



TEXCHEM-PACK HOLDINGS (S) LTD.
(Incorporated in the Republic of Singapore) (Reg. No. 200308296H)

Annual Report 2014



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CORPORATE PROFILE

Texchem-Pack Holdings (S) Ltd. ("Texchem-Pack" or "the Company") and subsidiaries ("the Group") hold steadfastly to high standards of ethics with a clearly defined management philosophy that centres around four crucial pillars of prudence, social responsibility, professionalism and transparency. Our management team is a dynamic mix of financial acumen and business experience, fully committed to becoming market leaders in our core business areas.

Texchem-Pack was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 2 November 2006. The Company is a subsidiary of Texchem Resources Bhd., a company listed on the Main Market of Bursa Malaysia Securities Berhad.

We are a polymer engineering solutions provider and the partner of choice for customers in the medical/life science, consumer electronics, data storage and semiconductor industries. We focus on excellence in industry knowledge, innovative design, engineering solution, quality products and customer service.

We have integrated manufacturing process capability with multi-site production facilities in Malaysia, Thailand, the People's Republic of China and Vietnam to serve the needs of our customers. We are engaged in the design, manufacture and sale of a variety of polymer based products, ranging from thermoformed trays, precision injection moulded products, extruded sheets and flexographic printing plates used for the printing of designs and artwork on a variety of packaging products to OEM of medical devices. We provide integrated manufacturing services ranging from design and product development to prototyping and mould fabrication, to cater for the different needs of our customers. Our products are manufactured utilising three main processes, namely thermoforming, precision injection moulding and sheet extrusion.

Most of our production facilities are equipped with design centres utilising CAD/CAM software and CNC machines, allowing us to offer three-dimensional visualisation capabilities, prototyping and product designing and mould fabrication services to our customers. We also have clean room and washing facilities for the cleaning and packing of our products where required.





BOARD OF DIRECTORS

Brian Tan Guan Hooi
(Executive Chairman)

Dr. Yuma Konishi
(Non-Executive Director)

Ang Cheng Gian, Eric
(Independent Non-Executive Director)

Yap Kee Keong
(President & Chief Executive Officer)

Soh Chiaw Guan
(Non-Executive Director)

Kim Seah Teck Kim
(Independent Non-Executive Director)

COMPANY SECRETARIES

Yap Wai Ming (LLB (Hons))
Lean Min-Tze (LLB (Hons))
Busarakham Kohsikaporn (FCIS)

AUDIT COMMITTEE

Ang Cheng Gian, Eric
Kim Seah Teck Kim
Soh Chiaw Guan

NOMINATING COMMITTEE

Kim Seah Teck Kim
Ang Cheng Gian, Eric
Soh Chiaw Guan

REMUNERATION COMMITTEE

Ang Cheng Gian, Eric
Kim Seah Teck Kim
Soh Chiaw Guan

PRINCIPAL BANKERS

CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad

CORPORATE OFFICE

Level 18, Menara Boustead Penang
39, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T: 604 229 6000
F: 604 229 1430
E-mail: enquiry@texchem-pack.com
www.texchem-pack.com

REGISTERED OFFICE

8 Robinson Road #03-00
ASO Building
Singapore 048544
T: 65 6538 4797
F: 65 6438 7926

AUDITORS

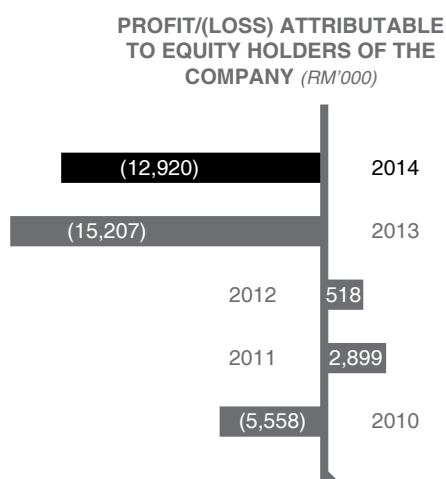
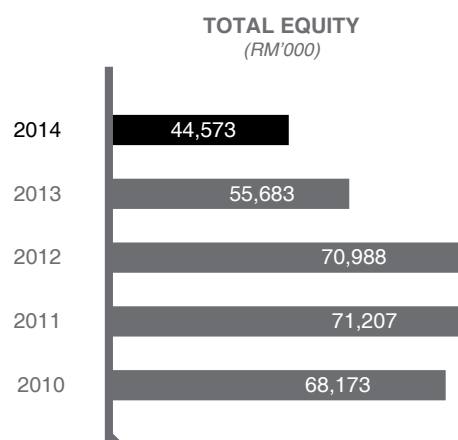
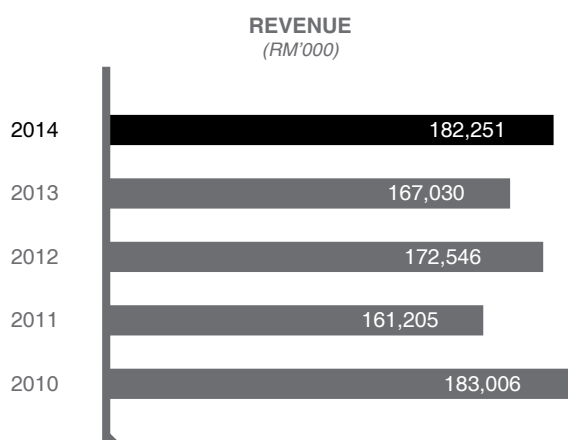
RT LLP
Chartered Accountants
1 Raffles Place
#17-02 One Raffles Place
Singapore 048616
Partner: Tsang Siu For Thomas
Year of Appointment: Since financial year
ended 31 December 2013

SHARE REGISTRAR & SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road
#05-01, Singapore 068902



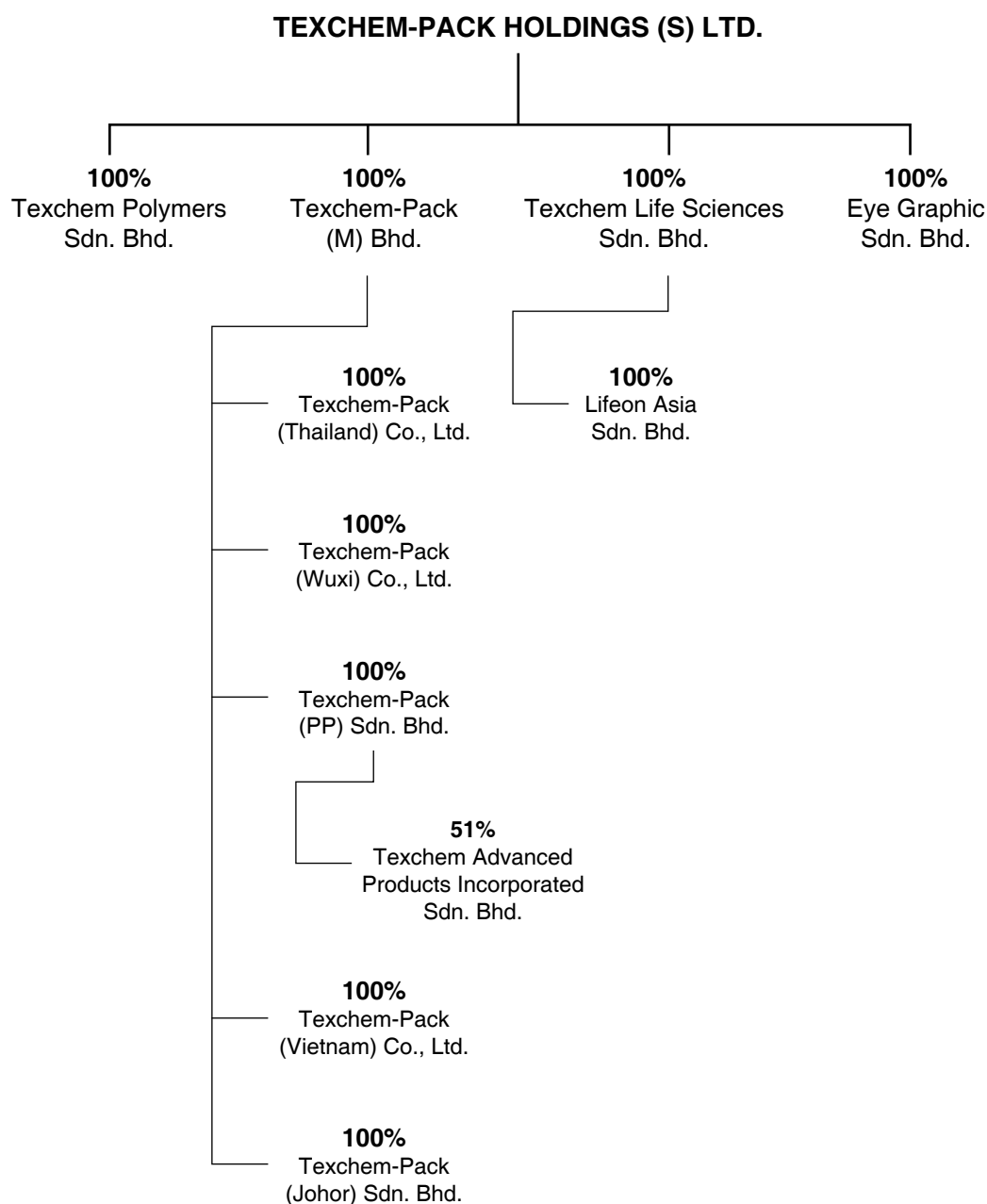
GROUP FINANCIAL HIGHLIGHTS



	FINANCIAL YEAR ENDED				
	2010	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	183,006*	161,205*	172,546*	167,030	182,251
(Loss)/Profit Before Income Tax	(5,063)*	(1,949)*	401*	(15,556)	(13,832)
(Loss)/Profit Attributable to Equity Holders of the Company	(5,558)	2,899	518	(15,207)	(12,920)
Total Assets	172,532	166,605	161,605	159,083	162,017
Total Liabilities	104,359	95,398	90,617	103,400	117,444
Total Equity	68,173	71,207	70,988	55,683	44,573
(Loss)/Earnings Per Share (In Sen)	(4.01)	2.09	0.37	(10.96)	(9.31)
Net Assets Per Share (In Sen)	49	51	51	40	32
Net Tangible Assets Per Share (In Sen)	44	46	46	35	27

* Results exclude Texchem-Pack (KL) Sdn. Bhd., which has been separately disclosed as "discontinued operation", pursuant to the Financial Reporting Standard No. 105, Non-current Assets Held for Sales and Discontinued Operations.

CURRENT ORGANISATION STRUCTURE



Note: The above organisation structure does not include dormant subsidiaries of Texchem-Pack Holdings (S) Ltd.



CHIEF EXECUTIVE OFFICER'S LETTER TO SHAREHOLDERS

“ Dear Shareholders,

Although the financial year ended 31 December 2014 (“FY14”) was rather challenging, we are glad to report that we continued to make progress based on the targets that we had set for the year. As a Group, we made significant strides in our new business segments. We secured new clients and introduced new products. We also managed to arrest the slide in our traditional business, even as we continued to battle a competitive environment. Our concerted efforts have paid off - we narrowed the losses this year, and we are hopeful of improving on our performance in the year ahead. ”

FINANCIAL REVIEW

The Group registered a 9.1% increase in revenue to RM182.3 million for FY14, compared to RM167.0 million in the previous financial year (“FY13”). This improvement was driven by growth in both the new business segments, which comprises medical/life sciences, wafer shippers, and thick gauge products, as well as the traditional data storage segment.

Gross profit margin for the year was 15.8%, similar with the year before. On the cost front, labour cost remained a headwind. We were faced with increases in the minimum wage across most countries where we have facilities. This was further compounded by the electricity tariff hike in Malaysia. This had the effect of compressing the margin for our traditional business segment even as sales activity recorded healthy growth. Thankfully, our rising proportion of the higher margin new businesses helped us maintain our overall gross profit margin.

Other operating income increased to RM10.2 million from RM8.0 million in FY13, due to higher sale of scrap and mould as well as higher foreign exchange gain.

Distribution expenses increased 6% to RM16.7 million from RM15.7 million in FY13 on the back of increased sales activities. Administrative expenses for FY14 increased by 6% to RM31.8 million from RM30.1 million in FY13, in view of higher payroll expenses.

Our other operating expenses fell to RM745,000 from RM1.7 million in FY13, mainly due to the charge-out of RM615,000 in the foreign currency translation reserve of a Group subsidiary upon completion of its liquidation in May 2013. There was also a decline in foreign exchange loss in FY14 compared to FY13. However, this was offset by the impairment loss on investment in a jointly controlled entity in FY14.

During the year, we incurred higher finance costs of RM3.7 million, compared to RM2.6 million the year before as we utilised more of our bank borrowing to facilitate the execution of our business strategy. We recorded a net loss attributable to shareholders of RM12.9 million in FY14. This was nonetheless, an improvement compared to the wider net loss attributable to shareholders of RM15.2 million in FY13.

OPERATIONS REVIEW

Our effort to build out the new business segments aggressively over the last three years is yielding good returns. For FY14, these new business segments registered revenue of RM37.7 million, a robust 29% increase from FY13. Contribution from these segments also increased to 21%, from 18% in the previous year, in spite of an enlarged revenue base.

In the second half of 2014, the Group built on these new businesses thrust and made inroads into thick gauge thermoforming to cater to customers in the medical and aerospace industries. We are encouraged by our progress in this area and look forward to a full year of contribution from this business activity in 2015.

The addition of new business activities such as thick gauge thermoforming has further enhanced the growth momentum of our medical/life science business. Consequently, these new market segments are making up a greater increasing proportion of our product/revenue mix. We are thus channeling more of our resources to these new business segments. To this end, in addition to our facility in Bangi, we are also accelerating the conversion of our facilities in Johor and Penang to cater to the medical/life sciences business activities.

TEXa, our range of environmentally-friendly green polymers which was launched in FY13, recorded steady sales and marketing progress in FY14. Green polymers are bio-based thermoplastics made from agricultural waste, and we expect this product to increase in popularity as companies become more environmentally conscious. We are hopeful that this green polymer business will also grow to make a more significant contribution to the Group.

Following a restructuring exercise in FY13, our Vietnam subsidiary, Texchem-Pack (Vietnam) Co., Ltd continued to deliver positive results, both in terms of revenue and profitability, despite increasing cost pressures. Riding this momentum, we are currently evaluating the feasibility of expanding our operations in Vietnam to take advantage of the country's emerging status as a manufacturing hub.

The data storage business continued to face headwinds as intense competition exerted pressure on selling prices.

Thankfully, the normalization of operations at our Thailand factory has allowed us to secure new accounts and help to arrest several years of declining revenue trend for this segment. Nonetheless, pricing remained a challenge even as we achieved market share gains.

GOING FORWARD

The Group is cautiously optimistic of sustained improvement for the current financial year ("FY15"). We will continue to focus on building out our new business segments, while striving to maintain our competitive edge in the traditional data storage business.

With the soft demand for personal computers resulting in continued uncertainty in the HDD market, our strategy to grow our market share in this traditional core business will be to secure more new programmes with existing and new customers, as well as focus on growing our retail packaging business which exhibited notable growth in FY14.

Business relationships in our new business segments are generally longer-term in nature due in part to the longer product cycles and stable demand. This should help shield us from the volatilities of the yesteryears and our past reliance on the increasingly unpredictable and rapidly changing electronics industry.

