All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares in our Company, you should immediately hand this AP together with the NPA and RSF (collectively referred to as "**Documents**") to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of ICPS with Warrants to our share registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 17 November 2017 at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICPS with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of ICPS with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of ICPS with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 10 of this AP. Neither our Company nor TA Securities shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renouncee/transferee (if applicable) is a resident.

This AP has been registered by the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of ICPS with Warrants or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of ICPS with Warrants at the Extraordinary General Meetings held on 25 August 2017. Bursa Securities had vide its letter dated 6 July 2017 approved the admission of the ICPS and Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants, Adjustment Warrants and the new Asia Poly Shares to be issued upon the conversion of ICPS, exercise of the Warrants and Adjustment Warrants on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of ICPS with Warrants. Admission of the ICPS and Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS, Warrants, Adjustment Warrants and new Asia Poly Shares to be issued upon conversion of the ICPS, exercise of the Warrants and Adjustment Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS with Warrants. Bursa Securities takes no responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the ICPS, Warrants and Adjustment Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renouncees/transferees (if applicable).

Our Board has seen and approved all the documentation relating to this Rights Issue of ICPS with Warrants. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of our Board's knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of ICPS with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICPS with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

ASIA POLY

ASIA POLY HOLDINGS BERHAD
(Company No. 619176-A)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 390,023,853 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN ASIA POLY HOLDINGS BERHAD ("ASIA POLY") ("ICPS") ON THE BASIS OF 1 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE IN ASIA POLY HELD AS AT 5.00 P.M. ON 17 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.05 PER ICPS, TOGETHER WITH UP TO 97,505,963 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 4 ICPS SUBSCRIBED FOR

Adviser and Underwriter

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Underwriter

Apex JF APEX SECURITIES BERHAD (47680-X)
(A Participating Organisation of Bursa Malaysia Securities Berhad And A Trading Participant of Bursa Malaysia Derivatives Berhad)

IMPORTANT RELEVANT DATES AND TIME		
Entitlement date	:	Friday, 17 November 2017 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Friday, 24 November 2017 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 29 November 2017 at 4.00 p.m.
Acceptance and payment	:	Tuesday, 5 December 2017 at 5.00 p.m.
Excess application and payment	:	Tuesday, 5 December 2017 at 5.00 p.m.

This Abridged Prospectus is dated 17 November 2017

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE ICPS AND WARRANTS TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE ICPS, WARRANTS, ADJUSTMENT WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE CONVERSION OF ICPS, EXERCISE OF THE WARRANTS AND ADJUSTMENT WARRANTS ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF ICPS WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

"5D-VWAP"	:	5-day volume weighted average market price
"ACE Market"	:	ACE Market of Bursa Securities
"Acquisition"	:	Acquisition of 500,000 HRLSB Shares, representing the entire equity interest in HRLSB for the purchase consideration of RM14,800,000, to be satisfied via a combination of the cash payment of RM8,000,000 and the issuance of 42,027,194 new Asia Poly Shares at an issue price of RM0.1618 each
"Act"	:	Companies Act 2016
"Adjustment Warrants"	:	Up to 8,237,661* additional Warrants 2015/2020 to be issued pursuant to the Rights Issue of ICPS with Warrants * *Bursa Securities had vide its letter dated 6 July 2017 approved up to 8,244,956 Adjustment Warrants to be issued pursuant to the Rights Issue of ICPS with Warrants. However, the number of Adjustment Warrants to be issued has decreased to up to 8,237,661 due to the exercise of 50,000 Warrants 2015/2020 as announced on 25 May 2017. The adjustment to the number of outstanding Warrants 2015/2020 pursuant to the Rights Issue of ICPS with Warrants is provided for under the deed poll dated 5 November 2015 constituting the Warrants 2015/2020.*
"Amendments"	:	Amendments to the Constitution (M&A) of our Company which took effect on 25 August 2017
"Announcement"	:	The announcement of, among others, the Rights Issue of ICPS with Warrants dated 25 January 2017
"Announcement LPD"	:	24 January 2017, being the latest practicable date prior to the Announcement
"AP"	:	This Abridged Prospectus issued by our Company dated 17 November 2017
"Asia Poly" or "Company"	:	Asia Poly Holdings Berhad
"Asia Poly Green Energy"	:	Asia Poly Green Energy Sdn Bhd (*formerly known as Asia Poly Fidelity Capital Sdn Bhd)*, a wholly-owned subsidiary of our Company
"Asia Poly Group" or "Group"	:	Asia Poly and our subsidiaries
"Asia Poly Industrial"	:	Asia Poly Industrial Sdn Bhd, a wholly-owned subsidiary of our Company
"Asia Poly Shares" or "Shares"	:	Ordinary shares in Asia Poly
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of our Company
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compounded annual growth rate

DEFINITIONS (*CONT'D*)

"CDS"	:	Central Depository System
"Circular"	:	Circular to our shareholders dated 27 July 2017 in relation to the Corporate Exercises
"Circular LPD"	:	30 June 2017, being the latest practicable date prior to the printing of the Circular
"CMSA"	:	Capital Markets and Services Act 2007
"Code"	:	Malaysian Code on Take-overs and Mergers 2016
"Conversion Price"	:	The conversion price for the ICPS to be converted into 1 new Asia Poly Share is RM0.10 based on the Conversion Ratio
"Conversion Ratio"	:	Conversion ratio of the ICPS for 1 new Asia Poly Share is either: (a) 2 ICPS to be converted into 1 Asia Poly Share; or (b) a combination of 1 ICPS and RM0.05 in cash for 1 Asia Poly Share
"Corporate Exercises"	:	Rights Issue of ICPS with Warrants, Acquisition, Variation, Diversification and Amendments, collectively
"Dato' Yeo" or "Undertaking Shareholder"	:	Dato' Yeo Boon Leong, a major shareholder and Executive Chairman of our Company as well as a director and the controlling shareholder of HRLSB
"Deed Poll"	:	The document constituting the Warrants dated 27 October 2017
"Director"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"Diversification"	:	Diversification of the existing business of our Group of investment holding and the manufacture and sale of cast acrylic products to include property development where shareholders' approval was obtained on 25 August 2017
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting
"Entitled Shareholders"	:	The shareholders of our Company whose names appear in our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	17 November 2017 at 5.00 p.m. being the date and time on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of ICPS with Warrants
"EPS"	:	Earnings per Share
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"HRLSB"	:	High Reserve Land Sdn Bhd
"HRLSB Shares"	:	Ordinary shares in HRLSB
"ICPS"	:	Up to 390,023,853 new irredeemable convertible preference shares in our Company to be issued pursuant to the Rights Issue of ICPS with Warrants

DEFINITIONS (*CONT'D*)

"IMR Report"	:	Independent market research report on the cast acrylic sheet industry in Malaysia dated 17 July 2017 prepared by Infobusiness
"Infobusiness"	:	Infobusiness Research & Consulting Sdn Bhd, the independent market researcher
"Issue Price"	:	The issue price of RM0.05 per ICPS
"JF Apex"	:	JF Apex Securities Berhad
"Land"	:	A parcel of commercial land with approved planning permission located at Mukim of Semenyih, District of Ulu Langat, Selangor Darul Ehsan
"LAT"	:	Loss after tax
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	20 October 2017, being the latest practicable date prior to the registration of this AP
"LPS"	:	Loss per Share
"M&A"	:	Memorandum and Articles of Association
"Market Day"	:	A day which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Assuming all shareholders will subscribe for their entitlements in full and all the outstanding Warrants 2015/2020 are exercised prior to the Entitlement Date. The ICPS are converted at 1 ICPS and cash of RM0.05 for 1 Asia Poly Share
"MFRS"	:	Malaysian Financial Reporting Standards
"Minimum Scenario" or "Minimum Subscription Level"	:	Assuming only the Undertaking Shareholder subscribes to his entitlement pursuant to the Undertaking and subscription by the underwriters pursuant to the underwriting arrangements of the ICPS and none of the outstanding Warrants 2015/2020 is exercised prior to the Entitlement Date. The ICPS are converted at 2 ICPS for 1 Asia Poly Share
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue of ICPS with Warrants
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Private Placement"	:	30,319,000 Asia Poly Shares placed out at an issue price of RM0.16 per Asia Poly Share pursuant to a private placement which was completed on 8 March 2017
"Proposed Development"	:	Proposed development of the Land
"PT. Rimba"	:	PT. Rimba Tripa, a company in which our Company holds 51% effective equity interest in, through Asia Poly Green Energy
"Record of Depositors"	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository

DEFINITIONS (*CONT'D*)

"Rights Issue of ICPS with Warrants"	:	Renounceable rights issue of up to 390,023,853 new ICPS on the basis of 1 ICPS for every 1 existing Asia Poly Share held at the Entitlement Date, together with up to 97,505,963 Warrants on the basis of 1 Warrant for every 4 ICPS subscribed for
"R&D"	:	Research and development
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue of ICPS with Warrants
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
"Rules of Bursa Depository"	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Symphony Share Registrars Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"sq. m."	:	Square metre
"TA Securities"	:	TA Securities Holdings Berhad
"TEAP"	:	Theoretical ex-all price
"TERP"	:	Theoretical ex-rights price
"Two-Call Rights Issue Circular"	:	Circular to our shareholders dated 6 October 2015 in relation to, amongst others, the Two-Call Rights Issue of Shares with Warrants
"Two-Call Rights Issue of Shares with Warrants"	:	Two-call rights issue of 175,829,920 Asia Poly Shares together with 58,609,973 Warrants 2015/2020 which was completed on 21 December 2015
"Undertaking"	:	Unconditional and irrevocable undertaking dated 25 January 2017 from the Undertaking Shareholder that he will not dispose any of his Asia Poly Shares following the Announcement up to the Entitlement Date and he will subscribe for his entitlement of 48,649,800 ICPS together with 12,162,450 Warrants pursuant to the Rights Issue of ICPS with Warrants
"Underwriters"	:	TA Securities and JF Apex, collectively
"Underwriting"	:	Underwriting arrangements for 51,350,200 ICPS together with 12,837,550 Warrants so that the Minimum Subscription Level will be achieved
"Underwriting Agreement"	:	Underwriting agreement dated 27 October 2017 entered into between our Company and the Underwriters
"Underwritten ICPS"	:	51,350,200 ICPS together with 12,837,550 Warrants, representing approximately 51.35% of the Minimum Subscription Level of the Rights Issue of ICPS with Warrants, underwritten by the Underwriters (severally and not jointly) based on the terms and conditions of the Underwriting Agreement
"USD"	:	United States Dollar

"Variation"	:	Variation of the utilisation of proceeds raised from the Two-Call Rights Issue of Shares with Warrants which took effect on 28 October 2015
"Warrants"	:	Up to 97,505,963 free detachable warrants to be issued pursuant to the Rights Issue of ICPS with Warrants
"Warrants 2015/2020"	:	56,463,973 outstanding warrants 2015/2020 in our Company that have yet to be exercised as at the LPD

