 15719/2004 dated 01.04.2004	20.11.1992/ 11.05.1999	27,384 sq. ft / (19,785 sq. ft)	24 years	755,528	1,1411,854
TN Chemie								
No 15, Jalan S/S2 Taman Industri Sri Sulong 83020 Batu Pahat Johor Darul Takzim GM5374, Lot 15047 Mukim Simpang Kiri Daerah Johor	Single storey detached factory with an annexed double storey office building	Freehold	Land held under this title cannot be transferred whatsoever unless the factory specified in the express condition has started construction in accordance with the plan that was approved by the relevant local authority	30.06.1997	7,200 sq. ft	19 years	172,215	193,500
PTD 152691, Jalan SILC 2 SILC, 81550 Gelang Patah Johor Darul Takzim	4 block of single storey factory and 1 block of 3-storey office building	Freehold	Charges in favour of HLBB vide presentation no. 66343/2008 dated 19.08.2008	03.03.2009	200,000 sq. ft / 81,064 sq. ft	7 years	10,917,854	11,807,824

ANALYSIS BY SIZE OF SHAREHOLDINGS

	NUMBERS OF HOLDERS		NUMBERS OF SHARES		% OF SHARES	
SIZE OF HOLDINGS	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN
Less Than 100	9	0	148	0	0.00	0.00
100 – 1,000	174	0	88,640	0	0.07	0.00
1,001 – 10,000	441	0	2,462,400	0	1.81	0.00
10,001 – 100,000	208	4	7,095,300	162,600	5.22	0.12
100,001 and below 5%	66	6	47,250,286	3,516,300	34.74	2.59
5% and above	3	0	75,424,326	0	55.46	0.00
Total	**901**	**10**	**132,321,100**	**3,678,900**	**97.29**	**2.71**

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		INDIRECT INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Ng Thin Poh	59,929,202	44.07	100,000*	0.07
Dato’ Ng Lian Poh	8,613,463	6.33	527,100*	0.39
Ng Soh Kian	7,497,279	5.51	684,000*	0.64
Tan Teck Beng	6,881,661	5.06	30,000*	0.02

* Indirect interest held by spouse and children

DIRECTORS’ SHAREHOLDINGS

	DIRECT INTEREST		INDIRECT INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Ng Thin Poh	59,929,202	44.07	100,000*	0.07
Dato’ Ng Lian Poh	8,613,463	6.33	527,100*	0.39
Ng Soh Kian	7,497,279	5.51	684,000*	0.64
Chooi Chok Khooi	4,661,046	3.43	–	–
Dato’ Theng Book	–	–	–	–
Cheong Chee Yun	–	–	–	–
Lok Kai Chun	7,300	0.01	–	–

* Indirect interest held by spouse and children

List of Top 30 Shareholders

NO.	NAME & ADDRESS	SHAREHOLDINGS	%
1	Ng Thin Poh	59,929,202	44.07
2	Dato' Ng Lian Poh	8,613,463	6.33
3	Tan Teck Beng	6,881,661	5.06
4	Ng Soh Kian	6,576,979	4.84
5	Chooi Chok Khooi	4,661,046	3.43
6	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Gim Leong*	3,369,400	2.48
7	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Michael Lee Fook Soon (SMT)*	3,265,000	2.40
8	Ng Hoi Peng	2,590,900	1.91
9	Maryann Ng Su Ling	2,295,200	1.69
10	Wee Chai Peng	2,292,800	1.69
11	Eugene Chong Wee Yip	2,110,920	1.55
12	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Hui*	1,323,300	0.97
13	CIMB Group Nominees (Asing) Sdn. Bhd. *Exempt An for DBS Bank Ltd (SFS)*	1,198,600	0.88
14	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Hui (KLC/KEN)*	1,058,500	0.78
15	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for Deutsche Bank AG Singapore (DBIL GSY Non-My)*	970,000	0.71
16	Voon Chong Kian	877,600	0.65
17	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Soh Kian*	870,300	0.64
18	Michael Lee Fook Soon	800,000	0.59
19	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Hoi Peng (E-SJA/USJ)*	760,000	0.56
20	Citigroup Nominees (Asing) Sdn Bhd *Beneficiary: CEP for PHEIM SICAV-SIF*	722,000	0.53
21	Citigroup Nominees (Tempatan) Sdn Bhd *Beneficiary: Employees Provident Fund Board (PHEIM)*	715,000	0.53
22	Susy Ding	709,000	0.52
23	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Beneficiary: Deutsche Trustees Malaysia Berhad for Hong Leong Dividend Fund*	705,000	0.52
24	Liew Hooi Suan	659,000	0.48
25	Liew Hooi Yee	635,500	0.47
26	Tien Siew Foon	555,000	0.41
27	Lee Kong Hoi	533,800	0.39
28	Lee Ah Noi	527,100	0.39
29	Janet Chee Hong Lai	500,000	0.37
30	Tan Soon Hock	500,000	0.37
Total		**117,206,271**	**86.18**