Headwinds are expected to prevail on the cost front. In the current financial year, we expect continuous cost pressures in the minimum wage. However, our Malaysia operations will enjoy a reprieve as the Government has cut electricity tariffs for the March to June 2015 quarter as a result of falling oil price. We are hopeful for a more benign oil price environment this year. Separately, we also look forward to increasing our proportion of higher margin businesses to help mitigate the cost increases.

The Group has also embarked on other operational improvement initiatives. Rather than merely looking at stop-gap measures to stem the tide of rising costs, we are reviewing, on a holistic basis, how best to position ourselves competitively for the longer-term. To this effect, we continue to develop our engineering capabilities to cater to in-house requirements rather than outsource them to third-parties. As the new business segments are more engineering driven, this move will not only reduce the immediate front-end engineering costs, it should also reap longer term benefits as we prepare to offer higher value-added services where there is less severe competition and therefore higher profit margins.

DELISTING UPDATE

Texchem-Pack was placed under the Watch-List on 5 March 2012 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Texchem-Pack was given 24 months to regularize its financial position and meet the requirements of the Listing Manual in order to apply to SGX-ST for the Company's removal from the Watch List. Subsequently, Texchem-Pack has received a delisting notification from SGX-ST on 5 March 2014, requiring Texchem-Pack or its controlling shareholder, Texchem Resources Bhd ("TRB"), to make a reasonable exit offer to all shareholders. Texchem-Pack had submitted two applications to SGX-ST for an extension of time for the purpose of enabling an exit offer to be made. SGX-ST has granted an extension of time to 7 October 2014 and further extended the timeline to 7 April 2015 for the Company to submit a reasonable exit offer proposal to SGX-ST. TRB is currently working on an exit offer proposal for the Company's shareholders. We will continue to provide updates on this subject via announcements to be released to SGX-ST.

ACKNOWLEDGEMENT

I would like to thank our customers, business associates and shareholders for their support of Texchem-Pack. I also thank our employees for their dedication, and our Board of Directors for their wise counsel.

Yap Kee Keong

President and Chief Executive Officer





BOARD OF DIRECTORS

BRIAN TAN GUAN HOOI 45, Executive Chairman

Brian Tan Guan Hooi is the Executive Chairman of Texchem-Pack Holdings (S) Ltd. ("Texchem-Pack"). He was appointed to our Board on 1 October 2013. He was last re-elected as a Director at Texchem-Pack's Annual General Meeting on 25 April 2014. On 1 January 2014, he was appointed as Chairman of Texchem-Pack (M) Bhd. and Director of various subsidiaries of Texchem-Pack. He is responsible for overseeing and approving the key business decisions of Texchem-Pack. He is currently the President and Group Chief Executive Officer of Texchem Resources Bhd. ("TRB") Group of Companies. Mr. Brian Tan is responsible for the overall operational performances of TRB Group; the development of operational plans in conjunction with the various divisional heads; overseeing the human resources development of TRB Group and ensuring overall adequacy of TRB Group's system of internal control. He started his career with KPMG prior to joining Texchem Group of Companies. In 1993, he joined Texchem Corporation Sdn. Bhd., as a Group Accountant and subsequently appointed to the board of directors of several companies under TRB Group and the associate companies of TRB. Mr. Brian Tan holds a Bachelor of Accounting (First Class Honours) Degree from the University of Malaya in 1993. He was awarded the Excellence Award for Best Accounting Graduates 1993 by The Malaysian Association of Best Certified Public Accountants. In 1998, he obtained a Masters in Business Administration (Distinction) from the University of Science, Malaysia. Mr. Brian Tan is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant registered with CPA Australia. In 2011, he was awarded the Lifetime Membership Award by the Asian Academy of Management, University of Science, Malaysia for his contribution to the Graduate Business School. Mr. Brian Tan is the Chairman of the Malaysian International Chamber of Commerce and Industry (Penang and North). He is also a member of the General Council of the Malaysian International Chamber of Commerce and Industry, Malaysia.

YAP KEE KEONG 50, President and Chief Executive Officer

Yap Kee Keong is the President and Chief Executive Officer of Texchem-Pack Holdings (S) Ltd. ("Texchem-Pack"). He was appointed to our Board on 1 January 2005 and was re-designated from Chief Operating Officer to Chief Executive Officer on 1 July 2007. He was last re-elected as a Director at Texchem-Pack's Annual General Meeting on 24 April 2012. He oversees the overall management and operations of Texchem-Pack and is also an Executive Director of Texchem Resources Bhd. ("TRB"), the Controlling Shareholder of Texchem-Pack. He joined TRB as a Sales Executive in 1988. He has more than 26 years of experience in the sales, marketing and distribution of industrial raw materials as well as experience in polymer manufacturing specialising in the electronic and medical devices sector. He was appointed as a Director of Texchem Materials Sdn. Bhd. (a wholly owned subsidiary of TRB) in November 1999 and was then re-designated as Executive Director in January 2003. He has since July 2004 resigned as Executive Director and remained as a Non-Executive Director of Texchem Materials Sdn. Bhd., a position he held until 1 January 2013. Mr. Yap graduated with a Bachelor of Science (Hons) degree in Physics from the University of Malaya in 1988 and holds a Masters in Business Administration from the University of Portsmouth, UK.

DR. YUMA KONISHI 37, Non-Executive Director

Dr. Yuma Konishi is one of our Non-Executive Director and was appointed to our Board on 21 January 2014. He was last re-elected as a Director at Texchem-Pack Holdings (S) Ltd.'s Annual General Meeting on 25 April 2014. Currently, he is the Managing Director of Texchem Life Sciences Sdn. Bhd. and Texchem-Pack (Johor) Sdn. Bhd. and Director of several companies under Texchem Resources Bhd. Group of Companies ("TRB Group"). He provides overall leadership to the management team of Texchem Life Sciences Sdn. Bhd. and Texchem-Pack (Johor) Sdn. Bhd. and responsible for the overall performance of several subsidiaries of Texchem-Pack Holdings (S) Ltd. He is also responsible for the business development and marketing of TRB Group's key Japanese strategic accounts. He joined Texchem Polymers Sdn. Bhd. as Director in 2005. He was promoted to Business Development Director and Special Personal Assistant to the Chief Executive Officer/President in Texchem-Pack (M) Bhd. in 2007. He has more than 10 years of experience in plastics industries. Dr. Yuma Konishi graduated with a Bachelor of Science in Industrial Engineering from Nihon University, Chiba, Japan in 2002 and holds a Master of Science in Polymer Engineering from The University of Akron, Ohio, USA. He has also obtained Doctor of Engineering in Chemistry and Materials Science from Tokyo Institute of Technology, Tokyo, Japan.

SOH CHIAW GUAN 44, Non-Executive Director

Soh Chiaw Guan is one of our Non-Executive Director and was appointed to our Board on 19 January 2015. Currently, he is the Deputy Managing Director of Texchem Singapore Private Limited ("TSPL"), a wholly owned subsidiary of Texchem Resources Bhd. ("TRB"), our Controlling Shareholder. He was promoted to his present position in January 2014. He is in charge of the general and overall management of TSPL and has more than 18 years of experience in the trading of industrial materials. He joined TSPL in year 1996 as a Senior Sales Executive and was promoted to Working Director of TSPL in year 2010. Mr. Soh graduated with a Bachelor of Science (Business) from the SIM University, Singapore in 2011.



ANG CHENG GIAN, ERIC 56, Independent Non-Executive Director

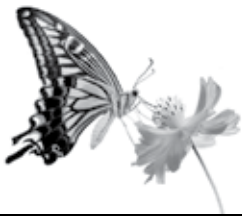
Ang Cheng Gian, Eric is one of our Independent Directors and was appointed to our Board on 26 October 2010. He was last re-elected as a Director at Texchem-Pack Holdings (S) Ltd.'s Annual General Meeting on 25 April 2014. An accountant by profession, he also has more than 24 years of experience in financial management, banking and accounting. He has since August 2014 resigned as Chief Operating Officer of ITE Electric Co. Ltd. He is currently the Deputy President of Agusan Plantations, Inc., a group of companies engages in oil palms plantations and milling business in the Philippines. He was the Chief Financial Officer of Salcon Limited, a group that specialises in water and wastewater treatment, water supply, power generation and electricity distribution from December 1998 to December 2002. Prior to joining Salcon Limited, he was an Assistant General Manager with Hong Leong Bank Bhd., heading its Remedial Management Division and the Investment Banking Unit. He is a fellow of the Association of Chartered Certified Accountants, United Kingdom.

KIM SEAH TECK KIM 60, Independent Non-Executive Director

Kim Seah Teck Kim is one of our Independent Directors and was appointed to our Board on 6 September 2004. He was last re-elected as a Director at Texchem-Pack Holdings (S) Ltd.'s Annual General Meeting on 26 April 2013. Starting his career in 1977 as a full-time academician at the National University of Singapore (NUS), he was Vice-Dean of the Faculty of Law when he left for private legal practice in 1989. Since 1998, he has been a founding partner of A. Ang, Seah & Hoe. Mr. Kim Seah is currently legal adviser to the Association of Banks in Singapore and to the Finance Houses Association of Singapore. He is the Secretary of the Trustees of the Methodist Church in Singapore. He is also a fellow and principal mediator of the Singapore Mediation Centre and a member of the Banking Commission of the International Chambers of Commerce, Paris, and the Panel of Experts appointed under its DOCDEX Rules. Mr. Kim Seah was appointed a Justice of the Peace in May 2008 and was awarded a Public Service Medal in the Singapore National Day Honours List, 2008. He graduated from the University of Singapore with an LL.B. (Hons) degree in 1977. He then obtained his LL.M. degree from Harvard Law School in 1978 as a Fulbright Scholar and was admitted as an Advocate & Solicitor of the Supreme Court of Singapore in 1979.

PRESENT AND PAST DIRECTORSHIPS IN LISTED COMPANIES

Name of Director	Present Directorship(/s)	Chairmanship Held	Past Directorship(/s) over the Preceding Three Years
Kim Seah Teck Kim	Sing Investments & Finance Limited	Nil	Nil



SENIOR MANAGEMENT

TEO SEE KEONG 57, Vice President, Head of Global Marketing

Teo See Keong is the Vice President, heading the Global Marketing Department. He is primarily in charge of the sales and business development of Texchem-Pack Holdings (S) Ltd. and its subsidiaries' ("Group") Thermoforming segment and Injection Moulding for Hard Disk Drive and Semiconductor Industries. Currently, he is the Managing Director of Texchem-Pack (PP) Sdn. Bhd. He joined our Group as the General Manager of Texchem-Pack (M) Bhd. ("TXPM") in August 1992 and was later appointed as a Director of TXPM in February 1995. He was subsequently promoted to the position of Deputy Managing Director and Managing Director in 1996 and 2004 respectively. He resigned as Director and Managing Director of TXPM on 12 May 2012 upon retirement. He continues to serve as Vice President of TXPM from 7 October 2013. He has about 33 years of experience in the manufacturing business having worked in Hewlett Packard (S) Pte. Ltd. and Hewlett Packard (M) Sdn. Bhd. from 1983 to 1985 and 1985 to 1992 respectively. Mr. Teo graduated from the University of Liverpool, UK, with a Bachelor of Engineering (Honours) degree in Mechanical Engineering with Management in 1981. He is also a member of the Malaysian Institute of Management.

TANG YING HOE 41, General Manager, Group Finance

Tang Ying Hoe is the Head of our Group Finance Department and is overall in-charge of finance and accounting matters of Texchem-Pack Holdings (S) Ltd. and its subsidiaries. At the start of his career, he was with Deloitte Touche Tohmatsu ("Deloitte") for 3 years, involved in statutory audit of companies from various industries as well as involved in various due diligence exercises. He left Deloitte as Assistant Audit Manager. In June 2002, he joined Fumakilla Malaysia Berhad ("FMB"), as Senior Accountant. In 2007, he took over the role of Group Finance Manager for FMB's Group with operations in Malaysia, Indonesia, Vietnam, Thailand and Myanmar. In January 2010, he was seconded to Vietnam as Country Finance Head to head the finance teams of TRB Group's operations in Vietnam. During his 2.5 years in Vietnam, he was involved in several corporate exercises as well as dealing with tax, financing and accounting matters. In July 2012, he was seconded to Myanmar as Assistant General Manager to lead the operations of Myanmar Texcorp Limited, a subsidiary of FMB. During his tenure in Myanmar, he was involved in sales and marketing of household insecticides products, factory operations as well as trading business. He obtained a Bachelor of Accounting and a Master of Business Administration from Northern University of Malaysia (UUM). He is also a Chartered Accountant registered with the Malaysian Institute of Accountants.

SUSTAINABILITY STATEMENT



Texchem-Pack Holdings (S) Ltd. and its subsidiaries (“the Group”) believe that sustainable corporate success requires the highest standard of corporate behaviour including measuring up to public expectations on corporate social responsibilities. In 2014, the Group continues with this commitment as a good and responsible corporate citizen.

Consumers are increasingly aware of environmental and sustainability issues and in view of such awareness, corporations are changing their products to address growing concerns of environmental pollution. It is against this backdrop that the Group has made a major breakthrough with the development of Malaysia’s first thermoformable bioplastic from agricultural waste. The Group’s bioplastic contains between 50-70% natural materials. It also has the advantage of being able to be used with conventional moulding machines which in turn promotes the usage of such bioplastic; and may also be easily recycled for reuse.

In year 2014, the Group continues to expand our bioplastic product portfolio (TEXa) by venturing into the new electronics business segment, home wares and industrial products. Further capitalising on our “Green” solutions expertise by using non-edible agricultural raw materials, the Group has introduced Bio-Polypropylene (Bio-PP) compounds to cater to audio segments and consumers electronics applications, as well as FDA-compliant Bio-PP for tableware related applications and office automation related application that are suitable for injection moulding that comply with the increasingly tougher regulations.

In line with the Group’s evolution from a conventional plastic products manufacturer to life science, medical, healthcare products and engineering solutions provider, representatives of the Group participated in MEDLAB Asia Pacific 2014 held in Marina Bay Sand, Singapore. Being a part of the polymer business, we strive to stay relevant in such product development to contribute towards the Asian market. The fair was a pioneer event in the Asian region whereby participants were introduced to the most recent technology available in in-vitro diagnostics and the medical and life sciences market which in turn benefits members of the community at large.

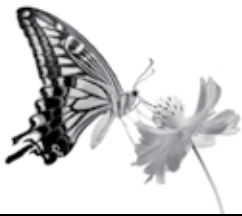
In furtherance to the Blood Donation Campaign which received an overwhelming response last year, the Group Human Resources Department continued this noble course in 2014 which again received strong support from the workforce. As human blood is a scarce and precious resource, this drive has successfully raised awareness on blood donation and encouraged the culture of voluntary blood donation as it is a safe, simple and speedy process that helps save lives.

Further, all plants of the Group ensure strict compliance with the safety and environmental laws and regulations governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. Eight of the Group’s plants are certified with the international environmental management systems standard, ISO 14001:2004 Environmental Management System.

The Group believes that employees are the Group’s asset and strong team work is the foundation of a stable and successful organisation which contributes directly to the growth of the Group. Pursuant to such belief, the Group organised series of sports events, team building activities, training and courses to enhance the employees’ personal and career growth.

The Group is further committed to providing and maintaining a healthy and safe work environment for its employees. Occupational Safety and Health Campaigns and Fire Prevention Talk are implemented to ensure continuous improvements in health and safety in the Group’s business operations. Additionally, safety system checks and drills are regularly conducted on all safety related equipment.