All references to "**our Company**" and/or "**Asia Poly**" in this AP are to Asia Poly Holdings Berhad. References to "**our Group**" and/or "**Asia Poly Group**" are to Asia Poly and our subsidiaries and references to "**we**", "**us**" "**our**" and "**ourselves**" are to Asia Poly and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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TECHNICAL GLOSSARY

To facilitate better understanding of the business of our Company, the following glossary contains the definition, explanation and/or description of certain terms used in this AP in relation to the cast acrylic industry. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

Except where the context otherwise requires, the following technical terms shall apply throughout this AP and the accompanying appendices:

"abrasion"	:	Refers to frictional rubbing
"DMMA"	:	Refers to the breakdown and depolymerisation of scrap/strips from polymer units to monomer units
"ex-factory sales"	:	Refers to sales registered by the manufacturers, and not the distributors and/or fabricators
"micron"	:	A millionth of a metre
"MMA"	:	Refers to methyl methacrylate, a type of monomer
"monomers"	:	Derived from either naphtha or natural gas, they are the basic building blocks of polymers
"nanometre"	:	A thousand millionth of a metre
"nanoparticle(s)"	:	Refers to a microscopic particle of matter between 1 nanometre and 100 nanometres in size
"naphtha"	:	It is a type of hydrocarbon derived from the refining of crude oil
"PMMA"	:	Refers to polymethyl methacrylate, a type of polymer. It is also known as acrylics
"polymers"	:	They are formed by the union or polymerisation of monomers. Also known as synthetic resins or plastic resin
"polymerisation"	:	Chemical reaction that links monomers to form polymers
"sol-gels"	:	Solid nanoparticles which are dispersed in a liquid medium to form a network extending throughout the liquid medium
"substrate"	:	It is the underlying material to which another substance is applied and to which that second substance adheres to

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APPENDICES

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Dato' Yeo Boon Leong *(Executive Chairman)*	2 & 4, Jalan BK 1/19 Kinrara Industrial Park Bandar Kinrara 58200 Kuala Lumpur Wilayah Persekutuan	51	Malaysian	Company Director
Tan Ban Tatt *(Independent Non-Executive Director)*	33, Jalan Kenyalang 11/13 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	40	Malaysian	Company Director/ Chartered Accountant
Thoo Soon Huat *(Independent Non-Executive Director)*	B-27-1, The Plaza Apartment Jalan Wan Kadir 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan	55	Malaysian	Company Director
Lim Teck Seng *(Non-Independent Non-Executive Director)*	23, Jalan Puteri 8/3 Bandar Puteri 47100 Puchong Selangor Darul Ehsan	47	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Ban Tatt	Chairman	Independent Non-Executive Director
Lim Teck Seng	Member	Non-Independent Non-Executive Director
Thoo Soon Huat	Member	Independent Non-Executive Director

COMPANY SECRETARIES :

Ho Meng Chan (MACS 00574)
Wu Siew Hong (MAICSA 7039647)
308, Block A (3rd Floor)
Kelana Business Centre
97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7492 1818
Fax. no. : 03-7492 1933

REGISTERED OFFICE :

308, Block A (3rd Floor)
Kelana Business Centre
97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7492 1818
Fax. no. : 03-7492 1933

CORPORATE DIRECTORY (*CONT'D*)

HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS	:	Lot 758, Jalan Haji Sirat Mukim Kapar 42100 Klang Selangor Darul Ehsan Tel. no. : 03-3342 2567 Fax. no. : 03-3342 8320 Website : www.asiapoly.com.my E-mail address : corporate@asiapoly.com.my
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd (Company No. 378993-D) Level 6 Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7849 0777 (Helpdesk) Fax. no. : 03-7841 8151
AUDITORS AND REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS	:	Messrs. Deloitte PLT (AF 0080) Chartered Accountants Level 16, Menara LGB 1 Jalan Wan Kadir Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel. no. : 03-7610 8888 Fax. no. : 03-7726 8986
SOLICITORS FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS	:	Messrs. Gary Teh & Ngiam Advocates & Solicitors Unit 1608, 16th Floor Block A, Damansara Intan No. 1, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. no. : 03-7732 9323 Fax. no. : 03-7733 5326
INDEPENDENT MARKET RESEARCHER	:	Infobusiness Research & Consulting Sdn Bhd C4-3A-2, Solaris Dutamas No.1 Jalan Dutamas 1 50480 Kuala Lumpur Tel. no. : 03-6205 3930 Fax. no. : 03-6205 3927
PRINCIPAL BANKERS	:	AmBank (M) Berhad No.42-44, Wisma Sh Ng Persiaran Sultan Ibrahim 41300 Klang Selangor Darul Ehsan Tel. no. : 03-3377 6263 Fax. no.: 03-3344 3744

CORPORATE DIRECTORY (*CONT'D*)

		AmIslamic Bank Berhad No.42-44, Wisma Sh Ng Persiaran Sultan Ibrahim 41300 Klang Selangor Darul Ehsan Tel. no. : 03-3377 6263 Fax. no.: 03-3344 3744
ADVISER FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no. : 03-2072 1277 Fax. no. : 03-2026 0127
UNDERWRITERS	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. no: 03-2072 1277 Fax. no. : 03-2026 0127 JF Apex Securities Berhad 6th Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. no. : 03-8736 1118 Fax. no. : 03-8736 2135
INDEPENDENT REGISTERED VALUER	:	Weise International Property Consultants Sdn Bhd Suite No. D-2-5 Megan Avenue 1 No. 189, Persiaran Hampshire Off Jalan Tun Razak 50450 Kuala Lumpur Tel. no. : 03-2166 0144 Fax. no. : 03-2161 0750
STOCK EXCHANGE LISTING	:	ACE Market of Bursa Securities

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Company No. 619176-A

ASIA POLY HOLDINGS BERHAD
(Company No. 619176-A)
(Incorporated in Malaysia under the Companies Act 2016)

Registered Office:

308, Block A (3rd Floor)
Kelana Business Centre
97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

17 November 2017

Our Board of Directors:

Dato' Yeo Boon Leong *(Executive Chairman)*
Tan Ban Tatt *(Independent Non-Executive Director)*
Thoo Soon Huat *(Independent Non-Executive Director)*
Lim Teck Seng *(Non-Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE OF ICPS WITH WARRANTS

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1. INTRODUCTION

Our shareholders had approved the Rights Issue of ICPS with Warrants at the EGM held on 25 August 2017.

A certified true extract of the ordinary resolution passed at the EGM in relation to the Rights Issue of ICPS with Warrants is set out in Appendix I of this AP.

Bursa Securities has vide its letter dated 6 July 2017 approved the following:

(i) admission to the Official List and the listing of and quotation for up to 390,023,853 ICPS, up to 97,505,963 Warrants and up to 8,244,956* Adjustment Warrants to be issued pursuant to the Rights Issue of ICPS with Warrants; and

(ii) listing of and quotation for up 390,023,853 new Asia Poly Shares, up to 97,505,963 new Asia Poly Shares and up to 8,244,956* new Asia Poly Shares to be issued pursuant to the conversion of the ICPS, exercise of the Warrants and Adjustment Warrants, respectively,

Note:

* *The number of Adjustment Warrants to be issued has decreased to up to 8,237,661 due to the exercise of 50,000 Warrants 2015/2020 as announced on 25 May 2017.*

on the ACE Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:

	Conditions imposed	Status of compliance
(i)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS with Warrants;	To be complied with
(ii)	Our Company and TA Securities to inform Bursa Securities upon completion of the Rights Issue of ICPS with Warrants;	To be complied with
(iii)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICPS with Warrants is completed; and	To be complied with
(iv)	Our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of ICPS and exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable	To be complied with

On 27 October 2017, TA Securities announced on our behalf that the Entitlement Date has been fixed on 10 November 2017 at 5.00 p.m. together with the other relevant dates pertaining to the Rights Issue of ICPS with Warrants.

On 7 November 2017, TA Securities announced on our behalf the new Entitlement Date which has been fixed as 17 November 2017 at 5.00 p.m. together with the changes to the other relevant dates pertaining to the Rights Issue of ICPS with Warrants to allow more time for our Company to make further updates to our AP.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of ICPS with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of ICPS with Warrants.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

Our Company is issuing up to 390,023,853 ICPS on the basis of 1 ICPS for every 1 existing Asia Poly Share held, together with up to 97,505,963 Warrants on the basis of 1 Warrant for every 4 ICPS subscribed by the Entitled Shareholders at the Issue Price.

For illustrative purposes only, the maximum number of 390,023,853 ICPS and 97,505,963 Warrants were arrived at, after taking into consideration of the following:

(i) the existing issued share capital of our Company as at the LPD of RM35,175,128 comprising 333,559,880 Asia Poly Shares; and

(ii) assuming 56,463,973 outstanding Warrants 2015/2020 are exercised into 56,463,973 new Asia Poly Shares on or prior to the Entitlement Date.

The minimum number of 100,000,000 ICPS and 25,000,000 Warrants were arrived at based on the Minimum Subscription Level as set out in Section 2.5 of this AP.

The ICPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncees/transferees (if applicable). It is the intention of our Board to allocate the excess ICPS in a fair and equitable basis specified under Section 10.7 herein. The entitlements for the ICPS with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the ICPS upon issuance and will be separately traded. The renunciation of ICPS by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the ICPS pursuant to the Rights Issue of ICPS with Warrants. However, if the Entitled Shareholders decide to accept only part of their ICPS entitlements, they shall be entitled to the Warrants in the proportion of their ICPS entitlements. Any unsubscribed ICPS with the attached Warrants shall be offered to other Entitled Shareholders and/or their renouncees/transferees (if applicable) under the excess ICPS with Warrants application.

In determining our shareholders' entitlements to the ICPS with Warrants under the Rights Issue of ICPS with Warrants, fractional entitlements, if any, will be disregarded and shall be dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted ICPS with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS with Warrants, as well as to apply for the excess ICPS with Warrants if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the ICPS with Warrants and new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renouncees/transferees, if applicable. A notice of allotment will be despatched to the successful applicants within 8 Market Days from the last date of acceptance and payment for the Rights Issue of ICPS with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within 8 Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants. The ICPS and Warrants will then be quoted on the ACE Market of Bursa Securities within 2 Market Days after the application for quotation is made to Bursa Securities as specified in the Listing Requirements.

2.1 Basis of determining the issue price of the ICPS and exercise price of the Warrants

(i) ICPS

Our Board has fixed the issue price of the ICPS at RM0.05 each after taking into consideration, among others, the following:

(a) the TEAP[(1)] of RM0.1353 per Asia Poly Share, calculated based on the 5D-VWAP of Asia Poly Shares up to and including the Announcement LPD of RM0.1618 per Asia Poly Share;

(b) the par value of Asia Poly Shares of RM0.10 each prior to 31 January 2017 when the Act came into effect;

(c) the par value of ICPS of RM0.05 each prior to 31 January 2017 when the Act came into effect, the Conversion Price of RM0.10 and Conversion Ratio of either 2 ICPS to be converted into 1 Asia Poly Share or a combination of 1 ICPS and RM0.05 in cash for 1 Asia Poly Share;

(d) the rationale for the Rights Issue of ICPS with Warrants as set out in Section 3 of this AP which includes, among others, the ICPS are expected to be converted over the conversion period of 5 years; and

(e) the funding requirements of our Group, the details of which are set out in Section 5 of this AP.