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of Samchem Holdings Berhad will be held at Danau 3, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning Section 31, 40460 Shah Alam, Selangor Darul Ehsan, Friday, 19 May 2017 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2016 and the Report of the Directors and Auditors thereon. **(Note A)**
2. To declare a Final Single Tier Dividend of 1.0 sen per share for the financial year ended 31 December 2016. **(Resolution 1)**
3. To approve the payment of Directors' Fees amounting to RM120,000 in respect of the financial year ending 31 December 2017. **(Resolution 2)**
4. To re-elect the following Directors who retire pursuant to Article 97(b) of the Company's Articles of Association:
   (i) NG THIN POH **(Resolution 3)**
   (ii) DATO' NG LIAN POH **(Resolution 4)**
5. To appoint MESSRS. BAKER TILLY MONTEIRO HENG who have indicated their willingness, as Auditors of the Company in place of the retiring Auditors, MESSRS. BAKER TILLY AC, and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

As Special Business

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

7. **ORDINARY RESOLUTION**

   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016 **(Resolution 6)**

   "THAT subject to the Companies Act 2016, the Articles of Association of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, if applicable, the Directors of the Company be and are hereby empowered pursuant to Section 75 and 76 of the Companies Act 2016 to issue shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being; AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ANY OTHER BUSINESS

8. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act 2016. **(Resolution 7)**

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting to be held on 19 May 2017, a final single tier dividend of 1.0 sen per share will be paid on 16 June 2017 to shareholders whose names appear in the Company's Record of Depositors on 31 May 2017.

A Depositor shall qualify for entitlement only in respect of:

a) Securities transferred into the Depositor's Securities Account before 4:00 p.m. on 31 May 2017 in respect of transfers; and

b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

WONG YOUN KIM (F) (MAICSA 7018778)
LEE CHIN WEN (F) (MAICSA 7061168)
Company Secretaries

28 April 2017

Notes:

(A) THE AGENDA ITEM IS MEANT FOR DISCUSSION ONLY AS THE PROVISION OF SECTION 340(1)(a) OF THE COMPANIES ACT 2016 DOES NOT REQUIRE A FORMAL APPROVAL OF THE SHAREHOLDERS FOR THE AUDITED FINANCIAL STATEMENTS. HENCE, THIS AGENDA ITEM IS NOT PUT FORWARD FOR VOTING.

(B) PROXY

(i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 334(1) of the Companies Act 2016 shall not apply to the Company.

(ii) Subject to Note B (v) below, where a member appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

(iii) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.

(iv) To be valid, the instrument appointing a proxy or by an officer and the power of attorney or other authority (if any) must be completed and deposited at the Registered Office of the Company at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(vi) Only a depositor whose name appears on the Record of Depositors as at 12 May 2017 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

(C) EXPLANATORY NOTES ON SPECIAL BUSINESS

Renewal of Authority to issue shares pursuant to Section 75 & 76 of the Companies Act 2016.

The proposed Resolution 6, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Ninth Annual General Meeting held on 29 April 2016 and which will lapse at the conclusion of the Tenth Annual General Meeting.

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

(D) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Statement Accompanying Notice of the 10th Annual General Meeting

PURSUANT TO PARAGRAPH 8.28(2) OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

1. Directors who are standing for re-election at the 10th Annual General Meeting of the Company are:

a)	NG THIN POH	(Resolution 3)
b)	DATO' NG LIAN POH	(Resolution 4)

2. The details profile of the above Directors who are standing for re-election are set out in the Directors' Profile set out on pages 09 to 10 of the Annual Report 2016.

3. The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 12 of the Annual Report 2016.

4. The 10th Annual General Meeting of the Company will be held Danau 3, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 19 May 2017 at 10.30 a.m.

SAMCHEM HOLDINGS BERHAD
(Company Number 797567-U)

Proxy Form

*I/*We ____
(Full Name in Block Capitals)

of ____
(Address)

being a member/members of Samchem Holdings Berhad, hereby appoint ______________________
(Full Name in Block Capitals)

____

of ____
(Address)

or failing him/her, ____

or, *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Tenth Annual General Meeting of the Company to be held at Danau 3, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Friday, 19 May 2017 at 10.30 a.m. and at any adjournment thereof.

*My/*Our Proxy(ies) is/are to vote as indicated below:

NO.	RESOLUTIONS	FOR*	AGAINST*
1.	Declaration of a Final Single Tier Dividend of 1.0 sen per shares for the financial year ended 31 December 2016.		
2.	Approval of payment of Directors' fees for the financial year ending 31 December 2017.		
3.	Re-election of Director – Ng Thin Poh		
4.	Re-election of Director – Dato' Ng Lian Poh		
5.	To appoint MESSRS. BAKER TILLY MONTEIRO HENG who have indicated their willingness, as Auditors of the Company in place of the retiring Auditors, MESSRS. BAKER TILLY AC, and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.		
7.	**Special Business** – Authority to Issue Shares Pursuant to Section 75 & 76 of the Companies Act, 2016.		

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

Dated this .... day of .... 2017.

NUMBER OF SHARES HELD	

....

Signature/Seal of Shareholders

(* Delete if not applicable)

Notes:

(a) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 334(1) of the Companies Act 2016 shall not apply to the Company.

(b) Subject to (e) below, where a member appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

(c) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal signed on behalf of the corporation by its attorney or by an officer duly authorised.

(d) Duly completed form of proxy should be deposited with the Company's Registered Office at Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(f) Only a depositor whose name appears on the Record of Depositors as at 12 May 2017 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.

(g) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

STAMP

To:

Samchem Holdings Berhad (797567-U)

Lot 6, Jalan Sungai Kayu Ara 32/39
Seksyen 32, 40460 Shah Alam
Selangor Darul Ehsan, Malaysia.

samchem.com.my

SAMCHEM HOLDINGS BERHAD (797567-U)

ANNUAL REPORT 2016