Moving forward, as a socially responsible citizen of the business community, the Group is determined in implementing sustainable business practices that are consistent with our corporate objectives while adhering to our business needs and social and environmental obligations.



CORPORATE GOVERNANCE REPORT

The Board of Directors ("the Board") of Texchem-Pack Holdings (S) Ltd. is committed to achieve and maintain the highest standard of corporate governance throughout the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability as well as corporate performance.

The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices of the revised Code of Corporate Governance issued on 2 May 2012 ("the Code"). The key intent is to adopt the substance and not merely the form of good governance, with the aim of ensuring board effectiveness in enhancing shareholder value. This report outlines the Company's corporate governance processes and activities for the financial year with reference to the principles set out in the Code.

A. BOARD OF DIRECTORS

The Board Composition and the Board of Directors' Conduct of Affairs

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including:

- i. providing entrepreneurial leadership;
- ii. setting its strategic direction, and in the process ensuring that sustainability issues and considerations are taken into account;
- iii. ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- iv. establishing a framework of prudent and effective controls which enables risks to be assessed and managed;
- v. establishing goals for management and monitoring the achievement of these goals; and
- vi. setting the values and standards and ensuring that obligations to all stakeholders are understood and met. This includes identifying key stakeholder groups and understanding how they perceive the Company, recognising that such perceptions impact the reputation of the Company.

The Group recognises the importance of applying environmentally responsible practices, sound social policies and a good corporate governance framework towards the achievement of long-term sustainable growth. To this end, it has adopted a Sustainability Policy that institutes corporate behaviour that addresses the higher expectations of environmental, social and corporate governance. The Sustainability Policy also identifies the role of the Directors with regard to material sustainability issues and determines the guiding principles for ensuring that all reasonable and practicable steps are taken by the Group in the course of its business activities to ensure the well-being of its employees, the environment and the public at large.

As at the date of this statement, the Board consists of six members; comprising two Independent Non-Executive Directors, two Non-Executive Directors and two Executive Directors. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report and their shareholdings in the Company and its subsidiaries as at 31 December 2014 are disclosed in the Directors' Report of the Audited Financial Statements for the financial year ended 31 December 2014.

Two out of six Directors are independent. The Board recognises that this is not in accordance with the Code which prescribes that Independent Directors should make up at least half of the Board when the Chairman is not an Independent Director. Nevertheless, the Board is of the view that it is able to exercise objective judgment on business and corporate affairs, taking into account the unbiased and independent views, advice and judgment of the current Independent Directors. The Board will constantly examine its composition from time to time to ensure the presence of a strong and independent element.

The Directors, with their different backgrounds and areas of specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations. The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Non-Executive Directors and Independent Non-Executive Directors bring to bear objective and independent judgment to the decision making of the Board and provide a capable check and balance for the Executive Directors. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities and have a proper understanding of and competence to deal with the current and emerging business issues.

The roles of Chairman and the Chief Executive Officer are separated. The Chairman is responsible for running the Board and ensuring that members of the Board are able to discuss matters openly and make informed decisions. The Chairman ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions, and that there is adequate time and opportunity to discuss all agenda items, in particular strategic issues. The Executive Chairman is also responsible together with the Chief Executive Officer for the day to day management of the business as well as the implementation of Board policies and decisions. Our Executive Chairman and Chief Executive Officer are not related to each other.



The Code recommends the appointment of a lead Independent Director to whom any concerns of any shareholders may be conveyed where such concerns were not resolved through the normal channels or for which such channels are inappropriate. The lead Independent Director also leads meetings which take place from time to time amongst the Independent Directors without the presence of the other directors and provides, where appropriate, feedback to the Chairman following such meetings. For this purpose, Mr Kim Seah Teck Kim has been appointed as the Lead Independent Director.

The Code further requires that the independence of any director, who has served on the Board beyond nine years, from the date of his first appointment, be subject to particularly rigorous review.

The independent director Mr Kim Seah Teck Kim has served on the Board for more than nine years. The Board has considered specifically his length of service and his continued independence, and has determined that Mr Kim Seah remains independent in character and judgment and there are no relationships or circumstances which are likely to affect his judgment.

The Board believes that with his expertise and broad international experience in various industries, Mr Kim Seah is able to continue to contribute effectively towards enhancing the skills and experience profile of the Board. The Board is confident that his length of service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company.

The Board has a formal schedule of matters reserved to itself for decision which includes:

- i. acquisition and divestment policy;
- ii. approval of major capital expenditure projects;
- iii. consideration of significant financial matters; and
- iv. reviews of financial and operating performance of the Group.

The Board meets at least four times a year with additional meetings convened when significant decisions need to be made in between the scheduled meetings. In accordance with the Company's Articles of Association, such meetings can be held via telephone, video conference or by means of similar communication equipment.

The Board also receives documents on matters requiring its consideration prior to and in advance of each meeting and vide circular resolutions. The Board papers and papers accompanying circular resolutions are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted and duly signed by the Chairman of the meeting.

Board Performance

The Nominating Committee is responsible for reviewing the criteria for evaluating the Board's performance. Based on the recommendations of the Nominating Committee, the Board has established processes for evaluating the effectiveness of the Board as a whole.

The performance criteria for Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the Directors.

This year, the Nominating Committee has conducted the assessment by preparing a questionnaire to be completed by each Director.

The responses from the Directors were then collated and the findings analysed and discussed with a view towards implementing certain recommendations to further enhance the effectiveness of the Board.

Access to Information

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues to be deliberated at the Board meeting and expedites the decision making process.

Every Director has unhindered access to the Senior Management and the advice and services of the Company Secretaries (whose appointment is a matter for the Board as a whole).

There is also a formal procedure sanctioned by the Board, whether as a full board or in their individual capacity, for Directors to obtain independent professional advice at the Company's expense.



CORPORATE GOVERNANCE REPORT (Cont'd)

Board Committees

The Directors have set up and delegated certain responsibilities to a Remuneration Committee, a Nominating Committee as well as an Audit Committee in order to enhance business and operational efficiency as well as efficacy. This delegation is done in line with good corporate governance practice and in the interest of providing high standards of accountability to our shareholders, without abdicating any of the Board's responsibilities. The Committees play a pivotal role in channeling pertinent operational and assurance related issues to the Board and partly function as a filter to ensure that only pertinent matters are tabled at the Board level.

All Committees have written terms of reference and the Board receives reports of their proceedings and deliberations. The Chairman of the various Committees will report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting.

Details of each Directors' meeting attendance at the Board and Board Committee Meetings in 2014 are as follows:

	Board	Nominating Committee	Remuneration Committee	Audit Committee
Number of Meeting held:	4	1	1	4
Name	No. of Meetings attended			
Brian Tan Guan Hooi	4	1 ^	1 ^	4 ^
Yap Kee Keong	4	1 ^	1 ^	4 ^
Kuek Bak Kwang, Roland ^(a)	4	1	1	4
Dr Yuma Konishi ^(b)	4	-	-	4 ^
Kim Seah Teck Kim	4	1	1	4
Ang Cheng Gian, Eric	4	1	1	4

Remarks:

^(a) Resigned as Non-Executive Director on 19 January 2015.

^(b) Appointed as Non-Executive Director on 21 January 2014.

^ Attended the meeting as an invitee.

Nominating Committee

Our Nominating Committee comprises the following members:

Kim Seah Teck Kim	Chairman, Independent Non-Executive Director
Ang Cheng Gian, Eric	Independent Non-Executive Director
Kuek Bak Kwang, Roland	Non-Executive Director (Resigned as Non-Executive Director and Member of Nominating Committee w.e.f 19 January 2015)
Soh Chiaw Guan	Non-Executive Director (Appointed as Non-Executive Director and Member of Nominating Committee w.e.f 19 January 2015)

Our Nominating Committee consists entirely of Non-Executive Directors, the majority of whom are independent. Our Nominating Committee is empowered by the Board and its terms of reference are *inter alia* as follows:

- making recommendations to the Board on all board appointments;
- making recommendations to the Board on the re-nomination of the Directors having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent. All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- determining annually whether or not a Director is independent pursuant to the guidelines as set out in the Code and by such amendments made thereto from time to time, such determination to be endorsed or approved by the Board;



- iv. deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- v. subject to the Board's approval, deciding on how the Board's performance is to be evaluated and proposing objective performance criteria that address how the Board has enhanced long-term shareholder value;
- vi. carrying out the process (to be implemented by the Board) to assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
- vii. making recommendations to the Board for the review of succession plans for Directors, Chairman and Chief Executive Officer; and
- viii. making recommendations to the Board for the review of training and professional programs for Directors.

Each member of our Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

The Board through the Nominating Committee ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. The Board has also determined in accordance with the requirement of the Code and in the interest of good corporate governance, that any Director of the Company may hold up to a maximum of four listed company directorships.

For all new Directors, they are or will be briefed on the Group's business and governance practices as part of an induction and orientation process. Our Directors will continue to undergo relevant training programmes where necessary from time to time with regard to any new developments particularly on relevant new laws, regulations and changing commercial risks.

Appointment Process

The Board believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively. Furthermore, the Board through the Nominating Committee's annual appraisal or otherwise, will continuously review its size and composition with particular consideration on its impact on the effective functioning of the Board.

New appointees will be considered and evaluated by the Nominating Committee. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

Re-election

The Company's Articles of Association provide that one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each Annual General Meeting ("AGM").

The Directors to retire in each year are the Directors who have been longest in office since their last re-election or appointment.

For Directors who were appointed or last re-elected on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the various sections of the Annual Report.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 153(6) of the Companies Act (Chapter 50) of Singapore.

B. DIRECTORS' REMUNERATION

Remuneration Committee

Our Remuneration Committee comprises the following members:

Ang Cheng Gian, Eric	Chairman, Independent Non-Executive Director
Kim Seah Teck Kim	Independent Non-Executive Director
Kuek Bak Kwang, Roland	Non-Executive Director (Resigned as Non-Executive Director and Member of Remuneration Committee w.e.f 19 January 2015)
Soh Chiaw Guan	Non-Executive Director (Appointed as Non-Executive Director and Member of Remuneration Committee w.e.f 19 January 2015)



CORPORATE GOVERNANCE REPORT (Cont'd)

Our Remuneration Committee consists entirely of Non-Executive Directors, the majority of whom are independent.

Our Remuneration Committee is responsible for recommending to our Board a framework of remuneration, specific remuneration packages for each of our Directors and the Chief Executive Officer (or Executive of equivalent rank) if he is not an Executive Director and reviewing the remuneration of Senior Management. The recommendations of our Remuneration Committee will be submitted for endorsement by the Board. Each member of the Remuneration Committee will abstain from voting on any resolutions in respect of his own remuneration package.

In developing its policy on Directors' remuneration, the Remuneration Committee has sought to align it with the interest of our shareholders, the long term strategic interests of the Company as well as its risk policies. The aim is to provide remuneration packages necessary to attract, retain and motivate Directors of the quality required to provide good stewardship of the Company.

These and other considerations are similarly taken into account in developing its policy on remuneration of key management personnel and the Executive Directors. The Remuneration Committee recognises the importance of ensuring that contractual terms in relation to remuneration and incentives for key management and the Executive Director are fair and reasonable, and should safeguard the Company's interests in the event of termination of service of such personnel.

Broadly speaking, the remuneration of the Executive Directors and Key Management personnel of the Group is made up of a fixed and a variable portion. The fixed portion is benchmarked against industry and peer standards, as well as based on the individual qualifications and experience of the personnel in question. The variable portion is linked to performance, and is dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance.

Further details of Directors' remuneration are set out below.

Details of the remuneration of Directors' and Key Executives who is not a Director:

- i. Details of the nature and remuneration in terms of percentage of the total remuneration of each Director within bands of S\$250,000 are as follows:

Name of Directors	Salaries inclusive of contributions to employees provident funds %	Bonus (inclusive of contributions to employees provident funds), Fees* and other variable performance-related components %	Termination retirement and post-employment benefits %	Allowances and other benefits in kind %	Total %
Up to S\$250,000					
Brian Tan Guan Hooi	0.0	100	0.0	0.0	100
Yap Kee Keong**	69.9	13.5	0.0	16.6	100
Kuek Bak Kwang, Roland	0.0	0.0	0.0	0.0	0.0
Dr Yuma Konishi	63.2	21.4	0.0	15.4	100
Kim Seah Teck Kim	0.0	89.3	0.0	10.7	100
Ang Cheng Gian, Eric	0.0	89.3	0.0	10.7	100

* The Directors' Fees of the Company are subject to shareholders' approval at the coming Annual General Meeting.

** The remuneration of the Directors includes remuneration received by them from the Company's subsidiaries.



- ii. Details of the nature and remuneration in terms of percentage of the total remuneration of the top five key executives who are not Directors of the Company within bands of S\$250,000 are as follows:

Remuneration Band of Key Executives	Salaries inclusive of contributions to employees provident funds %	Bonus (inclusive of contributions to employees provident funds), Fees and other variable performance-related components %	Termination retirement and post-employment benefits %	Allowances and other benefits in kinds %	Total %
Up to S\$250,000					
Johnson Tay Peng Teck	62.9	16.6	0.0	20.5	100
Teo See Keong	77.5	0.0	0.0	22.5	100
Chan Weng Kong	69.8	14.1	0.0	16.1	100
Thanawat Thairungroj	85.5	3.6	0.0	10.9	100
Above S\$250,000 and up to S\$500,000					
Ngiam Meng Hock	73.3	8.5	0.0	18.2	100

The aggregate total remuneration paid in 2014 to the top five key management personnel (who are not directors or the Chief Executive Officer) is S\$898,898.

C. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is accountable to shareholders for the stewardship of the Group. The Board aims to provide and present a balanced and meaningful assessment of the Group's performance, financial position and prospects through quarterly and full year results announcements to shareholders.

The Board is assisted by the Audit Committee which reviews and reports to the Board on the financial announcements before releasing them to the SGX-ST and public via SGXNET.

The Management is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

The Group also relies on a system of internal controls including financial and accounting policies and procedures, to provide the Board with reasonable assurance that transactions are executed in accordance with applicable legislative and regulatory requirements.

External Auditors

The external auditors are a critical component of the Group's overall corporate governance framework as they provide the shareholders with an independent audit of the Group's financial statements.

They will bring to the attention of the Audit Committee and management any significant deficiency in the Group's system of reporting, internal control and compliance with approved accounting standards and regulatory requirements.

The external auditors are invited to attend all Audit Committee meetings and at least one meeting without the presence of management.

The aggregate amount of audit fees paid to the external auditors amounted to approximately RM391,988 for audit services and RM62,922 for non-audit services.

The Group has complied with Listing Rules 712 and 715 of the Listing Manual issued by SGX-ST in relation to its appointment of auditing firms for the Company, subsidiaries and significant associated companies.

In accordance with the requirements of Rule 716 of the SGX-ST Listing Manual, the Audit Committee and the Board are satisfied that the appointment of different auditors for its significant subsidiaries would not compromise the standard and effectiveness of the audit of the Group.