The Conversion Price (of RM0.10) is at a discount of approximately RM0.0353 or 26.09% to the TEAP of RM0.1353 per Asia Poly Share, calculated based on the 5D-VWAP of Asia Poly Shares up to and including the Announcement LPD of RM0.1618 per Asia Poly Share.

The Conversion Price was arrived at holistically, after taking into consideration, among others, the issue price of the ICPS and the exercise price of the Warrants, and is at a discount (as set out above) to encourage the ICPS holders to convert their ICPS and further increase their equity participation in our Company at a predetermined price.

Note:

(1) TEAP is computed as follows:

$$TEAP = \frac{(P \times Y) + (X \times Z) + (X \times R_W \times E_P)}{Y + (X \div R) + (X \times R_W)}$$

$$= \frac{(RM0.1618 \times 1) + (1 \times RM0.05) + (1 \times \frac{1}{4} \times RM0.10)}{1 + (1 \times \frac{1}{2}) + (1 \times \frac{1}{4})}$$

$$= \frac{RM0.1618 + RM0.05 + RM0.025}{1 + 0.5 + 0.25}$$

$$= \frac{RM0.2368}{1.75}$$

$$= \underline{RM0.1353}$$

Where:

TEAP	:	*Theoretical ex-all price*
P	:	*5D-VWAP up to and including the Announcement LPD*
X	:	*ICPS (unit)*
Y	:	*Existing Asia Poly Share*
Z	:	*Issue price of each ICPS (RM)*
R_W	:	*Number of Warrants attached to each ICPS*
R	:	*Conversion Ratio of 2 ICPS into 1 Asia Poly Share*
E_P	:	*Exercise price of Warrant (RM)*

(ii) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the ICPS.

Our Board has fixed the exercise price of the Warrants at RM0.10 each after taking into consideration, among others, the following:

(i) the TERP[(1)] of RM0.1412 per Asia Poly Share, calculated based on the 5D-VWAP of Asia Poly Shares up to and including the Announcement LPD of RM0.1618 per Asia Poly Share; and

(ii) the issued share capital of each Asia Poly Share of RM0.10 then.

The exercise price of RM0.10 per Warrant represents a discount of RM0.0412 or 29.18% to the TERP of RM0.1412 per Asia Poly Share, calculated based on the 5D-VWAP of Asia Poly Shares up to and including the Announcement LPD of RM0.1618 per Asia Poly Share.

The exercise price of the Warrants of RM0.10 which is at a discount (as set out above) to provide further incentive to the Entitled Shareholders to subscribe for the Rights Issue of ICPS with Warrants, and to encourage the Warrant holders to exercise their Warrants and increase their equity participation in our Company at a predetermined price.

Note:

(1) TERP is computed as follows:

$$TERP = \frac{(P \times Y) + (X \times Z)}{Y + (X \div R)}$$

$$= \frac{(RM0.1618 \times 1) + (1 \times RM0.05)}{1 + (1 \times ½)}$$

$$= \frac{RM0.1618 + RM0.05}{1 + 0.5}$$

$$= \frac{RM0.2118}{1.5}$$

$$= \underline{RM0.1412}$$

Where:

TERP	:	*Theoretical ex-rights price*
P	:	*5D-VWAP up to and including the Announcement LPD*
X	:	*ICPS (unit)*
Y	:	*Existing Asia Poly Share*
Z	:	*Issue price of each ICPS (RM)*
R	:	*Conversion Ratio of 2 ICPS into 1 Asia Poly Share*

2.2 Salient terms of the ICPS

The salient terms of the ICPS are as follows:

Terms		**Details**
Issue size	:	Up to 390,023,853 ICPS.
Issue price	:	RM0.05 per ICPS.
Dividend rate	:	Our Company has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be in priority over the ordinary shares of our Company.
Tenure	:	5 years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	:	The day immediately preceding the 5th anniversary from the date of issue of the ICPS unless the tenure of the ICPS, if permitted by law, is extended by our Company and the ICPS holders. If such day falls on a day which is not a market day, then on the preceding market day.
Redemption	:	Not redeemable for cash.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of ICPS shall comprise 100 ICPS, or such other denomination as determined by Bursa Securities from time to time.

Form and denomination	:	The ICPS will be issued in registered form and will be constituted by our Company's Constitution (M&A).
Conversion rights	:	(a) Each ICPS carries the entitlement to convert into new Asia Poly Shares at the Conversion Ratio through the surrender of the ICPS. (b) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (c) If the conversion results in a fractional entitlement to ordinary shares of our Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion period	:	(a) The ICPS may be converted at any time within 5 years commencing on and including the date of issue of the ICPS up to and including the maturity date. (b) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new Asia Poly Shares at the Conversion Ratio of 2 ICPS to be converted into 1 Asia Poly Share.
Conversion Price	:	The conversion price for the ICPS to be converted into 1 new Asia Poly Share is RM0.10 based on the Conversion Ratio
Conversion Ratio	:	Conversion ratio of the ICPS for 1 new Asia Poly Share is either: (a) 2 ICPS to be converted into 1 Asia Poly Share; or (b) a combination of 1 ICPS and RM0.05 in cash for 1 Asia Poly Share
Ranking of the ICPS and liquidation preference	:	The ICPS shall rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of our Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital: (a) The ICPS shall confer on the holders the right to receive in priority to the holders of ordinary shares in our Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears. After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company. (b) In the event that our Company has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of our Company shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.

Ranking of new Asia Poly Shares to be issued pursuant to the conversion of the ICPS	:	All new Asia Poly Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Asia Poly Shares except that such new Asia Poly Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new Asia Poly Shares arising from the conversion of the ICPS.
Adjustment to Conversion Price and Conversion Ratio	:	The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following cases: (a) an alteration to the number of Asia Poly Shares by reason of consolidation or subdivision; or (b) a bonus issue of fully paid-up ordinary shares by our Company or any other capitalisation issue for accounting purposes; or (c) a capital distribution to shareholders made by our Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (d) a rights issue of ordinary shares by our Company; or (e) any other circumstances that our Board deems necessary, provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01). No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of our Company.
Rights of the ICPS holders	:	The ICPS holders are not entitled to any voting right or participation in any rights, allotments and/or other distribution in our Company except in the following circumstances: (a) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months; (b) on a proposal to reduce our Company's share capital; (c) on a proposal for the disposal of the whole of our Company's property, business and undertaking; (d) on a proposal that affects their rights and privileges attached to the ICPS; (e) on a proposal to wind-up our Company; and (f) during the winding-up of our Company.
Listing	:	The ICPS will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS and the new Asia Poly Shares to be issued pursuant to the conversion of the ICPS on the ACE Market of Bursa Securities.

Transfer	:	The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as the Directors of our Company and the relevant authorities may approve. As the ICPS will be listed on and traded on the ACE Market of Bursa Securities, they will be deposited in a CDS and may be subject to the rules of such system.
Modification of rights	:	Our Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of our Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.
Governing law	:	The laws of Malaysia.

2.3 Salient terms of the Warrants

The indicative salient terms of the Warrants are as follows:

Terms		**Details**
Issue size	:	Up to 97,505,963 Warrants.
Form and denomination	:	The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise price	:	The exercise price of the Warrants is fixed at RM0.10 each.
Exercise rights	:	Each Warrant entitles the registered holder to subscribe for 1 new Asia Poly Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Expiry date	:	The day immediately preceding the 5^{th} anniversary date of the issuance of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Exercise period	:	The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Mode of exercise	:	The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new Asia Poly Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrant shall comprise 100 Warrants carrying the right to subscribe for 100 new Asia Poly Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.

Adjustments in the exercise price and/or number of the Warrants	:	Subject to the provisions in the Deed Poll, the exercise price and the number of Warrants held by each Warrant holder shall be adjusted by our Board in consultation with the approved adviser and certified by the auditors of our Company, in the event of alteration to the share capital of our Company.
Rights of the Warrants	:	The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the new Asia Poly Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new Asia Poly Shares.
Provision for changes in the terms of the Warrants	:	Any modification to the Deed Poll (including the form and content of the warrant certificate) may be effected only by Deed Poll, executed by our Company and expressed to be supplemental to the Deed Poll, and only if the requirement of Condition 7 of the Deed Poll has been complied with. Any modification shall however be subject to the approval of Bursa Securities (if so required). A memorandum of every such supplemental deed shall be endorsed on the Deed Poll.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	If a resolution is passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant holders; and (ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

Listing status	:	The Warrants will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new Asia Poly Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.
Governing law	:	The laws of Malaysia.

2.4 Ranking of the new Asia Poly Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Warrants and/or Adjustment Warrants

The holders of the Warrants and/or Adjustment Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants and/or Adjustment Warrants exercise their Warrants and/or Adjustment Warrants into new Asia Poly Shares.

The new Asia Poly Shares to be issued arising from the conversion of the ICPS and/or exercise of the Warrants and/or Adjustment Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Asia Poly Shares, save and except that the new Asia Poly Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new Asia Poly Shares arising from the conversion of the ICPS and/or exercise of the Warrants and/or Adjustment Warrants.

2.5 Minimum subscription level, major shareholder's undertaking and underwriting arrangement

The Rights Issue of ICPS with Warrants will be implemented on the Minimum Subscription Level. Based on the Issue Price, our Company will raise minimum gross proceeds of RM5.00 million from the Rights Issue of ICPS with Warrants.

The Minimum Subscription Level was determined by our Board after taking into consideration, *inter-alia*, the funding requirements of our Group as set out in Section 5 of this AP.

To meet the Minimum Subscription Level, our Company has procured the Undertaking from the Undertaking Shareholder and that he will not dispose any of his Asia Poly Shares following the Announcement up to the Entitlement Date and he will subscribe for his entitlement of 48,649,800 ICPS together with 12,162,450 Warrants. At the time of the Undertaking (dated 25 January 2017) was entered into, Dato' Yeo held 48,649,800 Asia Poly Shares and the Undertaking was for Dato' Yeo to subscribe in full for his then entitlement of 48,649,800 ICPS together with 12,162,450 Warrants. Subsequently on 12 October 2017, Dato' Yeo's shareholding increased to 53,118,900 Asia Poly Shares. The Undertaking by Dato' Yeo remained at 48,649,800 ICPS together with 12,162,450 Warrants as the minimum level of funds to be raised under the Minimum Subscription Level will be sufficient for our Group's funding plans set out in Section 5 of this AP.

For the remaining portion of the ICPS under the Minimum Subscription Level, our Company has entered into the Underwriting Agreement with the Underwriters to severally but not jointly underwrite 51,350,200 ICPS (representing approximately 51.35% of the total issue size of the Rights Issue of ICPS with Warrants based on the Minimum Subscription Level) for which no unconditional and irrevocable written undertaking to subscribe has been obtained from other shareholders. The underwriting commission is two percent (2.0%) of the value of Underwritten Shares, amounting to RM51,350. The underwriting commission payable to the Underwriters and all other costs in relation to the Underwriting shall be fully borne by our Company. In view of the Undertaking and Underwriting, the Minimum Subscription Level will be achieved.