CORPORATE GOVERNANCE REPORT (Cont'd)

D. AUDIT COMMITTEE

The Audit Committee ("AC") comprises one Non-Executive Director and two Independent Non-Executive Directors as follows:

Ang Cheng Gian, Eric	Chairman, Independent Non-Executive Director
Kim Seah Teck Kim	Independent Non-Executive Director
Kuek Bak Kwang, Roland	Non-Executive Director (Resigned as Non-Executive Director and Member of Audit Committee w.e.f 19 January 2015)
Soh Chiaw Guan	Non-Executive Director (Appointed as Non-Executive Director and Member of Audit Committee w.e.f 19 January 2015)

The AC held four meetings during the financial year 2014.

The AC performs its functions and responsibilities as set out in its Terms of Reference, which include the following:

- i. reviewing and considering the quarterly financial announcements and audited financial statements, in consultation with the management and external auditors prior to submission to the Board for approval;
- ii. reviewing the scope and results of the audit, the independence and objectivity of the external auditors;
- iii. reviewing the audit plans and reports of both external and internal auditors and whether appropriate action is being taken on the recommendation of the auditors;
- iv. making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- v. reviewing Interested Person Transactions, as defined in the SGX-ST Listing Manual;
- vi. reviewing the effectiveness and adequacy of the internal accounting and financial control procedures and overseeing the implementation of whistle blowing policy;
- vii. reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- viii. reviewing the adequacy of the Group's internal financial controls, operational and compliance controls, and risk management policies and systems;
- ix. reviewing the adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and the scope and results of audit; and
- x. reviewing the co-operation given by the Group officers to external and internal auditors.

During the course of the year, any changes in accounting standards and any issues which could have an impact on the Group's financial statements are highlighted to the Board by the external auditors during the AC meetings, ensuring that the Board is kept abreast of such changes.

The AC has undertaken a review of all non-audit services, including the nature and extent of such services provided by the external auditors for the financial year ended 31 December 2014 and has balanced the maintenance of objectivity with value for money and is satisfied that the provision of such services has not, in the AC's opinion, affected the independence of the external auditors.

E. RISK MANAGEMENT & INTERNAL CONTROLS

The Board recognises its responsibility to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

In view of the inherent limitations in any system of internal controls, the system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls include, *inter alia*, financial, budgetary, organisational, operational and compliance controls.



The Group has implemented a risk management framework to identify, evaluate and manage the significant risks affecting the Group's business and policies.

Management is responsible for the identification and evaluation of significant risks affecting their business together with the design and implementation of suitable internal controls. These risks may be associated with a variety of internal or external factors including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. For the purpose of risk management, they are classified into two categories namely those that are catastrophic in nature and those that hinder the achievement of the short-term objectives of the Group.

The Group has put in place an organisational structure with defined lines of responsibility and delegation of authority. A hierarchical reporting system has been established which includes the establishment of appropriate authority limits, proper segregation of staff duties, the monthly reporting of variances between the actual and budgeted results for corrective action to be taken and human resource management policies.

In concurrence with the opinions of the AC, the Chief Executive Officer and the Chief Financial Officer, the Board is satisfied:

- (a) that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations; and
- (b) the existing internal control system and risk management framework adequately address the financial, operational and compliance risks of the Company.

F. INTERNAL AUDIT

The Group has an in-house Internal Audit Department ("IAD"), whose internal audit function is independent of the Group's business activities and operating entities. The Head of IAD reports directly to the Chairman of the AC and administratively to the General Manager of Corporate Assurance Department.

The IAD has developed the Annual Internal Audit Plan to evaluate the internal controls, compliance and risk management of the Group. The Annual Internal Audit Plan is developed by using a risk-based approach to cover main business cycles identified.

The AC reviews the adequacy of the internal audit function and ensures that the internal audit is adequately resourced and has appropriate standing within the Group.

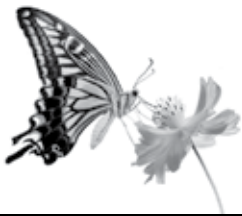
G. COMMUNICATIONS WITH SHAREHOLDERS

The Group is committed to timely dissemination of information and proper transparency and disclosure of relevant information to SGX-ST, shareholders and the public.

The Group is committed to providing its shareholders with a fair and accurate view on the affairs of our Group on an ongoing basis. This is based on our belief that Shareholders are entitled to timely and complete information on financial data and material developments, as well as an understanding of our business directions and prospects. The Group is committed to timely disclosure, and does not practise selective disclosure to shareholders. It intends to provide constant dialogue with the investment community in order to give them a clear and complete picture of the Group's performance and corporate actions.

Information is communicated to shareholders and the public through the following channels:

- i. Disclosure on the SGXNET of all price-sensitive or non-sensitive information, so as to ensure that all shareholders have access to material information at the same time;
- ii. Press releases;
- iii. Notice of AGM and Annual Reports that are issued to all shareholders. The Board strives to ensure that these reports include all relevant information on the Group, including current developments, strategic plans and disclosures required under the Companies Act, Singapore Financial Reporting Standards, the SGX-ST Listing Manual and other relevant statutory and regulatory requirements; and
- iv. Notices and circulars to shareholders.



CORPORATE GOVERNANCE REPORT *(Cont'd)*

The Group also communicates with the investment community through its appointed Investor Relations firm, which will assist to answer questions from the media and investment community as long as the requested information is not in conflict with the SGX-ST's listing rules.

The Group recognises that good corporate governance requires active participation of shareholders in decision making at General Meetings of shareholders. We encourage shareholders' participation at General Meetings. Information on shareholders' meetings is disseminated through notices published in newspapers, as well as through reports or circulars sent to all shareholders. All registered shareholders are invited to participate in shareholders' meetings. If they do not wish to attend in person, they can issue instructions to accept, reject or abstain on each individual item on the meeting agenda by giving instructions to their proxy. Each shareholder is allowed to appoint up to two proxies to vote on his behalf at the meeting.

At General Meetings of shareholders, our Executive Chairman, the President & Chief Executive Officer, the Head of Group Finance and all the Board Committees' Chairman would be present together with the Company Secretary(/ies) and our external auditors to answer shareholders' questions. Minutes of shareholders' meeting are available on request by registered shareholders.

H. WHISTLE BLOWING POLICY

The AC reviewed the Group's internal control and recommended the implementation of a policy in 2007 whereby staff of the Group may, confidentially, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up actions. During the financial year nothing of a major concern on the system of internal controls has been brought to the attention of the AC. With the efforts put in to strengthen the internal controls, the Board is of the opinion that the Group's internal controls are adequate.

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DIRECTORS' REPORT

For the Financial Year Ended 31 December 2014

The directors present their report to the members together with the audited financial statements of Texchem-Pack Holdings (S) Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

DIRECTORS

The directors of the Company in office during the year and at the date of this report are as follows:

Brian Tan Guan Hooi
 Yap Kee Keong
 Dr. Yuma Konishi
 Soh Chiaw Guan (Appointed on 19 January 2015)
 Kim Seah Teck Kim
 Ang Cheng Gian, Eric
 Kuek Bak Kwang, Roland (Resigned on 19 January 2015)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly owned subsidiaries) are as follows:

Name of director and corporations in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
<u>Holding Company</u>		
	<u>Ordinary shares of RM1 each</u>	
<u>Brian Tan Guan Hooi</u>		
Direct Interest		
Texchem Resources Bhd.	6,039	6,039
<u>Yap Kee Keong</u>		
Direct Interest		
Texchem Resources Bhd.	8,250	8,250
<u>Related Corporations</u>		
	<u>Ordinary shares of Thai Baht 100 each</u>	
<u>Yap Kee Keong</u>		
Direct Interest		
Texchem-Pack (Thailand) Co., Ltd.	1 ^a	1 ^a
<u>Dr. Yuma Konishi</u>		
Direct Interest		
Texchem-Pack (Thailand) Co., Ltd.	1 ^a	1 ^a
	<u>Ordinary shares of RM1 each</u>	
<u>Brian Tan Guan Hooi</u>		
Direct Interest		
Sea Master Retail Sdn. Bhd.	1,000 ^b	1,000 ^b
Dim Sum Delight Sdn. Bhd.	1,000 ^c	1,000 ^c

Notes:

- ^a Held in trust for Texchem-Pack (M) Bhd.
- ^b Held in trust for Sea Master (Malaysia) Sdn. Bhd.
- ^c Held in trust for Texchem Resources Bhd.

DIRECTORS' REPORT *(Cont'd)*

For the Financial Year Ended 31 December 2014



DIRECTORS' INTERESTS *(Cont'd)*

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

The Directors' interests in the Company as at 21 January 2015 are the same as those as at 31 December 2014.

DIRECTORS' CONTRACTUAL BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 25 to the financial statements.

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

Ang Cheng Gian, Eric (Chairman), Independent Non-Executive Director

Kim Seah Teck Kim, Independent Non-Executive Director

Soh Chiaw Guan (Appointed as Non-Executive Director and Member of Audit Committee w.e.f. 19 January 2015)

Kuek Bak Kwang, Roland (Resigned as Non-Executive Director and Member of Audit Committee w.e.f. 19 January 2015)

The Audit Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

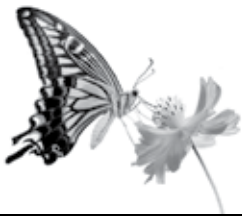
The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and independent auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the independent auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that the independent auditor, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.



DIRECTORS' REPORT *(Cont'd)* **For the Financial Year Ended 31 December 2014**

AUDITOR'S REMUNERATION

The directors have reviewed the quantum and nature of fees, expenses and emoluments paid to the auditors for non-audit services under Section 206(1A) of the Act and are satisfied that the provision of such services does not affect their independence.

INDEPENDENT AUDITOR

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Brian Tan Guan Hooi
Director

Yap Kee Keong
Director

28 March 2015

STATEMENT BY DIRECTORS

For the Financial Year Ended 31 December 2014



In our opinion:

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results of business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Brian Tan Guan Hooi
Director

Yap Kee Keong
Director

28 March 2015



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEXCHEM-PACK HOLDINGS (S) LTD. For the Financial Year Ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Texchem-Pack Holdings (S) Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

RT LLP

Public Accountants and
Chartered Accountants

Singapore, 28 March 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014



	Note	Group 2014 RM'000	2013 RM'000	Company 2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	75,723	74,559	-	-
Intangible assets	5	6,861	6,914	-	-
Investments in subsidiaries	6	-	-	35,332	35,332
Investment in joint venture	7	-	263	-	263
		82,584	81,736	35,332	35,595
Current assets					
Inventories	8	23,264	22,130	-	-
Trade and other receivables	9	45,034	43,487	164	222
Cash and cash equivalents	10	11,135	11,730	58	179
		79,433	77,347	222	401
Total assets		162,017	159,083	35,554	35,996
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	55,646	55,646	55,646	55,646
Reserves	12	(4,960)	4,948	(21,793)	(20,375)
		50,686	60,594	33,853	35,271
Non-controlling interests		(6,113)	(4,911)	-	-
Total equity		44,573	55,683	33,853	35,271
Non-current liabilities					
Provision for directors' retirement/ resignation benefits	13	1,069	1,027	-	-
Borrowings	14	5,892	4,415	-	-
Deferred income tax liabilities	15	960	945	-	-
		7,921	6,387	-	-
Current liabilities					
Trade and other payables	16	45,046	37,744	1,701	725
Provision for directors' retirement/ resignation benefits	13	-	-	-	-
Borrowings	14	64,477	59,237	-	-
Current income tax liabilities		-	32	-	-
		109,523	97,013	1,701	725
Total liabilities		117,444	103,400	1,701	725
Total equity and liabilities		162,017	159,083	35,554	35,996

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Financial Year Ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Revenue	17	182,251	167,030
Cost of sales		(153,384)	(140,576)
Gross profit		28,867	26,454
Other operating income	18	10,200	8,044
Distribution expenses		(16,696)	(15,690)
Administrative expenses		(31,828)	(30,094)
Other operating expenses		(745)	(1,683)
Finance costs	19	(3,671)	(2,573)
Share of profit/(loss) of joint venture		41	(14)
Loss before income tax		(13,832)	(15,556)
Income tax expense	20	(290)	(1,037)
Net loss for the year	21	(14,122)	(16,593)
Other comprehensive income:			
Currency translation differences arising from consolidation, net of tax		3,012	1,288
Total comprehensive loss for the year		(11,110)	(15,305)
Net loss attributable to:			
Equity holders of the Company		(12,920)	(15,207)
Non-controlling interests		(1,202)	(1,386)
		(14,122)	(16,593)
Total comprehensive loss attributable to:			
Equity holders of the Company		(9,908)	(13,919)
Non-controlling interests		(1,202)	(1,386)
		(11,110)	(15,305)
Loss per share (in Sen) – basic and diluted	22	(9.31)	(10.96)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014



	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Total attributable to equity holders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2014	55,646	3,208	1,701	3,426	(3,387)	60,594	(4,911)	55,683
Total comprehensive income/(loss) for the year	-	-	-	3,012	(12,920)	(9,908)	(1,202)	(11,110)
At 31 December 2014	55,646	3,208	1,701	6,438	(16,307)	50,686	(6,113)	44,573

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Cont'd)* For the Financial Year Ended 31 December 2014

	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total attributable to equity holders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2013	55,646	3,208	1,701	2,138	11,820	74,513	(3,525)	70,988
Total comprehensive income/(loss) for the year	-	-	-	1,288	(15,207)	(13,919)	(1,386)	(15,305)
At 31 December 2013	55,646	3,208	1,701	3,426	(3,387)	60,594	(4,911)	55,683

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2014



	Note	2014 RM'000	2013 RM'000
Cash flows from operating activities			
Net loss for the year		(14,122)	(16,593)
Adjustments for:			
Depreciation of property, plant and equipment		9,534	10,134
Amortisation of intangible assets		130	169
Gain on disposal of property, plant and equipment		(390)	(66)
Property, plant and equipment written off		82	63
Reversal of impairment loss on property, plant and equipment		(38)	(33)
Impairment loss on investment in joint venture		304	-
Provision for directors' retirement/resignation benefits		321	250
Finance costs		3,671	2,573
Interest income		(69)	(170)
Insurance claims		(30)	(137)
Share of (profit)/loss of joint venture		(41)	14
Income tax expense		290	1,037
		(358)	(2,759)
Changes in working capital:			
Inventories		(429)	(4,675)
Trade and other receivables		393	(3,401)
Trade and other payables		(1,961)	7,085
Cash used in operations		(2,355)	(3,750)
Income taxes paid		(563)	(806)
Directors' retirement/resignation benefits paid		(306)	(146)
Net cash used in operating activities		(3,224)	(4,702)

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



CONSOLIDATED STATEMENT OF CASH FLOWS *(Cont'd)* For the Financial Year Ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Cash flows from investing activities			
Interest received		69	170
Purchase of property, plant and equipment		(4,599)	(5,680)
Purchase of intangible assets – computer software license		(70)	(26)
Proceeds from disposal of property, plant and equipment		497	266
Proceeds from disposal of intangible assets		2	15
Net cash used in investing activities		(4,101)	(5,255)
Cash flows from financing activities			
Interest paid		(3,671)	(2,573)
Repayment of bank loans		(2,546)	(3,362)
Proceeds from bank loans		2,800	1,423
Drawdown of other bank borrowings		3,082	4,669
Repayment of finance lease liabilities		(1,206)	(960)
Financing from holding company and related corporations		7,972	3,618
Net cash generated from financing activities		6,431	(2,815)
Net decrease in cash and cash equivalents		(894)	(7,142)
Cash and cash equivalents at beginning of the financial year		4,729	11,294
Effect of exchange rate fluctuations		375	577
Cash and cash equivalents at end of the financial year	10	4,210	4,729

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014



These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. DOMICILE AND ACTIVITIES

Texchem-Pack Holdings (S) Ltd. (the “Company”) is listed on the Main Board of the Singapore Exchange Securities Trading Limited and domiciled in Singapore and has its registered office at 10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are those relating to the manufacture and sale of thermoformed packaging products, precision injection moulded plastic products, extruded sheets, embossed carrier tapes and polymer compounds, design, manufacture and sale of flexo photo-polymer and flexographic printing plates, and provision of consulting services.

The immediate and ultimate holding company during the financial year was Texchem Resources Bhd, a company incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”), the Group’s interests in an associated company and a joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are measured at fair value as disclosed in the accounting policies below.

The financial statements are presented in Malaysian Ringgit (“RM”) which is the Company’s functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 3.

The financial statements have been prepared on the assumption that the Company will continue to operate as a going concern. The ultimate holding company has agreed to provide continuous financial support to enable the Company to meet its financial liabilities as and when they fall due.

Interpretations and amendments to published standards effective in 2014

On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

2.2 Revenue recognition

Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised 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, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Interest income

Interest income is recognised using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.2 Revenue recognition *(Cont'd)*

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease-term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals of subsidiaries

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.3 Group accounting *(Cont'd)*

(a) Subsidiaries *(Cont'd)*

(iii) Disposals of subsidiaries *(Cont'd)*

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in an associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in equity-method investees are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its equity-method investees' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the equity-method investees are adjusted against the carrying amount of the investments. When the Group's share of losses in the equity-method investees equals to or exceeds its interest in the equity-method investees, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the equity-method investees.

Unrealised gains on transactions between the Group and its equity-method investees are eliminated to the extent of the Group's interest in the equity-method investees. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of equity-method investees have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in an associated company and joint venture are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated company and joint venture in which significant influence is retained are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Group accounting *(Cont'd)*

(c) Associated companies and joint ventures *(Cont'd)*

(iii) Disposals *(Cont'd)*

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in an associated company and joint venture in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings and leasehold properties

Land and buildings and leasehold properties are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold properties are subsequently carried at the cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.6 on borrowing costs).

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	Leasehold period of 60 years and 99 years
Leasehold buildings	Shorter of remaining leasehold period or 50 years
Buildings	50 years
Building improvements	5 to 10 years
Plant and machinery and other equipment	2 to 10 years
Furniture, fittings and equipment	5 to 10 years
Motor vehicles	5 to 6 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Capital expenditure-in-progress is not depreciated until the construction is completed and ready for its intended use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Property, plant and equipment *(Cont'd)*

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree. Such goodwill arising on the acquisition of subsidiaries, prior to 1 January 2005, is presented in intangible assets.

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of not more than 20 years. On 1 January 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in Note 2.8.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(b) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three to five years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU on pro-rata basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets – other than goodwill

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Intangible assets-other than goodwill, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.9 Financial assets

(a) Classification

The classification depends on the purpose for which the assets were acquired. Other than loans and receivables, there are no other categories of financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.9 Financial assets *(Cont'd)*

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(c) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each end of financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specific payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the profit or loss.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of financial reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases and land, factories and warehouses under operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases of factories and warehouses where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

The Group leases factory space under operating leases to non-related parties.

Lessor - Operating leases

Leases of factory space where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.15 Research costs

Research costs are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out cost method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of financial reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of financial reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of financial reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.19 Employee compensation

Provision for directors' retirement/resignation benefits

The Group operates an unfunded scheme for its directors. Provision is made based on the length of service and fixed sum approved by the Board of Directors.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

2.20 Currency translation

(a) Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



2. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who is responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statements of financial position.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

3.1 Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets with finite life, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

When value-in-use calculations are undertaken, management must estimate the expected future cash flow from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill, are disclosed in Note 5 to the financial statements.

Refer to the respective notes to the consolidated financial statements for the carrying values of property, plant and equipment, intangible assets, investments in subsidiaries and investment in joint venture respectively.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

There is no impairment on trade and other receivables as at 31 December 2014 (2013 : RM24,000). The carrying amount of trade and other receivables as at 31 December 2014 was approximately RM45,034,000 (2013: RM43,487,000).



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS *(Cont'd)*

3.2 Critical judgements in applying the entity's accounting policies

Income taxes

The Group has exposure to income taxes mainly in Singapore, Malaysia, the People's Republic of China, Thailand and Vietnam. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Financial Year Ended 31 December 2014



4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM'000	Leasehold buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machinery and other equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital expenditure in-progress RM'000	Total RM'000
Cost										
At 1 January 2013	4,687	15,725	10,490	10,751	11,145	110,822	13,981	6,945	7,128	191,674
Additions	-	-	-	1,594	902	2,280	302	770	165	6,013
Disposals	-	-	-	-	-	(4,183)	(29)	(890)	-	(5,102)
Reclassification	-	-	-	-	3,593	3,256	42	-	(6,891)	-
Reclassification to prepayment	-	-	-	-	-	(36)	(27)	-	(9)	(72)
Write off	-	-	-	-	-	(980)	(158)	-	-	(1,138)
Currency translation differences	-	-	(163)	(148)	115	328	32	48	38	250
At 31 December 2013	4,687	15,725	10,327	12,197	15,755	111,487	14,143	6,873	431	191,625
Additions	-	11	-	1,760	37	6,120	371	465	133	8,897
Disposals	-	-	-	-	-	(2,874)	(65)	(969)	-	(3,908)
Reclassification	-	-	-	-	-	48	3	-	(51)	-
Write off	-	-	-	-	-	(306)	(147)	-	(10)	(463)
Currency translation differences	-	1	483	435	575	(4,878)	(10)	(811)	35	(4,170)
At 31 December 2014	4,687	15,737	10,810	14,392	16,367	109,597	14,295	5,558	538	191,981



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

4. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Group	Leasehold land RM'000	Leasehold buildings RM'000	Freehold land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machinery and other equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Capital expenditure in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses										
At 1 January 2013	1,542	6,161	-	2,100	5,211	80,933	10,951	5,435	-	112,333
Depreciation charge for the year (Note 21)	74	314	-	179	1,713	6,529	730	595	-	10,134
Reversal of Impairment losses	-	-	-	-	-	(33)	-	-	-	(33)
Disposals	-	-	-	-	-	(4,237)	(20)	(645)	-	(4,902)
Reclassification to prepayment	-	-	-	-	-	(30)	(25)	-	-	(55)
Write off	-	-	-	-	-	(918)	(157)	-	-	(1,075)
Currency translation differences	-	-	-	(26)	111	511	18	50	-	664
At 31 December 2013	1,616	6,475	-	2,253	7,035	82,755	11,497	5,435	-	117,066
Depreciation charge for the year (Note 21)	73	252	-	337	1,804	5,723	679	666	-	9,534
Reversal of Impairment losses	-	-	-	-	-	(58)	-	-	20	(38)
Disposals	-	-	-	-	-	(2,932)	(56)	(813)	-	(3,801)
Reclassification	-	-	-	-	-	(2)	2	-	-	-
Write off	-	-	-	-	-	(234)	(147)	-	-	(381)
Currency translation differences	-	-	-	79	346	(5,729)	74	(893)	1	(6,122)
At 31 December 2014	1,689	6,727	-	2,669	9,185	79,523	12,049	4,395	21	116,258
Carrying amount										
At 31 December 2013	3,071	9,250	10,327	9,944	8,720	28,732	2,646	1,438	431	74,559
At 31 December 2014	2,998	9,010	10,810	11,723	7,182	30,074	2,246	1,163	517	75,723

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



4. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

The carrying amounts of leasehold land and leasehold buildings of the Group were stated at valuation carried out in 1994. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 was adopted to continue with its existing policy of stating the leasehold land and leasehold buildings at cost.

The total carrying amount of leasehold land and leasehold buildings of the Group would have been RM2,882,000 (2013: RM2,963,000) had the leasehold land and leasehold buildings been carried at cost less accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment of the Group includes amounts totalling RM4,091,000 (2013: RM3,001,000) in respect of office equipment and motor vehicles held under finance leases.

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM8,897,000 (2013: RM6,013,000) of which RM2,881,000 (2013: RM533,000) was acquired under finance leases, RM1,277,000 (2013 : RM Nil) was financed by term loan and RM1,047,000 (2013: RM907,000) has not been paid at the end of the reporting period.

5. INTANGIBLE ASSETS

	Goodwill RM'000	Computer software license RM'000	Club memberships RM'000	Total RM'000
Group				
Cost				
At 1 January 2013	6,462	3,863	78	10,403
Additions	-	38	-	38
Disposal	-	-	(15)	(15)
Write off	-	(16)	-	(16)
Currency translation differences	-	43	-	43
At 31 December 2013	6,462	3,928	63	10,453
Additions	-	73	-	73
Disposal	-	(103)	-	(103)
Currency translation differences	-	(253)	-	(253)
At 31 December 2014	6,462	3,645	63	10,170
Accumulated amortisation				
At 1 January 2013	-	3,347	-	3,347
Amortisation charge for the year (Note 21)	-	169	-	169
Write off	-	(16)	-	(16)
Currency translation differences	-	39	-	39
At 31 December 2013	-	3,539	-	3,539
Amortisation charge for the year (Note 21)	-	130	-	130
Disposal	-	(101)	-	(101)
Currency translation differences	-	(259)	-	(259)
At 31 December 2014	-	3,309	-	3,309
Carrying amount				
At 31 December 2013	6,462	389	63	6,914
At 31 December 2014	6,462	336	63	6,861



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

5. INTANGIBLE ASSETS *(Cont'd)*

During the year, the Group acquired intangible assets with an aggregate cost of RM73,000 (2013: RM38,000) of which RM3,000 (2013: RM12,000) has not been paid at the end of the reporting period.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill allocated to each unit are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Thermoformed packaging products business	4,845	4,845
Flexographic printing plates business	1,563	1,563
Precision injection moulded plastic products business	54	54
	6,462	6,462

The recoverable amount of the cash generating units ("CGUs") was determined based on its value-in-use. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on actual operating results, financial budget and targeted revenue growth approved by management covering a period of five years and its projected terminal value for the thermoformed packaging products business, flexographic printing plates business and precision injection moulded plastic products business respectively.
- A pre-tax discount rate of 12.5% (2013: 12.5%) was applied in determining the recoverable amount of the units. The discount rate used reflect risks specific to the CGUs.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

The recoverable amount of the CGUs was determined to be higher than the carrying amount. Accordingly, no impairment was recognised in respect of goodwill.

Management also believes that any reasonably possible change in the key assumptions on which CGUs recoverable amounts are based would not cause the goodwill's carrying amount to exceed its recoverable amount.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
Equity investments at cost	51,332	51,332
Less: Impairment loss	(16,000)	(16,000)
	35,332	35,332

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



6. INVESTMENTS IN SUBSIDIARIES *(Cont'd)*

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group	
			2014 %	2013 %
¹ Texchem-Pack (M) Bhd. and its subsidiaries:	Investment holding and manufacture and sale of thermoformed packaging products and embossed carrier tapes	Malaysia	100	100
¹ Texchem-Pack (Johor) Sdn. Bhd.	Manufacture and sale of thermoformed packaging products	Malaysia	100	100
² Texchem-Pack (Thailand) Co., Ltd.*	Manufacture and sale of thermoformed packaging products, precision injection moulded trays/parts and mould and tooling	Thailand	100	100
¹ Texchem-Pack (PP) Sdn. Bhd. and its subsidiary:	Manufacture and sale of shipping rails, profiles and precision injection moulded trays/parts	Malaysia	100	100
¹ Texchem Advanced Products Incorporated Sdn. Bhd. ("TXAP")	Development of technology for high precision/ ultra clean injection moulded products for silicon wafer handling and transportation and market development of related products	Malaysia	51	51
³ Texchem-Pack (KL) Sdn. Bhd.	Ceased operations on 15 April 2011 and commenced member's voluntary winding up on 13 February 2014	Malaysia	100	100
⁴ Texchem-Pack (Vietnam) Co., Ltd.**	Manufacture and sale of thermoformed parts/ products and plastic injection moulded parts/ products	Vietnam	100	100
⁵ Texchem-Pack (Wuxi) Co., Ltd.	Manufacture and sale of thermoformed packaging products	Malaysia	100	100
¹ Eye Graphic Sdn. Bhd. and its subsidiaries:	Trading, design and manufacture of flexo photopolymer printing plates	Malaysia	100	100
³ Alaya Asia Sdn. Bhd. ("Alaya")	Ceased operation during the year	Malaysia	51	51
¹ Texchem Polymers Sdn. Bhd.	Manufacture and sale of extruded plastic sheets and polymer compounds and provide consultation services	Malaysia	100	100
³ Texchem Life Sciences Sdn. Bhd.	Manufacture of plastic engineering precision parts	Malaysia	100	100
³ Texchem Polymer Engineering Sdn. Bhd.	Incorporated on 2 January 2014. It has yet to commence operations	Malaysia	100	Nil

¹ Audited by KPMG Penang, Malaysia

² Audited by Baker Tilly Audit and Advisory Services (Thailand) Ltd.

³ Audited by Baker Tilly Monteiro Heng

⁴ Audited by KPMG Limited, Vietnam

⁵ Audited by Jiangsu Gongqin Certified Public Accountants Co., Ltd.

* 3 ordinary shares of Thai Baht 100 each are held in trust for Texchem-Pack (M) Bhd. by two directors of the Company and one executive officer of the Group.

** In 2013, the Company increased its investment in the subsidiary by way of further investment of additional USD100,000 in the charter capital.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

6. INVESTMENTS IN SUBSIDIARIES *(Cont'd)*

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited, the Audit Committee and Board of the Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and joint venture (Note 7) would not compromise the standard and effectiveness of the audit of the Company.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	TXAP RM'000	Alaya RM'000	Total RM'000
2014			
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	(6,276)	163	(6,113)
Loss allocated to NCI	(1,176)	(26)	(1,202)
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	-	-	-
Current assets	-	359	359
Non-current liabilities	(3,500)	-	(3,500)
Current liabilities	(9,308)	(25)	(9,333)
Net (liabilities)/assets	(12,808)	334	(12,474)
Year ended 31 December			
Revenue	977	132	1,109
Loss for the year	(2,068)	(53)	(2,121)
Total comprehensive loss	(2,068)	(53)	(2,121)
Cash flows used in operating activities	(2)	(36)	(38)
Cash flows from investing activities	-	53	53
Cash flows used in financing activities	-	(374)	(374)
Net change in cash and cash equivalents	(2)	(357)	(359)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



6. INVESTMENTS IN SUBSIDIARIES *(Cont'd)*

Non-controlling interests in subsidiaries *(Cont'd)*

	TXAP RM'000	Alaya RM'000	Total RM'000
2013			
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	(5,100)	189	(4,911)
(Loss)/Profit allocated to NCI	(1,422)	36	(1,386)
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	-	62	62
Current assets	2	427	429
Non-current liabilities	-	(21)	(21)
Current liabilities	(10,742)	(82)	(10,824)
Net (liabilities)/assets	(10,740)	386	(10,354)
Year ended 31 December			
Revenue	683	662	1,345
(Loss)/Profit for the year	(2,902)	73	(2,829)
Total comprehensive (loss)/income	(2,902)	73	(2,829)
Cash flows (used in)/from operating activities	(18)	109	91
Cash flows used in investing activities	-	(2)	(2)
Cash flows used in financing activities	-	(16)	(16)
Net change in cash and cash equivalents	(18)	(91)	(73)



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

7. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted equity share, at cost	100	100	100	100
Preference shares	850	850	850	850
Less: Impairment loss	(304)	-	(950)	(687)
Total	646	950	-	263
Share of post acquisition reserves:				
Beginning of financial year	(687)	(673)	-	-
Share of net profit/(loss)	41	(14)	-	-
End of financial year	(646)	(687)	-	-
	-	263	-	263

Movement of impairment loss is as follows:

	Company	
	2014 RM'000	2013 RM'000
Balance at beginning of financial year	687	-
Charge for the year	263	687
Balance at end of financial year	950	687

In the financial year 2014, an impairment loss of RM263,000 (2013: RM687,000) was recognised in the profit or loss to adjust the carrying amount of investment in joint venture to its estimated recoverable amount.