Details of the Undertaking (at the time the Undertaking was entered into) and Underwriting based on the Minimum Subscription Level are as summarised below:

	As at 23 January 2017(2)		ICPS entitled and undertaken/ to be underwritten	
	No. of Asia Poly Shares held	**%**	**No. of ICPS**	**%(1)**
Undertaking Shareholder				
Dato' Yeo	48,649,800	16.05	48,649,800	48.65
Underwriters				
TA Securities	-	-	25,000,000	25.00
JF Apex	-	-	26,350,200	26.35
Total	**48,649,800**	**16.05**	**100,000,000**	**100.00**

Notes:

(1) *Percentages are calculated based on 100,000,000 ICPS available for subscription under the Minimum Subscription Level.*

(2) *Based on our Company's Record of Depositors as at 23 January 2017 (i.e., being the latest practicable date for the Undertaking).*

Dato' Yeo held 29,700 Warrants 2015/2020 based on our Company's Record of Depositors as at 23 January 2017. The above assumes that Dato' Yeo will not exercise the said Warrants 2015/2020 held. In the event Dato' Yeo exercises the 29,700 Warrants 2015/2020 into 29,700 Asia Poly Shares prior to the Entitlement Date, the ICPS undertaken to be subscribed by Dato' Yeo will increase by 29,700.

Details of the Undertakings and Underwriting based on the Minimum Subscription Level as at the LPD are as follows:

	As at the LPD(5)		ICPS entitlement(1)	ICPS undertaken(2)/ underwritten	
	No. of Asia Poly Shares held	**%**	**No. of ICPS**	**No. of ICPS**	**%(3)**
Undertaking Shareholder					
Dato' Yeo	53,118,900(4)	15.92	53,118,900	48,649,800	48.65
Underwriters					
TA Securities	-	-	-	25,000,000	25.00
JF Apex	-	-	-	26,350,200	26.35
Total	**53,118,900**	**15.92**	**53,118,900**	**100,000,000**	**100.00**

Notes:

(1) *Entitlement based on Dato' Yeo's shareholding in our Record of Depositors as at the LPD.*

(2) *Subscription of ICPS pursuant to the Undertaking.*

(3) *Percentages are calculated based on 100,000,000 ICPS available for subscription under the Minimum Subscription Level.*

(4) *The shareholding of Dato' Yeo has increased subsequent to the Undertaking.*

(5) *Based on our Company's Record of Depositors as at the LPD.*

Dato' Yeo holds 29,700 Warrants 2015/2020 based on our Company's Record of Depositors as at the LPD. The above assumes that Dato' Yeo will not exercise the said Warrants 2015/2020 held. In the event Dato' Yeo exercises the 29,700 Warrants 2015/2020 into 29,700 Asia Poly Shares prior to the Entitlement Date, the ICPS undertaken to be subscribed by Dato' Yeo will increase by 29,700.

The Undertaking Shareholder has confirmed that he has sufficient financial resources to subscribe for his entitlement of 48,649,800 ICPS together with 12,162,450 Warrants as well as his additional entitlement of 29,700 ICPS with 7,425 Warrants arising from the exercise of his 29,700 Warrants 2015/2020 pursuant to the Undertaking (being his full entitlement at the time of the Undertaking was entered into). As the Adviser for the Rights Issue of ICPS with Warrants, TA Securities has verified that the Undertaking Shareholder has sufficient resources to fulfil his commitment pursuant to the Undertaking.

After taking into consideration the Undertaking and Underwriting, the subscription of the ICPS by the Undertaking Shareholder will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules. The Undertaking Shareholder has undertaken to observe and comply at all times with the provisions of the Code and the Rules.

2.6 *Details of other corporate exercises*

As at the LPD, save as disclosed below and for the Rights Issue of ICPS with Warrants, our Board is not aware of any outstanding corporate proposal which has been announced but pending completion:

2.6.1 Acquisition

The Acquisition, which was approved by our shareholders at our Company's EGM held on 25 August 2017, involves the acquisition of 500,000 HRLSB Shares, representing the entire equity interest in HRLSB for the purchase consideration of RM14,800,000, to be satisfied via a combination of the cash payment of RM8,000,000 and the issuance of 42,027,194 new Asia Poly Shares at an issue price of RM0.1618 each. For the avoidance of doubt, the new Asia Poly Shares arising from the Acquisition will not be entitled to the ICPS with Warrants as they will only be issued after the completion of the Rights Issue of ICPS with Warrants.

As at the LPD, the Acquisition is pending the fulfilment of the conditions precedent being the discharge of the charge by AmBank (M) Berhad on the Land as set out in the sale and purchase agreement dated 25 January 2017. The Acquisition is expected to be completed in December 2017 (after the completion of the Rights Issue of ICPS with Warrants).

3. RATIONALE FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

After due consideration of the various methods of fund raising available for the purposes as stated in Section 5 of this AP, our Board is of the opinion that the Rights Issue of ICPS with Warrants is the most suitable and expedient form of fund raising for our Company at this juncture after taking into consideration the following:

(i) the issuance of ICPS with Warrants allows our Company to raise funds without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments;

(ii) the issuance of ICPS with Warrants enhances the cash flow of our Group and enables our Group to fund the purposes set out in Section 5 of this AP which are expected to contribute positively to the future earnings of our Group and improve the financial performance of our Group;

(iii) the issuance of ICPS with Warrants provides the necessary and sufficient level of funding for the purposes set out in Section 5 of this AP while reducing the immediate dilution effect on the EPS, which would otherwise have an immediate impact if it were an issuance of ordinary shares instead, as the ICPS are expected to be converted over a period of time during the conversion period; and

(iv) the issuance of ICPS with Warrants also provides an opportunity for existing shareholders of our Company to increase their equity participation in our Company by converting the ICPS and exercising the Warrants into new Asia Poly Shares.

4. VARIATION OF THE PROCEEDS RAISED FROM THE PREVIOUS TWO-CALL RIGHTS ISSUE OF SHARES WITH WARRANTS

Our Company had on 21 December 2015 completed the Two-Call Rights Issue of Shares with Warrants and raised proceeds of approximately RM8.79 million to be utilised in the manner set out in the Two-Call Rights Issue Circular, as approved by the shareholders of our Company at the EGM on 28 October 2015.

The intended utilisation of proceeds as set out in the Two-Call Rights Issue Circular are as follows:

No.	Purposes of Utilisation	Intended utilisation of proceeds RM'000	Amount utilised as at the Circular LPD RM'000	Balance yet to be utilised as at the Circular LPD RM'000	Original timeframe for utilisation (from 21 December 2015)
(a)	Repayment of bank borrowings	3,162	(3,162)	-	Within 12 months
(b)	Setting up of a waste management plant	3,000	-	3,000	Within 18 months
(c)	Working capital	2,000	(2,000)	-	Within 18 months
(d)	Estimated expenses in relation to the previous corporate exercises	630	(630)	-	Within 2 weeks
	Total	**8,792**	**5,792**	**3,000**	

On 25 August 2017, the shareholders of our Company had approved the Variation as follows:

No.	Purposes of Utilisation	Balance yet to be utilised as at the Circular LPD RM'000	Variation RM'000	Revised proposed utilisation RM'000	Revised timeframe for utilisation (from 25 August 2017)
(a)	Setting up of a waste management plant	3,000	(3,000)	-	-
(b)	Working capital	-	3,000	3,000[(1)]	Within 30 months[(2)]
	Total	**3,000**	**-**	**3,000**	

Notes:

(1) As at the LPD, our Company has utilised RM0.30 million of the working capital for the repayment of trade creditors while the balance RM2.70 million has been placed in short-term money market instruments.

(2) The original timeframe for utilisation (from 21 December 2015) has been revised from 18 months to 30 months (i.e., from 20 June 2017 to 20 June 2018).

5. UTILISATION OF PROCEEDS

Based on the Issue Price, the Rights Issue of ICPS with Warrants will raise total gross proceeds of RM5,000,000 under the Minimum Scenario and up to RM19,501,193 under the Maximum Scenario.

The gross proceeds will be utilised in the manner as set out below:

Description	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected time frame for utilisation of proceeds (from the date of listing of the ICPS with Warrants)
Setting up of a coating plant	(1)	4,100	12,350	Within 18 months
Working capital	(2)	-	3,251	Within 12 months
Repayment of bank borrowings	(3)	-	3,000	Within 12 months
Estimated expenses in relation to the Corporate Exercises	(4)	900	900	Within 2 weeks
Total estimated proceeds		**5,000**	**19,501**	

Notes:

(1) Our Group is principally involved in the business of investment holding and the manufacture and sale of cast acrylic products. The cast acrylic sheets are made from 100% virgin MMA sourced from Singapore and are used for various purposes such as the following:

- building applications (e.g., glazing, skylights and interior decorative partitions);
- food industry/catering (e.g., bar fittings, cinema ice-cream and vending trays (illuminated) and display counter covers);
- domestic/household (e.g., bathroom cabinets, coffee tables and furniture);
- medical (e.g., hospital trays and equipment, incubators and illuminated eye testing charts);
- transport (e.g., boat cabin windows, boat windscreens and car accessories/visors); and
- miscellaneous applications (e.g., bus shelter glazing, display cabinets, fire hydrant plates and signages).

By leveraging on our Group's existing technologies and expertise in the polymer industry, our Group intends to utilise up to RM12.35 million of the proceeds to fund the entire estimated cost to set up a coating plant (with a built-up area of 1,632 sq. m.) to hard coat the cast acrylic sheets produced by our Group.

Hard coating, a value added process in the manufacturing of cast acrylic sheets, refers to the application of a very thin layer of coating (about 5 microns) to an underlying material (also known as a substrate) such as acrylics or polycarbonates in order to protect it from abrasion, scratching and chemical damage. A hard coat film is capable of improving the surface hardness of cast acrylic sheets produced by our Group and prevents the surface from being scratched. Hard coatings are made of sol-gels of silica and nanoparticles that are applied in a liquid form to the substrate and then hardened to a glass-like hard finish. This requires heating the coated materials at a certain temperature for a certain period of time in a dust-free environment. This helps to prevent highly visible imperfections on the coated surface. The end result of the coating process is the full development of the desired properties on the cast acrylic sheets. The hard coating can be on either one or both sides of acrylics or polycarbonates.

By setting up the coating plant, our Group will be able to hard coat the cell cast acrylic sheets it manufactures. When a layer of hard coating is applied to acrylic sheets, a pencil hardness test# value of between 4H and 6H can be achieved. As at the LPD, there are no cell cast acrylic sheet manufacturers in Malaysia that are capable of hard coating the acrylic sheets to be used in products such as awnings, skylights, signage and furniture. By hard coating acrylic sheets, our Group will be able to produce acrylic sheets that are more resistant to abrasion and scratching, spurring increased usage of hard coated acrylic sheets in different application markets (such as advertising and visual communications, architectural and building construction, transportation and furniture manufacturing) resulting in higher revenue and improved gross profit margin for our Group.