No goodwill is included in the carrying amount of investment in joint venture.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



7. INVESTMENT IN JOINT VENTURE *(Cont'd)*

Details of the joint venture are as follows:

Name of joint venture	Principal activities	Country of incorporation	Effective equity held by the Group	
			2014 %	2013 %
¹ GMMI Texchem Sdn. Bhd. ("GMMI")	Dormant	Malaysia	50	50

¹ Audited by BDO Penang, Malaysia

The following table summarises the financial information of GMMI. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in GMMI, which is accounted for using the equity method.

Summarised financial information	Group	
	2014 RM'000	2013 RM'000
As at 31 December		
Current assets, including cash and cash equivalents of RM1,000 (2013: RM2,000)	1	62
Current liabilities	(8)	(152)
Year ended 31 December		
Profit/(loss) representing total comprehensive income/(loss)	82	(28)
Included in the total comprehensive income are :		
Revenue	38	678
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net liabilities	(4)	(45)
Goodwill	308	308
Impairment loss	(304)	-
Carrying amount in the consolidated statement of financial position	-	263
Group's share of results		
Group's share of profit/(loss) representing Group's share of total comprehensive expense	41	(14)
Other information		
Cash dividends received by the Group	-	-



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

8. INVENTORIES

	Group	
	2014	2013
	RM'000	RM'000
At cost		
Raw materials	11,943	12,737
Work-in-progress	1,746	1,044
Finished goods	9,058	7,967
Consumables	517	382
	23,264	22,130

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RM96,018,000 (2013: RM85,736,000).

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade receivables	37,238	36,967	-	-
Allowance for doubtful debts	-	(24)	-	-
Net receivables	37,238	36,943	-	-
Deposits	130	122	-	-
Prepayments	2,892	1,696	7	5
Amounts due from:				
- Subsidiaries (non-trade)	-	-	157	217
- Related corporations (trade)	210	99	-	-
- Related corporations (non-trade)	160	123	-	-
- Joint venture (non-trade)	-	26	-	-
Tax recoverable	252	-	-	-
Other receivables	4,152	4,478	-	-
	45,034	43,487	164	222

The amounts due from subsidiaries, related corporations and joint venture are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances.

The trade receivables of the Group comprise major customers represented approximately 24% (2013: 25%) of the trade receivables.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Therefore, the management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



9. TRADE AND OTHER RECEIVABLES *(Cont'd)*

The credit risk for trade receivables (including trade balances with related corporations) based on the information provided to key management is as follows:

	Group	
	2014	2013
	RM'000	RM'000
<u>By products</u>		
Thermoformed packaging products	24,422	22,777
Precision injection moulded plastic products	9,793	12,201
Other products	3,233	2,064
	37,448	37,042
<u>By geographical areas</u>		
Malaysia	10,337	12,499
Thailand	12,535	11,349
People's Republic of China	7,179	7,174
Singapore	1,892	783
Vietnam	2,952	2,343
Other countries	2,553	2,894
	37,448	37,042

The ageing of trade receivables (including trade balances with related corporations) at the reporting date is:

Group	Gross	Allowance for	Gross	Allowance for
	2014	doubtful debts	2013	doubtful debts
	RM'000	RM'000	RM'000	RM'000
Not past due	24,650	-	27,783	-
Past due 0 – 30 days	7,438	-	5,271	12
Past due 31 – 60 days	4,289	-	2,799	7
Past due more than 60 days	1,071	-	1,213	5
	37,448	-	37,066	24

The trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The table below is an analysis of age of debts which are past due but not impaired:

	Group	
	2014	2013
	RM'000	RM'000
Past due 0 – 30 days	7,438	5,259
Past due 31 – 60 days	4,289	2,792
Past due more than 60 days	1,071	1,208
	12,798	9,259



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

9. TRADE AND OTHER RECEIVABLES *(Cont'd)*

The change in allowance for doubtful debts in respect of trade receivables during the year is as follows:

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	24	132
Allowance reversed (Note 21)	(24)	(108)
At 31 December	-	24

The impaired trade receivables arose mainly from long outstanding debts.

10. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances		11,135	8,225	59	179
Fixed deposits		-	3,505	-	-
Cash and cash equivalents		11,135	11,730	59	179
Bank overdrafts	14	(6,925)	(7,001)	-	-
Cash and cash equivalents in the statement of cash flows		4,210	4,729	59	179

As at 31 December 2014, there was no fixed deposit placed with financial institutions. As at 31 December 2013, the weighted average effective interest rate per annum relating to fixed deposits was 4.10% and the maturity dates of the fixed deposit were January and May 2014.

11. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Amount	Number of	Amount	Number of
	(RM'000)	Shares ('000)	(RM'000)	Shares ('000)
Issued and paid up				
At 1 January / 31 December	55,646	138,716	55,646	138,716

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The Company has one class of ordinary shares, which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company.

Capital management

The Group defines "capital" to include share capital and reserves of the Group. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



11. SHARE CAPITAL *(Cont'd)*

Capital management *(Cont'd)*

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

12. RESERVES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statutory reserve	(i)	3,208	3,208	-	-
Revaluation reserve	(ii)	1,701	1,701	-	-
Currency translation reserve	(iii)	6,438	3,426	-	-
Accumulated losses		(16,307)	(3,387)	(21,793)	(20,375)
		(4,960)	4,948	(21,793)	(20,375)

(i) Statutory reserve

Statutory reserve comprises retained earnings transferred by Texchem-Pack (Thailand) Co., Ltd. and Texchem-Pack (Wuxi) Co., Ltd. as required by the local legislations.

Texchem-Pack (Thailand) Co., Ltd. is required to appropriate not less than 5% of its profits after taxation, as determined under the Thai Accounting Standards, to the statutory reserve until the reserve balance reaches 10% of the registered authorised share capital. This statutory reserve is non-distributable. In 2007, the appropriation of the profits after taxation for Texchem-Pack (Thailand) Co., Ltd. to the statutory reserve has reached 10% of the registered share capital.

Texchem-Pack (Wuxi) Co., Ltd. is required to appropriate not less than 10% of the profit arrived at in accordance with the People's Republic of China accounting principles and relevant financial regulations for each year to a general reserve until the reserve balance reaches 50% of the registered capital.

(ii) Revaluation reserve

The revaluation reserve comprises surpluses arising from the revaluation of leasehold land and leasehold buildings.

(iii) Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of the foreign operations whose functional currencies are different from the functional currency of the Company.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

13. PROVISION FOR DIRECTORS' RETIREMENT/RESIGNATION BENEFITS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Provision for directors' retirement/resignation benefits	-	-	-	-
Non-current liabilities				
Provision for directors' retirement/resignation benefits	1,069	1,027	-	-

The obligation is made based on a fixed sum approved by the management for each completed year of service.

Movement in provision for directors' retirement/resignation benefits is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,027	914	-	-
Provision made (Note 21)	321	250	-	-
Provision paid	(306)	(146)	-	-
Currency translation differences	27	9	-	-
At 31 December	1,069	1,027	-	-

14. BORROWINGS

		Group		Company	
	Note	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Unsecured:					
Bank loans		3,210	2,980	-	-
Secured:					
Finance lease liabilities		2,682	1,435	-	-
		5,892	4,415	-	-
Current liabilities					
Unsecured:					
Bank overdrafts	10	6,925	7,001	-	-
Bankers' acceptances		20,000	16,657	-	-
Revolving credit		27,900	27,900	-	-
Short term loan		6,176	4,666	-	-
Bank loans		2,207	2,180	-	-
Secured:					
Finance lease liabilities		1,269	833	-	-
		64,477	59,237	-	-
		70,369	63,652	-	-

The bank overdrafts, bankers' acceptances, revolving credit, short term loan and bank loans are guaranteed by either the holding company or the Company, and secured by way of a negative pledge over certain assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Financial Year Ended 31 December 2014



14. BORROWINGS (Cont'd)

The Company has granted financial guarantees to banks in respect of banking facilities secured by subsidiaries amounting to RM11,384,000 (2013: RM74,564,000). The fair value of these guarantees is assessed to be not significant to the financial statements of the Company.

Finance lease liabilities

The Group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

At 31 December 2014, the Group has obligations under finance leases that are payable as follows:

	←----- 2014 -----→			←----- 2013 -----→		
	Present value RM'000	Interest RM'000	Minimum lease payment RM'000	Present value RM'000	Interest RM'000	Minimum lease payment RM'000
Within 1 year	1,269	230	1,499	833	120	953
After 1 year but within 5 years	2,660	305	2,965	1,435	201	1,636
After 5 years	22	6	28	-	-	-
	3,951	541	4,492	2,268	321	2,589

Fair value of borrowings

Group	Nominal interest rate %	Year of maturity	2014 RM'000	2013 RM'000
Bank loans	4.48 – 7.85	2015 - 2018	5,417	5,101
Finance lease liabilities	2.15 – 4.00	2015 - 2023	4,168	2,417

15. DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred income tax liabilities				
- to be settled after one year	960	945	-	-



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

15. DEFERRED INCOME TAX LIABILITIES *(Cont'd)*

The movements in deferred income tax assets and liabilities of the Group (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Deferred income tax liabilities	Accelerated tax depreciation RM'000		
2014			
Beginning of financial year			1,169
Credited to profit or loss			(71)
End of financial year			<u>1,098</u>
2013			
Beginning of financial year			1,264
Credited to profit or loss			(95)
End of financial year			<u>1,169</u>

Deferred income tax assets	Provisions RM'000	Tax losses RM'000	Total RM'000
2014			
Beginning of financial year	(224)	-	(224)
Charged to profit or loss	86	-	86
End of financial year	<u>(138)</u>	<u>-</u>	<u>(138)</u>
2013			
Beginning of financial year	(188)	29	(159)
Credited to profit or loss	(36)	(29)	(65)
End of financial year	<u>(224)</u>	<u>-</u>	<u>(224)</u>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RM37,197,000 (2013: RM30,814,000) and capital allowances of RM22,781,000 (2013: RM20,022,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unrecognised tax losses of the Group as at 31 December 2014 have no expiry date while the unrecognised tax losses of an overseas subsidiary of RM814,000 as at 31 December 2013 has expiry dates between 2014 and 2016.

Deferred tax assets of RM387,000 (2013: RM213,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted to the Company.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



16. TRADE AND OTHER PAYABLES

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	23,133	25,423	-	-
Accrued operating expenses	8,462	7,211	390	342
Other payables	1,052	672	12	64
Amounts due to:				
- Holding company (non-trade)	3,855	1,158	394	15
- Subsidiaries (non-trade)	-	-	449	124
- Related corporations (trade)	270	275	-	-
- Related corporations (non-trade)	8,274	2,999	456	180
- Related parties (non-trade)	-	6	-	-
	45,046	37,744	1,701	725

The amounts due to holding company, subsidiaries, related corporations and related parties are unsecured, interest-free and repayable on demand, except for amount owing to holding company and related corporations of RM7,470,000 (2013 : RM1,700,000) bearing interest ranging from 5.5% to 8.6% (2013 : 7.6% to 8.6%).

17. REVENUE

Revenue represents invoiced value of goods sold less returns and discounts.

18. OTHER OPERATING INCOME

	2014 RM'000	2013 RM'000
Exchange gain	728	-
Rental income	17	31
Gain on disposal of property, plant and equipment	390	66
Interest income	69	170
Insurance claims	30	137
Mould income	2,014	1,396
Scrap sales	6,186	5,721
Others	766	523
	10,200	8,044



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

19. FINANCE COSTS

	2014 RM'000	2013 RM'000
Bank loans	371	425
Bank overdrafts	471	611
Finance lease liabilities	209	124
Trade facilities	2,238	1,388
Interest paid to holding company and related corporations	382	25
	3,671	2,573

20. INCOME TAX EXPENSE

	2014 RM'000	2013 RM'000
Current tax expense		
Current year	248	1,246
Under/(Over) provision in prior year	27	(49)
	275	1,197
Deferred tax expense		
- Current year	5	(146)
- Under/(Over) provision in prior year	10	(14)
	15	(160)
Total	290	1,037

Reconciliation of effective tax rate

	2014 RM'000	2013 RM'000
Net loss for the year	(14,122)	(16,593)
Income tax expense	290	1,037
Loss before income tax	(13,832)	(15,556)
Tax calculated using Malaysia tax rate of 25% (2013: 25%)	(3,458)	(3,889)
Tax incentives	(276)	-
Effects of different tax rates in other countries	(17)	(105)
Expenses not deductible for tax purposes	1,433	1,748
Income not subject to tax	(135)	(165)
Under/(Over) provision of income tax in prior year	27	(49)
Under/(Over) provision of deferred tax in prior year	10	(14)
Deferred tax assets not recognised	2,827	3,877
Utilisation of previously unrecognised deferred tax assets	(122)	(241)
Others	1	(125)
Income tax expense	290	1,037

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



21. NET LOSS FOR THE YEAR

Net loss for the year is determined after charging/(crediting) the following:

	2014 RM'000	2013 RM'000
Exchange (gain)/ loss	(728)	635
Rental income	(17)	(31)
Gain on disposal of property, plant and equipment	(390)	(66)
Interest income	(69)	(170)
Insurance claims	(30)	(137)
Staff costs	40,220	38,673
Contributions to defined contribution plans included in staff costs	3,682	3,086
Property, plant and equipment written off	82	63
Operating lease expense	1,099	1,018
Research expense	1,810	1,418
Provision for directors' retirement benefits included in staff costs (Note 13)	321	250
Reversal of allowance for doubtful trade debts (Note 9)	(24)	(108)
Depreciation of property, plant and equipment (Note 4)	9,534	10,134
Amortisation of intangible assets (Note 5)	130	169
Reversal of impairment loss on property, plant and equipment (Note 4)	(38)	(33)
Inventory written (back from)/down to realisable value	(13)	118
Impairment loss on investment in joint venture	304	-
Realisation of foreign currency translation reserve from liquidation of a subsidiary	-	615

22. LOSS PER SHARE

	2014	2013
Basic and diluted loss per share is based on:		
Net loss attributable to equity holders of the Company (RM'000)	(12,920)	(15,207)
Weighted average number of ordinary shares at the end of the year ('000)	138,716	138,716
Basic and diluted loss per share (in Sen)	(9.31)	(10.96)

23. FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit. The credit quality of customers is assessed after considering its financial position and past experience with the customers. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance comprises specific losses that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Management's intention is to utilise short-term bank loans to take advantage of the lower interest rates of short-term borrowings having regard to the operating environment and expected cash flows of the Group. The credit facilities are regularly reviewed by the directors to ensure the objectives of the Group are met.

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000
Group				
At 31 December 2014				
Trade and other payables	45,046	-	-	-
Borrowings	64,721	3,235	3,613	28
At 31 December 2013				
Trade and other payables	37,744	-	-	-
Borrowings	59,403	2,219	3,018	-
Company				
At 31 December 2014				
Trade and other payables	1,701	-	-	-
At 31 December 2013				
Trade and other payables	725	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the US Dollar, Singapore Dollar, Japanese Yen, Euro Dollar and British Pound Sterling.

The Group's Policy is to manage foreign currency exposure by way of natural hedge. It mitigates foreign currency exposure by striving, where possible, to negotiate sales and purchase transactions in the same currency with counterparties. As such, the Group does not normally hedge its foreign currency exposure using dedicated hedge instruments except when relevant and appropriate.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Foreign currency risk *(Cont'd)*

The Group's currency exposure based on the information provided to the key management is as follows:

	Malaysian Ringgit RM'000	United States Dollar RM'000	China Renminbi RM'000	Thailand Baht RM'000	Vietnam Dong RM'000	Singapore Dollar RM'000	Japanese Yen RM'000	European Euro RM'000	Pound Sterling RM'000	Total RM'000
2014										
Group										
Assets										
Trade and other receivables	9,990	17,119	7,083	8,523	1,240	696	383	-	-	45,034
Cash and cash equivalents	1,023	5,391	1,224	3,340	41	51	65	-	-	11,135
	11,013	22,510	8,307	11,863	1,281	747	448	-	-	56,169
Liabilities										
Trade and other payables	21,431	6,656	7,389	6,524	1,705	499	701	67	74	45,046
Borrowings	58,690	8,382	-	3,297	-	-	-	-	-	70,369
	80,121	15,038	7,389	9,821	1,705	499	701	67	74	115,415
Net financial (liabilities)/assets	(69,108)	7,472	918	2,042	(424)	248	(253)	(67)	(74)	(59,246)
Less: Net financial (assets)/liabilities denominated in the respective entities functional currency	69,108	-	(918)	(2,042)	424	-	-	-	-	66,572
Currency exposure	-	7,472	-	-	-	248	(253)	(67)	(74)	7,326

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the Financial Year Ended 31 December 2014



23. FINANCIAL RISK MANAGEMENT (Cont'd)

Foreign currency risk (Cont'd)

2013	Malaysian Ringgit RM'000	United States Dollar RM'000	China Renminbi RM'000	Thailand Baht RM'000	Vietnam Dong RM'000	Singapore Dollar RM'000	Japanese Yen RM'000	European Euro RM'000	Pound Sterling RM'000	Total RM'000
Group										
Assets										
Trade and other receivables	12,762	17,373	4,452	8,136	302	155	307	-	-	43,487
Cash and cash equivalents	1,034	5,411	4,651	448	33	74	79	-	-	11,730
	13,796	22,784	9,103	8,584	335	229	386	-	-	55,217
Liabilities										
Trade and other payables	15,243	7,311	5,274	6,362	2,239	438	803	-	74	37,744
Borrowings	54,093	6,369	-	3,190	-	-	-	-	-	63,652
	69,336	13,680	5,274	9,552	2,239	438	803	-	74	101,396
Net financial (liabilities)/assets	(55,540)	9,104	3,829	(968)	(1,904)	(209)	(417)	-	(74)	(46,179)
Less: Net financial (assets)/liabilities denominated in the respective entities functional currency	55,540	-	(3,829)	968	1,904	-	-	-	-	54,583
Currency exposure	-	9,104	-	-	-	(209)	(417)	-	(74)	8,404



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Foreign currency risk *(Cont'd)*

The Company's currency exposure based on the information provided to the key management is as follows:

	Malaysian Ringgit RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
2014				
Company				
Assets				
Other receivables	147	17	-	164
Cash and cash equivalents	8	-	51	59
	155	17	51	223
Liabilities				
Other payables	850	449	402	1,701
	850	449	402	1,701
Net financial liabilities	(695)	(432)	(351)	(1,478)
Less: Net financial assets denominated in the Company's functional currency	695	-	-	695
Currency exposure	-	(432)	(351)	(783)

	Malaysian Ringgit RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
2013				
Company				
Assets				
Other receivables	205	17	-	222
Cash and cash equivalents	105	-	74	179
	310	17	74	401
Liabilities				
Other payables	195	124	406	725
	195	124	406	725
Net financial assets/(liabilities)	115	(107)	(332)	(324)
Less: Net financial assets denominated in the Company's functional currency	(115)	-	-	(115)
Currency exposure	-	(107)	(332)	(439)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Foreign currency risk *(Cont'd)*

Sensitivity analysis

The following table indicates the approximate change in the profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group and Company has significant exposure at the end of the reporting period.

	Increase/ (decrease) in foreign exchange rates	Group Increase/ (decrease) in loss RM'000	Company Increase/ (decrease) in loss RM'000
31 December 2014			
United States Dollar	5%	(374)	22
	(5%)	374	(22)
Singapore Dollar	5%	(12)	18
	(5%)	12	(18)
Japanese Yen	5%	13	-
	(5%)	(13)	-
European Euro	5%	3	-
	(5%)	(3)	-
British Pound Sterling	5%	4	-
	(5%)	(4)	-
31 December 2013			
United States Dollar	5%	(455)	5
	(5%)	455	(5)
Singapore Dollar	5%	10	17
	(5%)	(10)	(17)
Japanese Yen	5%	21	-
	(5%)	(21)	-
British Pound Sterling	5%	4	-
	(5%)	(4)	-



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Foreign currency risk *(Cont'd)*

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit or loss measured in the respective functional currencies, translated to RM at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2013.

The Group's policy is to manage foreign currency exposure by way of natural hedges. It mitigates foreign currency exposure by striving, where possible, to negotiate sales and purchase transactions in the same currency with counterparties. As such, the Group does not normally hedge its foreign currency exposure using dedicated hedge instruments except when relevant and appropriate.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge its debt obligations.

Sensitivity analysis

For the variable rate financial assets and liabilities, a change of 100 basis points in interest rate at the end of the reporting period would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Profit or loss	
	100bp increase RM'000	100bp decrease RM'000
31 December 2014		
Variable rate instruments	(91)	90
31 December 2013		
Variable rate instruments	(60)	60

Estimating the fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreement.

Intra-group financial guarantees

The value of financial guarantees provided by the Company and its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



23. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Estimating the fair values *(Cont'd)*

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Interest rates used in determining fair values

The Group used the prevailing market interest rates applicable to the respective financial instruments as of 31 December to discount the financial instruments. The interest rates used are as follows:

	2014 %	2013 %
Unsecured bank loans	-	5.70
Finance lease liabilities	3.30	3.36

The aggregate net fair values of recognised financial assets and financial liabilities which are not carried at fair value in the statements of financial position at 31 December are represented in the following table:

	2014		2013	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial liabilities				
Unsecured bank loans	5,417	5,417	5,160	5,101
Finance lease liabilities	3,951	4,168	2,268	2,417
	9,368	9,585	7,428	7,518
Unrecognised loss		217		90



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

24. COMMITMENTS

As at 31 December 2014, the Group has outstanding capital commitments with suppliers to purchase property, plant and equipment for RM2,337,000 (2013: RM2,318,000).

The Group leases a number of warehouse, office and factory facilities under operating leases. The leases typically run for an initial period of 1 to 10 years.

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2014	2013
	RM'000	RM'000
Payable:		
- Not later than one year	2,242	2,136
- Between one and five years	1,654	910
	3,896	3,046

25. RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management team are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2014	2013
	RM'000	RM'000
Directors' fees	322	391
Short-term employee benefits	5,597	4,380
Post-employment benefits	102	97
	6,021	4,868

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



25. RELATED PARTIES *(Cont'd)*

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties at terms agreed between the parties are as follows:

	Note	Group 2014 RM'000	2013 RM'000
Related corporations			
Forwarding charges	(a)	40	29
Purchase of raw materials	(b)	1,337	1,071
Rental expense	(c)	8	8
Sale of goods	(d)	(355)	(236)
Laboratory testing income	(e)	(9)	(6)
Laboratory testing expense	(f)	31	31
Commission expense	(g)	151	151
Corporate management fee	(h)	2,041	720
Information services expense	(i)	37	27
Security charges	(j)	602	224
Advance received and accrued interest	(l)	3,355	1,008
Related parties*			
Corporate management fee	(h)	-	1,008
Information services expense	(i)	-	38
Security charges	(j)	-	314
Holding company			
Advance received and accrued interest	(k)	2,363	723
Rental expense	(l)	91	117

* Related parties are entities controlled by a director of the ultimate holding company.

- Forwarding charges paid for forwarding and handling services rendered to the Group by Texchem Food Sdn Bhd, a subsidiary of Texchem Resources Bhd.
- The Group purchased raw materials from Texchem Materials Sdn Bhd, Texchem Materials (Thailand) Ltd and New Material (Malaysia) Sdn Bhd.
- Rental expense paid to Texchem Materials Sdn Bhd for warehousing, office and storage space.
- Sale of goods represents finished goods sold to certain subsidiaries of Texchem Resources Bhd.
- The Group received laboratory testing income from Acumen Scientific Sdn Bhd, a subsidiary of Texchem Resources Bhd.
- Laboratory testing expense paid to Acumen Scientific Sdn Bhd for the services received.
- Commission expense paid to a subsidiary of Texchem Resources Bhd.
- Corporate management fee paid for management services, including finance, human resources, information technology and legal and secretarial services, rendered by Texchem Corporation Sdn Bhd.*
- Information services expense paid for provision of information technology hardware and software by Texchem Corporation Sdn Bhd.*



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

25. RELATED PARTIES *(Cont'd)*

Other related party transactions *(Cont'd)*

- j) Security charges paid to Guardman Security Services Sdn Bhd, a wholly owned subsidiary of Texchem Corporation Sdn Bhd, for security services rendered.*
- k) The Group received an advance and the interest is accrued.
- l) Rental expense paid for usage of a rented facility for the purpose of business meetings and corporate functions.

* Texchem Corporation Sdn Bhd became a 55.80% owned subsidiary of Texchem Resources Bhd on 17 May 2013. The percentage of shareholding owned by Texchem Resources Bhd in Texchem Corporation Sdn Bhd was further increased to 73.81% on 12 July 2013.

26. SEGMENT REPORTING

For management purpose, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products and services. For each of the business segment, the Management Team reviews internal management reports on a monthly basis.

The Management Team, for the purposes of resource allocation and performance assessment, focused on the business segment and geographical segment results. Geographically, the Management Team manages and monitors the business in four primary geographical areas: Malaysia, Thailand, the People's Republic of China, Singapore and Vietnam.

Business Segments

The Group comprises the following main business segments:

- | | | |
|------------------------------|---|---|
| Thermoformed packaging | : | Manufacture and sale of thermoformed packaging products |
| Precision injection moulding | : | Manufacture and sale of precision injection moulded plastic products |
| Others | : | Others include the manufacture and sale of flexographic printing plates and extruded sheets |

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



26. SEGMENT REPORTING *(Cont'd)*

	Thermo- formed packaging products RM'000	Precision injection moulded plastic products RM'000	Others RM'000	Total operations RM'000
2014				
Revenue				
Total segment revenue	116,407	58,377	15,955	190,739
Inter-segment revenue	(152)	(977)	(7,359)	(8,488)
Total revenue from external customers	116,255	57,400	8,596	182,251
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation	10,832	(1,876)	(2,729)	6,227
Depreciation of property, plant and equipment	5,414	3,311	809	9,534
Amortisation of intangible assets	30	82	18	130
Insurance claims	-	(30)	-	(30)
Share of profit of joint venture				(41)
Impairment loss on investment in joint venture				304
Segment assets	121,319	29,192	11,188	161,699
Investment in joint venture	-	-	-	-
Segment liabilities	30,749	6,243	5,269	42,261
Other segment information				
Capital expenditure	3,072	4,462	1,436	8,970



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

26. SEGMENT REPORTING *(Cont'd)*

	Thermo- formed packaging products RM'000	Precision injection moulded plastic products RM'000	Others RM'000	Total operations RM'000
2013				
Revenue				
Total segment revenue	108,438	50,702	17,012	176,152
Inter-segment revenue	(414)	(683)	(8,025)	(9,122)
Total revenue from external customers	108,024	50,019	8,987	167,030
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation	6,066	(769)	(102)	5,195
Depreciation of property, plant and equipment	5,464	3,813	857	10,134
Amortisation of intangible assets	95	64	10	169
Insurance claims	(137)	-	-	(137)
Share of loss of joint venture				14
Realisation of foreign currency translation reserve from liquidation of a subsidiary				615
Segment assets	117,308	30,553	10,778	158,639
Investment in joint venture	-	-	-	263
Segment liabilities	27,431	6,357	3,883	37,671
Other segment information				
Capital expenditure	2,472	2,896	683	6,051

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



26. SEGMENT REPORTING *(Cont'd)*

The Management assesses the performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and goodwill impairment that are not expected to recur regularly in every period. Similarly, finance expenses arising from finance activities are not allocated to operating segments.

A reconciliation of adjusted EBITDA to loss before income tax for continuing operations is provided as follows:

	2014 RM'000	2013 RM'000
Adjusted EBITDA for reportable segments	8,956	5,297
Other EBITDA	(2,729)	(102)
Depreciation of property plant and equipment	(9,534)	(10,134)
Amortisation of intangible assets	(130)	(169)
Finance costs	(3,671)	(2,573)
Insurance claims	30	137
Share of profit/(loss) of joint venture	41	(14)
Head office expenses	(6,491)	(7,383)
Realisation of foreign currency translation reserve from liquidation of a subsidiary	-	(615)
Impairment loss on investment in joint venture	(304)	-
Loss before income tax for continuing operations	<u>(13,832)</u>	<u>(15,556)</u>

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance, the Management monitors items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	2014 RM'000	2013 RM'000
Segment assets for reportable segments	150,511	147,861
Other segment assets	11,188	10,778
Unallocated:		
Investment in joint venture	-	263
Tax recoverable	252	-
Others	66	181
	<u>162,017</u>	<u>159,083</u>



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

26. SEGMENT REPORTING *(Cont'd)*

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance, the Management monitors items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	2014 RM'000	2013 RM'000
Segment liabilities for reportable segments	36,992	33,788
Other segment liabilities	5,269	3,883
Unallocated:		
Borrowings	70,369	63,652
Current income tax liabilities	-	32
Loan from holding company	2,950	700
Deferred income tax liabilities	960	945
Others	904	400
	117,444	103,400

Geographical Segments

Malaysia and Thailand are major markets for thermoformed packaging products and precision injection moulded plastic products. People's Republic of China and Vietnam are major markets for thermoformed packaging products.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Total segment assets are based on the geographical location of the assets.

	Malaysia RM'000	Thailand RM'000	People's Republic of China RM'000	Singapore RM'000	Vietnam RM'000	Others * RM'000	Total operations RM'000
2014							
Revenue from external customers	48,374	59,766	32,550	7,653	12,317	21,591	182,251
Total assets	91,152	46,540	16,301	66	7,958	-	162,017
Capital expenditure	8,482	187	128	-	173	-	8,970

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014



26. SEGMENT REPORTING *(Cont'd)*

Geographical Segments *(Cont'd)*

	Malaysia RM'000	Thailand RM'000	People's Republic of China RM'000	Singapore RM'000	Vietnam RM'000	Others * RM'000	Total operations RM'000
2013							
Revenue from external customers	41,054	55,908	33,323	4,354	9,730	22,661	167,030
Total assets	89,180	44,695	19,048	446	5,714	-	159,083
Capital expenditure	4,419	1,553	48	-	31	-	6,051

* Comprise Japan, the Philippines, Indonesia, South Korea, Taiwan, the United Kingdom and the United States of America.