\# *The pencil hardness test is used to determine the abrasion and scratch resistance of a coating surface by using pencils to scratch the surface. It utilises the varying hardness values of graphite pencils to evaluate a coating's hardness, being the capacity of a given coated surface to resist scratching, marring or gouging. When expressing the measurement of pencil hardness, the scale ranges from 6B (softest) to 9H (hardest).*

As the hard coating of cell cast acrylic sheets is a technology new to Malaysia, none of the employees of our Group have the necessary expertise to manage the operations of the coating plant. Our Group intends to hire an experienced production engineer to monitor the hard coating process and to provide on-the-job training to the employees of our Group to ensure the coating plant runs smoothly. The production engineer will be advised by an external consultant from California, the United States of America, specialising in materials science and coating. The salary and consultation fee for the production engineer and external consultant, respectively, will be financed through our Group's internally-generated funds.

Our Group intends to utilise up to RM12.35 million for the setting up of a coating plant on the land space behind its existing production factory which encompasses the coating line, clean room, warehouse and electrical substation. The warehouse will house the clean room in which the new coating line will be set up in. The breakdown of the costs for the setting up of a coating plant are as follows:

Description	Minimum Scenario RM('000)	Maximum Scenario RM('000)
(a) Setting up of a coating line	4,100	7,500
(b) Setting up of a clean room	-	2,600
(c) Setting up of warehouse and civil engineering works	-	1,550
(d) Setting up of an electrical substation	-	700
Total	**4,100**	**12,350**

(a) Our Group intends to set up a semi-automated coating line for the hard coating of cast acrylic sheets. The coating line will have a built-up area of 646.61 sq. m.

The coating line is designed to be able to hard coat up to 617 pieces of cast acrylic sheets a day or up to 18,510 pieces of cast acrylic sheets per month (i.e., 617 pieces x 30 days). At 80% capacity (which is the estimated optimum operating efficiency), the coating plant will be able to hard coat approximately 494 pieces of cast acrylic sheets per day or approximately 14,820 pieces of cast acrylic sheets per month (i.e., 494 pieces x 30 days).

The breakdown of the setting up of the coating line is as follows:

Description	Minimum Scenario RM('000)	Maximum Scenario RM('000)
(i) Main coating line	4,100	6,600*
(ii) Other miscellaneous components, shipping and installation costs	-	900
Total	**4,100**	**7,500**

* *Equal to approximately USD1.56 million based on the USD/RM middle rate of 4.224 as at 12.00 p.m., LPD.*

(Source: BNM website)

(i) Our Group has engaged the above mentioned external consultant for the design and cost estimation of the main coating line, which will consist of 1 cleaning machine (for cleaning and surface treatment), 1 flowing machine (for coating), 1 drying machine, 1 curing machine as well as 1 conveyor together with 4 modular conveyors (to connect all the machines together), 3 pumps (for the cleaning, surface treatment and coating sections) and 3 tanks (for the cleaning, surface treatment and coating chemicals). The external consultant performed a complete assessment of the main coating line and the cost is estimated to be approximately USD1.50 million after taking into consideration, among others, the size of the cast acrylic sheets manufactured by our Group and the existing utilisation rate of our Group's existing cast acrylic sheet manufacturing plant. The breakdown of the cost of the various machines and components which form the main coating line are as follows:

Description	***RM('000)***
Cleaning machine	*990*
Flowing machine	*2,310*
Drying machine	*1,122*
Curing machine	*1,320*
Conveyor	*462*
Pumps	*99*
Tanks	*99*
Installation and commissioning costs	*198*
Total	***6,600***

(ii) Consists of the purchase of other miscellaneous components for the coating line such as pallet transfer carriages, loading and unloading tables, additional conveyors, catch trays, inspections stations, rework stations and a lamination machine together with its associated conveyors, shipping and installation costs of the coating line. This will be set-up internally by our Company.

(b) As mentioned above, hard coating has to be carried out in a dust-free environment. Our Group intends to set up an ISO class 7 clean room to house the coating line to get the best coating quality. A clean room is a controlled environment that has a low level of pollutants such as dust, airborne microbes, aerosol particles, and chemical vapours. An ISO class 7 clean room has at most 2,930 particles of 5 microns in size per cubic meter of air. The cost of setting up of the clean room is estimated at approximately RM2.60 million after taking into consideration the costs of setting up of other associated systems such as the polyurethane (PU) partitioning system, internal and external ceiling system, flooring system air conditioning system, air lock control system and lighting system, and costs of other components required for the setting up the clean room (such as fan powered filter units, doors, viewing glass, air shower and electrical outlets), costs associated with 3rd party testing and certification of the clean room, site overheads, preliminary design and coordination fees, insurance costs and Malaysian goods and services tax.

(c) Our Group intends to set up a new warehouse to house the clean room and coating line for the coating plant with the proceeds from the Rights Issue of ICPS with Warrants. The cost of setting up the new warehouse is estimated at approximately RM1.55 million which was arrived at after taking into consideration piling costs, costs of raw materials used, site overheads as well as Malaysian goods and services tax. In the event only the Minimum Scenario is achieved, our Company will fund the RM1.55 million required for the setting up of the new warehouse via a combination of internally-generated funds and/or bank borrowings. The new warehouse will have a built-up area of approximately 1,632 sq. m. The construction of the warehouse is estimated to take 10 to 12 months after the completion of the Rights Issue of ICPS depending on when our Group obtains approvals from the relevant authorities. The approvals required can only be determined upon submission of the proposal by the external consultants to the local town council for the construction of the warehouse. Our Group will appoint contractors to conduct the necessary civil engineering works such as piling, wiring and piping. The purpose of setting up the new warehouse is to house the clean room in which the new coating line will be set up in.

(d) Our Group intends to set up an electrical substation (consisting an 11 kilo-volt-ampere ("**kVA**") transformer) to ensure that all of our Group's new equipment/machines have sufficient electricity so that there is no sudden loss of production due to lack of electricity. Our Group's current 10 kVA transformer is currently operating at 90% capacity.

Currently, our Group has procured quotations from several external consultants for the specialised machines (i.e., cleaning machine, flowing machine, drying machine and curing machine) and contractors for the setting up of the new specialised buildings (i.e., the clean room, warehouse and electrical substation) in relation to the coating plant. The setting up of the coating plant and related construction works will commence once the proceeds have been received. Barring any unforeseen circumstances, the coating plant is expected to be completed within 18 months and will commence operations within 20 months from the date of listing of the ICPS.

Any surplus or shortfall in the breakdown of proceeds allocated for the setting up of the coating plant will be adjusted accordingly to/from the categories set out above.

For the avoidance of doubt, the estimated cost for the setting up of the coating plant is the same for both the Minimum and Maximum Scenarios. In the event only the Minimum Scenario is achieved, our Company will fund the balance of up to RM8.15 million for the setting up of the coating plant via a combination of internally-generated funds and/or bank borrowings. The proportion of such funding has yet to be determined at this juncture as it will depend on, among others, the level of proceeds raised, status of our Company's business as well as the economic conditions then as the proceeds are expected to be utilised within 18 months from the date of listing of the ICPS.

(2) In addition to the RM3.00 million from the Variation to be used for the repayment of trade creditors as approved by our shareholders at the EGM on 25 August 2017 (RM2.70 million of which is still unutilised as at the LPD), our Group intends to utilise RM3.25 million from the proceeds raised under the Maximum Scenario as working capital for our Group to pay its trade creditors for the supplies of raw materials for our Group's cast acrylic sheet manufacturing business. The amount owing to our Group's trade creditors were RM9.53 million as at 31 December 2016 and RM16.38 million as at the LPD. The credit period granted by our trade creditors ranges from 30 to 90 days. As at the LPD, our Group does not have any amount owing to trade creditors that are past due.

Our Group requires more funds to finance its purchases of the MMA. This is in line with our Group's intention to reduce its reliance on bank borrowings for working capital purposes as reflected by the decreased balances compared to 31 December 2015. Our Group's bank borrowings were RM14.01 million as at 31 December 2015, RM3.08 million as at 31 December 2016 and RM4.97 million as at the LPD.

(3) Our Group intends to utilise RM3.00 million of the proceeds raised under the Maximum Scenario to repay part of our Group's bank borrowings. As at the LPD, our Group's total bank borrowings were approximately RM4.97 million and will be repaid as follows:

Type of facility	**As at the LPD (RM'000)**	**Repayment amount (RM'000)**
(i) Bankers' acceptance	4,908	3,000
(ii) Hire-purchase payables	62	-
Total	**4,970**	**3,000**

The prevailing interest rate of our Group is approximately 4.75% per annum.

Our Group anticipates interest savings of approximately RM0.14 million per annum as the result of the repayment of bank borrowings.

(4) The breakdown of the estimated expenses for the Corporate Exercises is as follows:

Description	**RM('000)**
(i) Professional fees	725
(ii) Fees to relevant authorities	125
(iii) Other incidental expenses in relation to the Corporate Exercises (comprising printing and despatch costs and other expenses)	50
Total	**900**

(i) Comprises fees payable to the Adviser, solicitors, reporting accountants, company secretary, Share Registrar, independent market researcher, valuer for the Land and independent adviser for the Acquisition.

The estimated expenses consist of professional fees and fees payable to the relevant authorities. Any surplus or shortfall in the actual amount of the expenses for the Corporate Exercises will be adjusted proportionately to/from the working capital of our Group.

On 25 August 2017, our shareholders had approved the resolution that authority be granted to our Board to utilise the proceeds to be derived from the Rights Issue of ICPS with Warrants in the manner as set out in the Circular and the manner and/or purpose of such proceeds to be varied as our Board may deem fit and in the best interest of our Company subject to the approvals of all relevant parties and/or authorities being obtained (where required). For the avoidance of doubt, our Company will seek the approval of our shareholders in the event of any variation on the utilisation of proceeds from the manner as set out above.

The actual proceeds to be raised from the Rights Issue of ICPS with Warrants is dependent on the actual number of ICPS to be issued. In the event the proceeds raised is in between the Minimum Scenario and Maximum Scenario, the proceeds in excess of the Minimum Scenario will be utilised for the setting up of the coating plant.

Pending utilisation of the proceeds from the Rights Issue of ICPS with Warrants for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used for working capital purposes.

The exact quantum of proceeds that may be raised by our Company pursuant to the conversion of the ICPS and/or exercise of the Warrants will depend upon the actual number of ICPS converted and/or the Warrants exercised during the tenure of the ICPS and/or the Warrants as well as the Conversion Ratio.

The proceeds to be raised from the conversion of the ICPS and/or the exercise of the Warrants shall be utilised for working capital purposes (such as staff costs, rental costs, audit fees, secretarial fees, utilities and other sundry expenses) of which the exact timeframe, quantum and the breakdown for the utilisation cannot be determined at this juncture.

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6. RISK FACTORS

You and/or your renouncees/transferees (if applicable) should consider carefully the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of ICPS with Warrants.