Revenue of approximately RM20,968,000 (2013: RM19,863,000) are derived from external customers which contributed more than 10% of total group revenue and is attributable to thermoformed packaging and precision injection moulding products.

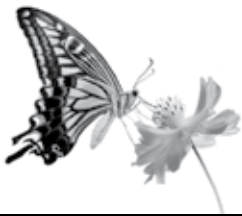
27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On 2 January 2014, the Company has incorporated a wholly owned subsidiary namely Texchem Polymer Engineering Sdn. Bhd. Texchem Polymer Engineering Sdn. Bhd. has not commenced operations since its incorporation.
- Texchem-Pack (KL) Sdn. Bhd. ("TXPKL"), a dormant wholly owned subsidiary of Texchem-Pack (M) Bhd., which is in turn a wholly owned subsidiary of the Company has commenced member's voluntary winding up on 13 February 2014. TXPKL was incorporated on 6 April 1989 and it had ceased operations since 15 April 2011. It is in the best interest of the Company to wind up TXPKL as TXPKL has no intention of carrying on business in the future.

The completion of the member's voluntary winding up is still pending as at the date of this report.

28. SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

- On 12 February 2015, Texchem Life Sciences Sdn. Bhd. a wholly owned subsidiary of the Company, has incorporated a company known as Lifeon Asia Sdn. Bhd. ("LASB") with an authorized capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each, and an issued and paid-up share capital of RM2.00, comprising 2 ordinary shares of RM1.00 each. The principal activity of LASB will be trading of medical devices.
- Eye Graphic Sdn. Bhd., a wholly owned subsidiary of the Company, has entered into a shares purchase agreement with Alaya Inc. to acquire 98,000 shares representing remaining 49% equity interest in Alaya Asia Sdn. Bhd., at a consideration of RM163,460. The acquisition is completed on 2 March 2015. Upon completion of the acquisition, Alaya Asia Sdn. Bhd. became a wholly owned subsidiary of Eye Graphic Sdn. Bhd.
- The Company was placed under the Watch-List on 5 March 2012 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") as the Company has incurred pre-tax losses (excluding exceptional or non-recurrent income and extraordinary items) for three consecutive financial years from 2009 to 2011. As the Company has not achieved profitable position within 24 months from 5 March 2012, this has resulted in the issuance of Delisting Notification by SGX-ST to the Company on 5 March 2014. Trading in the Company's securities was suspended from 7 April 2014 and SGX-ST has instructed the Company or its controlling shareholder, Texchem Resources Bhd ("TRB"), to make a reasonable exit offer to all shareholders of the Company. The Company had submitted two applications to SGX-ST for an extension of time for the purpose of enabling an exit offer to be made. SGX-ST has granted an extension of time to 7 October 2014 and further extended the timeline to 7 April 2015 for the Company to submit a reasonable exit offer proposal to SGX-ST. TRB is currently working on an exit offer proposal for the Company's shareholders.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the Financial Year Ended 31 December 2014

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 and which the Group has not early adopted:

- Amendments to FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- Amendments to FRS 1 – Presentation of Financial Statements : Disclosures Initiative (effective for annual periods beginning on or after 1 January 2016)
- FRS 109 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The directors expect that the adoption of these standards will not have a significant effect on the financial statements of the Group during the period of their initial adoption except for FRS 115 and FRS 109 where management is currently evaluating the potential impact of the application of FRS 115 and FRS 109 on the financial statements of the Group and of the Company in the period of their initial application.

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Texchem-Pack Holdings (S) Ltd on the date of the Statement by Directors.

ANALYSIS OF SHAREHOLDINGS

As at 16 March 2015



Share capital	:	S\$26,912,015
Number of issued shares	:	138,715,562
Class of shares	:	Ordinary shares
Voting rights	:	On a show of hands - One vote for every shareholder On a poll - One vote for every ordinary share held

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 99	0	0.00	0	0.00
100 - 1,000	128	16.10	127,700	0.09
1,001 - 10,000	429	53.96	1,803,300	1.30
10,001 - 1,000,000	231	29.06	19,006,000	13.70
1,000,001 and above	7	0.88	117,778,562	84.91
TOTAL	795	100.00	138,715,562	100.00

Based on information available to the Company as at 16 March 2015, approximately 29.52% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Interests of Director and Substantial Shareholders

Name	Direct Interest	%	Deemed Interest	%
Director				
Soh Chiaw Guan	1,000	0.0007	-	-
Substantial Shareholders				
Texchem Resources Bhd.	97,764,618	70.48	-	-
Texchem Holdings Sdn. Bhd. ^{(1), (2)}	-	-	97,764,618	70.48
Texchem Corporation Sdn. Bhd. ⁽²⁾	-	-	97,764,618	70.48
Tan Sri Dato' Seri (Dr.) Fumihiko Konishi ^{(1), (2)}	-	-	97,764,618	70.48

⁽¹⁾ Texchem Holdings Sdn. Bhd. ("Texchem Holdings") has approximately 32.99% direct interest in the share capital of Texchem Resources Bhd. ("TRB") and is thus deemed, for the purposes of Section 7 of the Companies Act (Chapter 50) of Singapore, to be interested in TRB's shareholding in our Company. In addition, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi holds the entire share capital of Texchem Holdings save for 20 shares held by his wife and accordingly, is also deemed, for the purposes of Section 7 of the Companies Act (Chapter 50) of Singapore, to be interested in TRB's shareholding in our Company.

⁽²⁾ Texchem Corporation Sdn. Bhd. ("Texcorp") has approximately 19.46% direct interest in the share capital of TRB and is thus deemed, for the purposes of Section 7 of the Companies Act (Chapter 50) of Singapore, to be interested in TRB's shareholding in our Company. In addition, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi's associates, namely his wife and children, TRB and Texchem Holdings are collectively substantial shareholders of Texcorp and accordingly, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi is also deemed, for the purposes of Section 7 of the Companies Act (Chapter 50) of Singapore, to be interested in TRB's shareholding in our Company.



ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

As at 16 March 2015

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	Texchem Resources Bhd.	97,764,618	70.48
2	Citibank Nominees Singapore Pte. Ltd.	6,442,838	4.64
3	Koh Seow Chuan	5,084,000	3.67
4	Eye Corporate Planning Co., Ltd.	4,658,106	3.36
5	Tho Lai Hoong	1,497,000	1.08
6	Thum Lai Chun	1,268,000	0.91
7	Lim Wen Gin	1,064,000	0.77
8	DBS Vickers Securities (Singapore) Pte. Ltd.	758,000	0.55
9	Yong Foong Ching	748,000	0.54
10	Cheah Yoke Phow	700,000	0.50
11	Dou Yee International Pte. Ltd.	609,000	0.44
12	Soo Ye Wah	609,000	0.44
13	Teo Lai Wah Timothy	600,000	0.43
14	Yeap Lam Yang	560,000	0.40
15	Lim Poh Whee	500,000	0.36
16	Foo Sek Kuan	480,000	0.35
17	Han Tjiang Tjoa or Sukmajati Gunawan	400,000	0.29
18	Tan Chin Wah	400,000	0.29
19	Edward Quah Kok Wah	325,000	0.23
20	Chua Swee Ming	324,000	0.23
TOTAL		124,791,562	89.96

ADDITIONAL INFORMATION



INTERESTED PERSON TRANSACTIONS

For the year ended 31 December 2014

		Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 or RM258,400 and transactions conducted under shareholders' mandate pursuant to Rule 920 of Listing Manual of SGX-ST)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of Listing Manual of SGX-ST (excluding transactions less than S\$100,000 or RM258,400)
		2014 RM'000	2014 RM'000
Interested Person			
Texchem Corporation Sdn. Bhd.	Payment of management services provided	-	2,041
Guardman Security Services Sdn. Bhd.	Payment of security services provided	-	602
Texchem Materials Sdn. Bhd.	Purchase of raw materials	-	1,337
Texchem Resources Bhd.	Advance received and accrued interest	2,363	-
Sushi Kin Sdn. Bhd.	Advance received and accrued interest	2,444	-
Texchem Corporation Sdn. Bhd.	Advance received and accrued interest	911	-

MATERIAL CONTRACTS

As at 31 December 2014

Except as disclosed in the Prospectus dated 25 October 2006 of Texchem-Pack Holdings (S) Ltd., since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving the interest of the Chief Executive Officer, directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

DEALINGS IN SECURITIES

The Company has adopted rule 1207(19) of the SGX-ST Listing Manual, which prohibits dealings in the Company's securities by its officers during the period commencing two weeks prior to the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month prior to the announcement of the Company's full year financial statements.

The Company has also complied with Listing Rule 1207(19)(b), namely no Directors or officers of the Company deals in the Company's securities on short-term considerations. In addition, the Directors and officers of the Group are expected to observe the insider trading laws at all times and they are prohibited from dealing in the Company's securities while in possession of unpublished price-sensitive information by virtue of their status as Directors and officers of the Group.



PARTICULARS OF PROPERTIES

Held as at 31 December 2014

Location	Tenure	Built Up Area	Existing Use	Approximate Age of Building	Expiry Date	Date of Acquisition/ * Revaluation	Net Book Value (RM'000)
Texchem-Pack (M) Bhd.							
No. 1465, Mukim 11, Lorong Perusahaan Maju 6, Fasa 4, Kawasan Perindustrian Perai, 13600 Perai, Penang.	Leasehold 60 years	7,134 sq m	Factory & Office	Between 13 to 22 years	29 June 2052	*1 December 1994	6,079
Texchem-Pack (PP) Sdn. Bhd.							
Part of Lot 1241, Phase III, Bayan Lepas Free Industrial Zone, 11900 Penang.	Leasehold 60 years	5,465 sq m	Factory & Office	Between 15 to 35 years	27 August 2041	*26 April 1983	2,922
Texchem-Pack (Johor) Sdn. Bhd.							
No. 3, Jalan Mutiara 7, Taman Perindustrian Plentong, 81750 Masai, Johor Darul Takzim.	Freehold	2,954 sq m	Factory & Office	Between 18 to 19 years	N/A	21 October 1998	3,979
Eye Graphic Sdn. Bhd.							
5, Lorong Perusahaan Maju 11, Taman Perusahaan Pelangi, 13600 Perai, Penang.	Freehold	1,073 sq m	Factory & Office	18 years	N/A	16 April 1996	948
Texchem Life Sciences Sdn. Bhd.							
Lot 3, Jalan P/6, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	Leasehold 99 years	6,100 sq m	Factory, Office and Store	23 years	29 September 2086	*7 September 2004	6,193
Texchem-Pack (Thailand) Co., Ltd.							
234 Moo 2, Bangpa-in Industrial Estate, Udomsrayut Road, Tambol Klong-jig, Amphur Bangpa-in, Phranakorn Sri Ayutthaya Province, 13160 Thailand.	Freehold	34,648 sq m	Factory & Office	21 years	N/A	3 May 2007	14,420

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Room 507, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Monday, 27 April 2015 at 9.30 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect Mr Soh Chiaw Guan being a Director who retires pursuant to Article 97 of the Company's Articles of Association. [See Explanatory Note 1] **(Resolution 2)**
3. To re-elect Mr Yap Kee Keong being a Director who retires pursuant to Article 91 of the Company's Articles of Association. **(Resolution 3)**
4. To re-elect Mr Kim Seah Teck Kim being a Director who retires pursuant to Article 91 of the Company's Articles of Association. [See Explanatory Note 2] **(Resolution 4)**
5. To approve the payment of Directors' Fees of S\$50,000 for the financial year ended 31 December 2014. [2013: S\$75,000] **(Resolution 5)**
6. To re-appoint Messrs RT, LLP as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business

To consider and if deemed fit to pass the following Resolution:

7. SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

THAT approval be and is hereby given:

- (a) for the purpose of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), for the Company and any of its subsidiaries and associated companies that are deemed an entity at risk as defined in Chapter 9 of the Listing Manual, to enter into any of the transactions falling within the types of Interested Person Transactions, as set out in the Company's letter to shareholders dated 10 April 2015 (the "**Letter**"), with any party who is of the class of the Interested Persons described in the Letter provided that such transactions are carried out in the ordinary course of business, on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions ("**Procedures**") as set out in the Letter (the "**IPT Mandate**");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of Procedures and/or to modify or implement such Procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution. [See Explanatory Note 3]

(Resolution 7)

8. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Yap Wai Ming
Lean Min-Tze
Busarakham Kohsikaporn
Joint Company Secretaries

Singapore, 10 April 2015



NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING *(Cont'd)*

Explanatory Notes:

- (1) **Resolution 2** – Mr Soh Chiaw Guan, if re-elected, will remain as a Member of the Audit Committee, Nominating Committee and Remuneration Committee. He is considered non-independent pursuant to Rule 704(8) of the SGX-ST Listing Rules.
- (2) **Resolution 4** – Mr Kim Seah Teck Kim, if re-elected, will remain as Chairman of the Nominating Committee and a Member of the Audit Committee and Remuneration Committee. He is considered independent pursuant to Rule 704(8) of the SGX-ST Listing Rules.
- (3) **Resolution 7** – For further details, please refer to the Letter.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or, if he holds two or more shares, not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.
6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act Chapter 50.
7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
8. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than forty-eight (48) hours before the time appointed for holding of the Annual General Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



TEXCHEM-PACK HOLDINGS (S) LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200308296H)

1. For investors who have used their CPF monies to buy shares in the capital of Texchem-Pack Holdings (S) Ltd., this report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM – TWELFTH ANNUAL GENERAL MEETING

I/We, _____ (full name in capital letters)
NRIC No./Passport No./Company No. _____ of _____
_____ (full address)
being a member/members of Texchem-Pack Holdings (S) Ltd. (the “Company”), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Twelfth Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Twelfth Annual General Meeting of the Company to be held at Room 507, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Monday, 27 April 2015 at 9.30 a.m. and at any adjournment thereof.

(Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions set out in the Notice of Twelfth Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Twelfth Annual General Meeting and at any adjournment thereof)

Resolution No.	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Mr Soh Chiaw Guan being a Director who retires pursuant to Article 97 of the Company’s Articles of Association.		
Resolution 3	To re-elect Mr Yap Kee Keong being a Director who retires pursuant to Article 91 of the Company’s Articles of Association.		
Resolution 4	To re-elect Mr Kim Seah Teck Kim being a Director who retires pursuant to Article 91 of the Company’s Articles of Association.		
Resolution 5	To approve payment of Directors’ Fees.		
Resolution 6	To re-appoint Auditors.		
	SPECIAL BUSINESS Ordinary Resolution:		
Resolution 7	To approve the Shareholders’ Mandate for Interested Person Transactions.		

Dated this _____ day of _____ 2015

Total Number of Shares held in:	
CDP Register	
Register of Members	

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or, if he holds two or more shares, not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.
7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
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General:

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Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2015.

TEXCHEM-PACK HOLDINGS (S) LTD.

(Incorporated in the Republic of Singapore)
(Reg. No. 200308296H)

Level 18 Menara Boustead Penang,
39, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.

T 604 229 6000 **F** 604 229 1430 **E** enquiry@texchem-pack.com

www.texchem-pack.com