6.1 Risks relating to our business and industry

(i) Business risks

Presently, our Company is an investment holding company while our Group is mainly involved in the manufacture and sale of cast acrylic products. Our Group recently obtained shareholders' approval at the EGM held on 25 August 2017 to diversify our operations via the Acquisition. Therefore, our Group is subject to risks inherent to the cast acrylic sheet industry and property development industry in which we operate.

Our cast acrylic products are used for various purposes such as building applications (e.g., glazing, skylights and interior decorative partitions), food industry/catering (e.g., bar fittings, cinema ice-cream and vending trays (illuminated) and display counter covers), domestic/household (e.g., bathroom cabinets, coffee tables and furniture), transport (e.g., boat cabin windows, boat windscreens and car accessories/visors), medical (e.g., hospital trays and equipment, incubators and illuminated eye testing charts) and miscellaneous applications (e.g., bus shelter glazing, display cabinets, fire hydrant plates and signages). Our Group is therefore subject to certain risks inherent in the related industries. These risks include constraints in labour supply, changes in economic and business conditions, foreign exchange rate fluctuations, increases in raw material costs, business disruptions due to unexpected events such as temporary power outages and natural disasters, unfavourable changes in Government policies and intense competition from local and international players. Any of these may be a threat to the operations and/or financial performance of our Group.

Although our Group seeks to limit these risks through, *inter-alia*, practising prudent management policies, efficient cost control, diversifying the pool of suppliers, expanding the business through increasing its range of customers, products and services, for both the local and overseas markets, and improving our technological competence in R&D, no assurance can be given that any changes to these factors will not have a material adverse effect on our Group's business.

Risks in the property development industry may include adverse changes in real estate market prices, competition from other property developers, delays in completion of projects, performance of third-party sub-contractors, and property overhang. While our Group seeks to limit these risks through prudent management policies, efficient human resource management, effective cost control policies, careful planning as well as close monitoring of the progress of any future development projects, any occurrence of the above-mentioned events may have an adverse material effect on our Group's performance.

(ii) Political, economic and regulatory considerations

Any adverse developments in political, economic and regulatory conditions in Malaysia and the countries such as Japan, Australia, Brazil, the United Kingdom, India, Middle East, Europe and South America where our Group has business dealings may materially and adversely affect the our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

Much of the above changes are beyond our control. Nevertheless, changes in the political, economic, regulatory and social conditions have not adversely impact our business and growth prospects as at the LPD. Whilst we practice prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

(iii) Dependency on key personnel

Our Group's sustainability in our business depends largely on the abilities, skills, experience and competency of our existing Directors and the key management personnel, namely Tay Swee Keng (the Executive Director of Asia Poly Industrial), Kua Chye Heng (our Sales and Marketing Director) and Loh Poh Ming (our Senior Technical Support Manager). Recognising the importance of the key personnel, our Group continuously adopts appropriate approaches/measures to retain them, strives to attract qualified and experienced employees and addresses succession planning by grooming junior employees to complement the management team. Nevertheless, the loss of our Directors and/or any of the relevant key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's business operations and consequently, its revenue and profitability.

Manufacturing business

(iv) Competition risk

Our Group faces competition in both the local and global markets. Should our Group fail to overcome the competition, this will result in loss of market share and subsequently loss of revenue. This in turn will affect the financial performance and position of our Group.

In order to remain ahead of our competitors, our Group strives to enhance our competitive advantages and is constantly looking to improving our manufacturing processes and increasing manufacturing efficiency, standards and quality of our products through R&D initiatives and the strength of our Company lies in our products bearing the A-Cast® brand and technology. As stated in Section 5 of this AP, our Group intends to get more production lines up through the setting up of the coating plant for the hard coating of cast acrylic sheets. Based on our Group's observation and internal assessment over the past 1 year, our Group noted and believes that the hard coating of cast acrylic sheets would yield higher returns and has good prospects (as set out in Sections 7.2 and 7.3 of this AP) as currently there are no cell cast acrylic sheet manufacturers in Malaysia that are capable of hard coating the acrylic sheets to be used in products such as awnings, skylights, signage and furniture. This is expected to result in higher revenue and improved gross profit margin for our Group as a result of our Group being the only manufacturer of hard coated cast acrylic sheets in Malaysia after setting up of the coating plant as set out in Section 5 of this AP.

While our Group also strives to maintain its strong relationship with our customers by ensuring prompt delivery, price competitiveness of our products and consistent quality, there can be no assurance that these such efforts will be effective to minimise the effects of competition on our Group's business.

(v) Foreign exchange risk

Our Group is subject to foreign exchange risk through the import of raw materials and export of finished goods. Our Group supplies our products domestically as well as to international markets such as Japan, Australia, Brazil, the United Kingdom, India, Middle East, Europe and South America. The breakdown of revenue between domestic and foreign markets for the latest audited FYE 31 December 2016 was approximately 26% and 74%, respectively. As such, any fluctuation in foreign exchange rates would have an impact on our Group's profitability. However, our Group's foreign currency exposure is not substantial as our imports and exports exposure to foreign currency closely matches each other with approximately 72% of the raw materials being imported and approximately 70% of the finished goods being exported are denominated in USD. Our management also monitors our Group's foreign currency exposure on an on-going basis.

Notwithstanding the above, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on our financial performance.

(vi) Sensitivity to economic downturn

Our Group is facing the present world economic outlook which is uncertain. Any slowdown in the growth of the manufacturing and trading of cast acrylic sheet industry and other general world-wide economic activities could materially and adversely affect our Group's operating result and financial condition. Nevertheless, our Group has a global presence where we supply our products domestically as well as to international markets such as Japan, Australia, Brazil, the United Kingdom, India, Middle East, Europe and South America. Our Group intends to achieve further growth by getting more production lines up through the setting up of the coating plant and securing more high-net-worth customers in global markets through R&D efforts by developing new and innovative products such as the cell cast acrylic sheet. Our Group also intends to intensify promotional efforts both locally and overseas by participating in local and overseas trade fairs and advertising in design and architecture magazines to improve market awareness and enhance the presence of our Group's products.

Despite the measures taken by our Group, there is no assurance that any economic downturn will not have a material adverse effect on our Group's operations and financial performance.

(vii) Ability to meet customers' specific preferences and requirements

To achieve our business goals, our Group must develop and sell products that appeal to our customers. This is dependent on a number of factors, such as the ability to manufacture products that meet the quality, performance and price expectations of our customers, as well as the ability to develop effective sales and marketing programmes. Further growth will depend on our Group's ability to innovate our existing products and introduce new products. Failure to keep pace with product innovation and/or to predict market demand for the products may impact on our business, financial condition and results of operations.

As such, our Group is constantly looking to improving our manufacturing processes and increasing manufacturing efficiency, standards and quality of our products through R&D initiatives. Our Group has also established a strong relationship with our customers and is confident that we will maintain our competitive advantage by ensuring prompt delivery, price competitiveness of our products and consistent quality. Despite the measures taken by our Group, there is no assurance that any of the above factors will not have a material adverse effect on our Group's operations and financial performance.

(viii) Environmental risks

Acrylic sheet manufacturing involves highly volatile substances which require careful storage, handling, and disposal. The polymerisation process needs to be monitored properly for safety purposes. From an environmental perspective; plastic products, including acrylic sheets, take a long time to decompose and have come under increasing scrutiny. There have been sporadic pressures from some local authorities and the public to reduce and recycle plastic products.

Our Group is unable to control the recycling of our products when they have reached the end-users as acrylic sheets are used in various markets. Whilst we practice prudent environmental friendly operating procedures, there can be no assurance that any new environmental regulations introduced will not materially affect the performance of our Group.

Property development business

(ix) Competition risk

Our Group recently obtained shareholders' approval at the EGM held on 25 August 2017 to diversify our operations via the Acquisition. Our Group will be embarking on its maiden property development project comprising of commercial / shop offices. The Proposed Development will be undertaken on the Land. Thus, we expect to face competition from existing competitors and/or new entrants operating in the same business. Nevertheless, our Group will take proactive measures to successfully venture into the property development industry by providing quality services and competitive pricing and cautiously seeking other new opportunities in the property development industry.

Notwithstanding the above, there is no assurance that our Group will be able to increase our competitiveness in the future against competition from the existing players and/or potential new entrants to the industry.

(x) Adverse changes in real estate market prices

Real estate market prices are volatile and may be adversely affected by, amongst others, rental costs, interest costs and real property gains tax. The demand for the Proposed Development may be adversely impacted due to changes to any one of the abovementioned factors. Our Group's venture into the property development industry depends substantially on our ability to address the pricing requirements of price sensitive purchasers of real estate. As such, any adverse changes in real estate market prices will decrease the demand for the Proposed Development and consequently decrease the revenue of our Group and would have an impact on our Group's profitability.

(xi) Delays in completion of projects

The Proposed Development represents our Group's initial foray into the property development industry. As such, the timely completion and hand-over of the Proposed Development is critical in ensuring costs are contained and to build our Group's reputation in the property development industry. However, delays in completion could result from unforeseen circumstances such as natural disasters, shortage of construction materials, adverse weather conditions, major labour disputes, unfavourable credit terms, unsatisfactory performance of building contractors appointed for development and construction and/or other unforeseen circumstances.

There is no assurance that our Group will not experience significant delays in the completion and/or delivery of the Proposed Development to end users. If any of the abovementioned circumstances occur for a prolonged period, our Group may incur substantial additional costs such as liquidated and ascertained damages payable to purchasers, rectification costs to repair defects or higher material costs and these may result in our financial performance being materially impacted.

(xii) Performance of third-party sub-contractors and consultants

Our Group will engage third party contractors and consultants to provide our Group with various services such as design, construction, piling and foundation, mechanical and electrical and interior design services. There can be no assurance that the services rendered by these third-party contractors and consultants will be satisfactory or match the quality level expected by our Group and the end purchasers. Moreover, contractors may experience financial and/or other difficulties such as procuring labour that may affect their ability to carry out work for which they were contracted for, thus giving rise to additional costs to be incurred as a result of the delay in completion of the Proposed Development. Delay by third-party sub-contractors and consultants may cause our Group to absorb the damages and not pass the costs to our customers. Any of these factors could materially and adversely affect the results of our Group's operations and reputation. Consequently, any adverse effect to our Group's reputation may adversely affect the take up rate of our future development projects and hence, our Group's future financial performance.

(xiii) Financing risk

The Proposed Development is expected to be funded through a combination of internally-generated funds of our Group, progressive collections from sales billings, bank borrowings and/or fund raising exercise (if necessary). Our Group will also continuously monitor and adjust its development and marketing strategies in response to changes in economic conditions and market demand and will ensure that the Proposed Development is carried out with due care and proper judgement.

If bank borrowings are secured to fund the development costs, the gearing level of our Group will increase and any adverse movement in interest rates may have a significant impact on project costs which could adversely affect our Group's financial performance in the future. While our Group will actively review our debt portfolio taking into consideration the level and nature of borrowings and seeks to adopt appropriate cost effective financing options, there can be no assurance that the performance of our Group would not be materially affected in the event of any adverse changes in interest rates.

(xiv) Property overhang

Property overhang is inherent in any property development project and is, among others, caused by oversupply and low demand for properties, other factors contributing to property overhang include economic downturns and unfavourable financial conditions.

Any occurrence of property overhang at the time of completion of the Proposed Development will affect the sale of our Group's properties, which in turn may affect our Group's cash flow position and overall financial performance as unsold properties may remain illiquid even after completion of the Proposed Development. In the event our Group is required to sell its unsold properties urgently, such illiquidity may have a negative effect on the selling prices of unsold units.

Our Group will continue to monitor market conditions of the property development industry as well as conduct feasibilities studies/internal assessments prior to finalisation and construction of the properties to be developed. Nevertheless, there can be no assurance that there will be favourable take-up rates for the properties to be developed on the Land.

6.2 Risks relating to the Rights Issue of ICPS with Warrants

(i) No prior market for the ICPS

The Rights Issue of ICPS with Warrants comprises a new issuance of securities for which there is currently no public market. No assurance can be given that an active market for the ICPS and Warrants will develop upon or subsequent to the listing of and quotation for the ICPS and Warrants on the ACE Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the ICPS and Warrants.

The market prices of the ICPS and Warrants, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the market price of the underlying Asia Poly Shares, interest rate movements, trades of substantial amounts of the ICPS and Warrants on Bursa Securities in the future, corporate developments as well as the future prospects of the cast acrylic sheet and property development industries.

(ii) Investment and capital market risk

The market price of the ICPS is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of the ICPS and Asia Poly Shares, the outlook of the cast acrylic sheet industry and the property development industry, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our ICPS and Shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the ICPS will trade above the Issue Price or TEAP upon or subsequent to the listing of and quotation for the ICPS on the ACE Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of Asia Poly Shares, and the remaining exercise period of the Warrants and the volatility of Asia Poly Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(iii) Delay in or failure of the Rights Issue of ICPS with Warrants

The Rights Issue of ICPS with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of ICPS with Warrants. Such events or circumstances include, *inter alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue of ICPS with Warrants will be refunded without interest to the Entitled Shareholders and/or their renouncees/transferees (if applicable) in the event the Rights Issue of ICPS with Warrants is aborted and if such monies are not repaid within 14 days after our Company becomes liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights Issue of ICPS with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of ICPS with Warrants.

In the event that the ICPS have been allotted to the successful Entitled Shareholders and/or their renouncees/transferees (if applicable) and the Rights Issue of ICPS with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (where applicable) and may require the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(iv) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6.3 Other risks

(i) We may not be able to pay dividends

Our ability to pay future dividends to both ICPS holders and shareholders is largely dependent on the performance of our Group.

In determining the size of any dividend recommendation, we will take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, future plans, availability of distributable reserves and compliance with regulatory requirements. While we endeavor to make dividend payments, no assurance can be given that we are able to pay dividends in the future due to the factors stated above.

In this regard, shareholders should also note that the dividends of the ICPS shall be paid in priority over our ordinary shares (i.e., no dividend shall be paid on the ordinary shares of our Company unless the dividends of the ICPS have first been paid). As such, there is no assurance that dividends will be declared to the ordinary shares of our Company after the declaration of dividends to the ICPS.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

In 2016, the Malaysian economy recorded a growth of 4.2% (2015: 5.0%) despite considerable external and domestic headwinds. The global economic landscape was challenging given the subdued global demand and low commodity prices. Domestically, the economy continued to face headwinds from the higher cost of living amid soft employment conditions. Concurrently, business and consumer sentiments were affected by a confluence of global and domestic factors, including the heightened volatility in financial markets and the significant underperformance of the ringgit.

Against these external and domestic challenges, all sectors of the economy recorded a modest expansion during the year. Domestic demand continued to anchor growth, supported mainly by private sector spending. Private consumption growth, in particular, was sustained at 6.1% (2015: 6.0%), supported by continued employment and wage growth following the increase in minimum wage and civil servant salaries. Public consumption growth moderated to 1.0% (2015: 4.4%) following the expenditure rationalisation adopted by the Government in early 2016 given the lower petroleum-related revenue because of low crude oil prices. Public investment recorded a smaller rate of decline in 2016 (-0.5%; 2015: -1.0%) due to the smaller contraction in spending on fixed assets by public corporations given the higher investment in the downstream oil and gas industry, and the transportation and utilities sub-sectors.

On the supply side, all economic sectors continued to expand in 2016, with the exception of the agriculture sector. Agriculture production declined by 5.1% (2015: 1.2%), as crude palm oil output was affected by the El Niño weather phenomenon. While growth in the services sector was higher at 5.6% (2015: 5.1%) following sustained demand in the consumer-related sectors, other sectors expanded more moderately.

Global economic activity is projected to improve in 2017, underpinned by an expansion in domestic demand in the advanced and emerging market economies, boosted in part by expansionary fiscal policies in selected major economies. With the gradual improvement in global growth, recovery in global commodity prices and the continued growth of domestic demand are expected to collectively support Malaysia's growth performance. The Malaysian economy is projected to register a sustained growth of 4.3% - 4.8% in 2017.

(Source: Annual Report 2016, BNM)

The Malaysian economy recorded a stronger growth of 5.8% in the second quarter of 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8%) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%).

Domestic demand grew by 5.7% in the second quarter of the year (1Q 2017: 7.7%), supported by continued expansion in both private sector expenditure (7.2%; 1Q 2017: 8.2%) and public sector spending (0.2%; 1Q 2017: 5.8%). Private consumption recorded a growth of 7.1% (1Q 2017: 6.6%), supported by the improvement in private sector wages amid continued strength in employment growth. During the quarter, consumer sentiments continued to improve, providing further impetus to household spending. Public consumption growth moderated to 3.3% (1Q 2017: 7.5%) following slower growth in the spending on emoluments, and supplies and services.

Given the continued strong performance in the second quarter of 2017, the Malaysian economy recorded a strong growth of 5.7% in first half of 2017. Private consumption will be underpinned by continued wage and employment growth, with support from various policy measures to raise disposable income. On the external front, exports are expected to benefit from the improvement in global growth, especially among Malaysia's key trading partners. Overall, the economy is expected to record a stronger growth in 2017.

(Source: *Economic and Financial Developments in the Malaysian Economy in the 2nd Quarter of 2017, BNM)*

In 2017, taking into cognisance of the favourable world output and trade performances as well as the robust growth during the first half of the year, the Malaysian GDP is expected to expand at a faster rate than the earlier projection. Economic expansion will be underpinned by robust domestic demand and strengthening exports, with private sector continuing to provide the main impetus to growth. Domestic labour market is expected to continue to be stable, while inflation remains manageable. Despite the external risks, Malaysia's strong macroeconomic fundamentals and diversified economic structure will continue to support growth.

(Source: *Quarterly Update on the Malaysian Economy – 2nd Quarter 2017, Ministry of Finance Malaysia)*

7.2 Overview of the cast acrylic sheet industry in Malaysia

PMMA also known as acrylics, are tough, highly transparent materials with good dimensional stability, and possess excellent resistance to ultra violet radiation and weathering. Acrylic sheet exhibits glass-like qualities such as clarity, brilliance and transparency, but at half the weight. Typical PMMA grades allow 92% of light to pass through it, which is more than glass or other plastic materials. This outstanding clarity enables the use of acrylic sheets in many different optical and related applications. As they are inherently stable to ultra violet light, acrylic sheets are used for many outdoor applications. Also, they are insoluble in water and are resistant to salty water.

PMMA is formed from the polymerisation of MMA, which in turn, is derived from petroleum products. Acrylic sheets manufacturing is a downstream activity of the petrochemical industry.

PMMA comes mainly in 3 grades as follows:

- General purpose grade PMMA – is a material widely used in a large number of applications, such as visual merchandising point-of-sale displays and store fixtures, display cabinets and skylights;

- Sanitary grade PMMA - is a material used for long baths, shower trays and wash basins; and

- Optical grade PMMA - is a material used to make screens for large light emitting diode televisions and computer monitors. It is also found in screens for smaller electronics gadgets such as cellular phones and mp3 players.

Our Company is involved in the manufacturing of general purpose grade PMMA and sanitary grade PMMA (in the form of sheets). These are then fabricated by other companies to be made into visual merchandising point-of-sale displays and store fixtures, display cabinets, awnings, skylights, long baths, shower trays and wash basins.

The acrylic sheets industry can be segmented by production processes, as follows:

➢ Casting is the most common used processing technology for PMMA polymers and cast acrylic sheets are widely used in advertising and visual communications, as well as architectural and construction, owing to their impact strength and resistance to weathering.

Cast acrylic sheets can be produced by 2 methods as follows:

- Cell casting: The MMA is cast between 2 sheets of high quality glass and is polymerised in batches in specially developed ovens and water baths. It is easy to vacumn form, making it ideal for applications where complex shapes are required.

- Continuous casting: A continuous process where the MMA is polymerised between 2 highly polished stainless steel bands. It offers excellent thickness tolerance.

Our Company is involved in the cell casting production process.

➢ The extrusion process is used in the manufacturing of optical grade PMMA. In this process, the resin pellets are melted and conveyed in a long horizontal chamber. This chamber is heated, which then melts the polymers and conveys it through a die at the end of the extruder. This die shapes the plastics, which is then cooled. Extruded acrylic sheets offer excellent thickness tolerance.

Depending on the end-user requirements and preferences of acrylic sheet manufacturers, acrylic sheets can be manufactured either through the casting or extrusion process. The key attributes of cast acrylic sheets and extruded acrylic sheets are summarised in the table below.

Table 1: Key attributes of cast acrylic sheets and extruded acrylic sheets

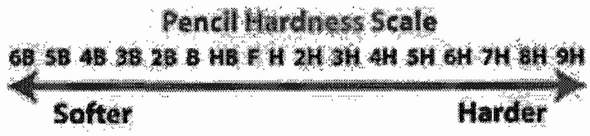
Attributes	Cast acrylic sheets	Extruded acrylic sheets
Batch production	√	
Continuous production		√
Excellent clarity	√	√
High gloss surface	√	√
Extensive range of colours	√	
Extensive range of textures	√	
Suitable for longer and more economical production runs		√
Easy maintenance	√	
Excellent chemical resistance	√	
Good rigidity	√	
Lightweight	√	√
Easily fabricated	√	√
Weather resistance	√	√

(Source: Extracted from the IMR Report, Infobusiness)

Although acrylic sheets are versatile due principally to their durability and lightness, their surfaces are relatively soft, making them prone to abrasion and scratching. Hard coatings refer to the application of a very thin layer of coating (about 5 microns) to an underlying material (also known as a substrate) such as acrylics or polycarbonates in order to protect it from abrasion and scratching, as well as from chemical damages. A hard coat film is capable of improving the surface hardness and preventing it from being scratched.

The pencil hardness test is used to determine the abrasion and scratch resistance of a coating surface by using pencils to scratch the surface. It utilises the varying hardness values of graphite pencils to evaluate a coating's hardness (figure 1). Hardness, in the coated film industry, is the capacity of a given coated surface to resist scratching, marring or gouging.

Figure 1: Pencil hardness scale



(Source: Extracted from the IMR Report, Infobusiness)

When expressing the measurement of pencil hardness, the scale ranges from 6B, softest, to 9H, hardest. Both cast acrylic sheets (pencil hardness test value of H) and polycarbonates (pencil hardness test value of HB) are relatively soft polymers and are prone to scratching and damage in some applications. Meanwhile tempered glass is able to achieve a pencil hardness test value of 9, which means that even a 9H pencil would not be able to scratch it.

When a layer of hard coating is applied to acrylic sheets, a pencil hardness test value of between 4H and 6H can be achieved (table 2). In the case of polycarbonates, they can achieve pencil hardness test values of between 2H and 5H. The hard coating can be conducted on either 1 or both sides of the acrylics or polycarbonates.

Table 2: Pencil hardness test values of cast acrylic sheets, polycarbonates and tempered glass

Materials	Cast Acrylic Sheets	Polycarbonates	Tempered Glass
Uncoated	H	HB	9
Hard coated	Between 4H to 6H	Between 2H to 5H	Not Applicable

(Source: Extracted from the IMR Report, Infobusiness)

The market size in terms of ex-factory sales of cast acrylic sheets was about RM97.0 million in Malaysia in 2016, representing a growth of 3.3% over the previous year. In 2017, the market size in terms of ex-factory sales of cast acrylic sheets is expected to expand by another 3.1% to approximately RM100 million in Malaysia.

7.3 Outlook of the cast acrylic sheet industry in Malaysia

The outlook of the cast acrylic sheet industry is dependent on the performances of its key end-user industries such as the advertising and visual communications, architectural and building construction, transportation and furniture manufacturing industries.

Malaysia implemented Goods and Services Tax (GST) on 1 April 2015, and the new tax regime creates a one-off inflationary pressure that affects consumers as well as businesses. As a result, the retail industry experienced a slowdown, due to a moderation in consumer spending. More cautious spending by consumers, particularly among the low and middle income earners, may delay the recovery of consumer discretionary spending. In a more competitive market, retailers would resort to the use of advertising and visual media such as visual merchandising point-of-sales displays and store fixtures to catch the attention of customers.

Among the various types of buildings in Malaysia, the stock of shopping complexes expanded the fastest between 2012 and 2016, at a CAGR of 5.0% (table 3). As at the fourth quarter of 2016, there was an incoming supply of 829,687 residential units, 77,365 shop units, 1,819,077 square metres sq. m. of shopping complexes, 2,005,349 sq. m. of purpose-built offices and 6,901 industrial units in Malaysia.

The fixtures and furnishings of existing properties such as awnings and skylights also undergo periodic replacements due to wear and tear. The stock and incoming supply of residential units represent a potential market for acrylic products such as awnings, display cabinets, long baths, shower trays and wash basins. Meanwhile, the stock and incoming supply of commercial buildings and purpose–built offices represent a potential market for acrylic-made visual merchandising point-of-sale displays and store fixtures, display cabinets, awnings and skylights. The stock and incoming supply of industrial units also require acrylic-made awnings and display cabinets.

Table 3:Stock of buildings in Malaysia

Year	Residential (units)	Commercial		Purpose-built offices (sq. m)	Industrial units
		Shop units	Shopping complexes (sq. m)		
2012	4,640,269	381,904	12,028,015	18,823,624	94,385
2013	4,725,109	392,304	12,446,900	18,990,448	95,403
2014	4,848,030	406,105	12,978,499	19,553,129	97,704
2015	4,852,986	412,699	13,828,953	20,131,812	103,868
2016	4,945,140	429,601	14,638,039	20,748,333	110,140
CAGR	1.6%	3.0%	5.0%	2.5%	3.9%

(Source: Valuation and Property Services Department, Malaysia)

In general, both prices and transaction volumes of properties in the property market in Malaysia are anticipated to remain flat in 2017 and to recover gradually from 2018, due to factors that include, inter alia, the rising costs of living, stringent bank lending policies and negative property market sentiments. However, affordable residential properties prices at RM500,000 and below will continue to be in demand. This assists to continue to drive the demand for acrylic products. The softening of the economy and relatively poor business operating environment has also affected most property developments in the commercial, office and industrial property market segments. As a result, most property investors are more cautious in entering the property market due to uncertainties and strong headwinds on both the domestic and foreign fronts.

Property owners and property managers, especially in the commercial property segment such as hotels, shopping complexes and restaurants tend to renovate their properties more frequently in order to keep up with changing property fashions and to draw more customers by creating comfortable, relaxed and inviting spaces with the right ambiance. More and more highways are being built to cater for the increasing pace of motorisation and as a result, sound barriers are installed for the comfort of the residents who stay nearby. All these applications also utilise acrylic sheets, among others.

Both recreational boating and recreational vehicles are widely used for leisure activities in many overseas countries, such as the US, Australia and New Zealand. Acrylic sheets are utilised in boat cabin windows and windscreens, as well as in coach observation panels. As they are popular forms of leisure activities, the assembling of recreational boats and recreational vehicles are actively undertaken in those countries.

At the moment, there are no cell cast acrylic sheet manufacturers in Malaysia that are capable of hard coating the acrylic sheets to be used in products such as awnings, skylights, signage and furniture. All these products require frequent cleaning and polishing so as to maintain their appearance, and hence, are susceptible to abrasions and scratches. The availability of hard coated acrylic sheets that are more resistant to abrasion and resistance would in turn, spur increased usage in the different application markets as customers tend to favour them.

The global market size for cast acrylic sheets is projected to expand from USD1.36 billion in 2016 to USD2.61 billion in 2025, yielding a CAGR of 7.5%. Geographically, the Asia Pacific region, with its various dynamic economies and rapidly expanding industrial and commercial activities, is expected to continue to be the main market for acrylic sheets. A rising middle class in many countries in the region is anticipated to spur the demand for more consumer goods, in which visual merchandising point-of-sale displays and store fixtures are used to attract their attention by retailers.

(Source: Extracted from the IMR Report, Infobusiness)

7.4 Overview and outlook of the property development industry in Malaysia

The uncertainty enfolding the global political scene coupled with low domestic economic growth has taken its toll on the property market in 2016. Both volume and value were down by 11.5% and 3.0%, respectively, compared to 2015.

The figures from Bank Negara Malaysia also indicated a similar tone. Bank Negara Malaysia's pre-emptive measures on the implementation of loan-to-value ratio of 70% effective from 3 November 2010 as well as the prudent and responsible lending guidelines issued on 18 November 2011 in the effort to curb speculation have shown its effect on the property market. The amount of loan applications for purchase of residential properties reduced further by 18.4% (2015: -10.0%) whilst the amount of loan approvals dwindled by 15.3% (2015: 14.6%). Similarly, loan applications and approvals for purchase of non-residential properties contracted by 12.1% and 14.3%, respectively.

Market volume recorded 320,425 transactions worth RM145.41 billion in 2016, down by 11.5% and 3.0% in volume and value against 2015. The residential sub-sector continued to lead the overall market, with 63.4% contribution in volume and 45.1% in value. This was followed by agriculture (21.6%), commercial (7.4%), development land (5.9%) and industrial (1.8%).

The shop sub-sector recorded 12,881 transactions (2015: 17,181) worth RM9.39 billion (2015: RM13.31 billion), dominating 54.2% of the commercial property transactions and 26.1% of the total value. Market activity reduced by 25.0% whilst value dropped by 29.4. The discouraging performance by certain states contributed to the downtrend. The states of Selangor, Johor, Perak and Sarawak contributed more than 50.0% of the total shops market activity.

(Source: Valuation and Property Services Department, Ministry of Finance Malaysia)

7.5 Overview and outlook of the property development industry in Selangor

Selangor state's property market performance softened in 2016 as indicated by the moderation of market activity and the construction sector. There were 62,959 transactions recorded worth RM40.70 billion, down by 15.9% and 13.7% in volume and value, respectively (2015: 74,905 transactions worth RM47.15 billion). The residential sub-sector retained its lion's share of the market, contributing 77.6% of the total transactions, followed by the commercial (8.9%), agricultural (6.5%), development land (4.3%) and industrial (2.6%) sub-sectors.

The residential sub-sector's market activity shrank in 2016 with 48,879 transactions worth RM21.93 billion, a decline of 15.5% and 11.8% in volume and value, respectively against 2015. Transactions of condominiums dominated 44.6% of the state's residential property transactions.

The residential overhang situation was discouraging. There were 1,718 overhang units worth RM1.43 billion in 2016, up by 91.3% in volume and more than two-fold in value. Similarly, unsold units under construction increased by 41.3% to 12,451 units (2015: 8,811 units) whilst unsold units not yet constructed decreased by 54.5% to 340 units (2015: 747 units).

The commercial sub-sector recorded 5,601 transactions with total value of RM5.98 billion, indicating a significant decline of 25.0% in volume and 13.2% in value, respectively (2015: 7,472 transactions worth RM6.89 billion).

The shop sub-sector recorded 2,100 transactions worth RM2.52 billion in 2016. Compared with 2015, the market activity reduced by 27.8% in volume and 27.3% in value respectively.

The shop overhang also saw an increasing number in the review period. There were 343 overhang units worth RM416.37 million, up by 98.3% in volume and almost three-fold in value against 2015 (173 units worth RM153.42 million). Similarly, unsold units under construction decreased to 444 units (2015: 587 units) whilst unsold units not yet constructed increased to 149 units (2015: 70 units).

(Source: Valuation and Property Services Department, Ministry of Finance Malaysia)

7.6 Prospects of our Group's cast acrylic business

Our Group is principally involved in the manufacture and sale of cast acrylic products, and is focused on creating high quality cast acrylic sheets that meet international standards of compliance. Our Group's manufacturing facility in Klang, Selangor has 2 production lines manufacturing on average 600 MT worth of acrylic sheets a month.

Our Group's strengths reside in the following areas:

(a) R&D

Our Group invests heavily in the R&D process. Capital expenditure incurred for R&D purposes includes the setting up of a pilot plant which serves our R&D initiatives into the polymerisation process with various types of additives which could be analysed under different process conditions, equipment to study the thermoforming performance of acrylic sheets and other sophisticated laboratory equipment. All these have benefited our Group in maintaining and improving the quality of our products. Thus, the strength of our Company lies in our products bearing the A-Cast® brand and technology.

Our Group uses low temperature process at the pre-polymerisation stage which could control the consistency of molecule weight of the cast acrylic which gives our Group an advantage among our competitors that use a high temperature process. This technology has helped our Group to meet international standards as set out below.

(b) Certification of compliance

Our products are certified for compliance with the European Union's EN263 standard for sanitary grade PMMA and Japan's JIS, International Organization for Standardization (ISO) and ASTM International standards for general purpose grade PMMA which have helped our Group to penetrate the global market.

(c) Production planning and control

Our Group employs proper production planning and control to ensure optimum utilisation of production capacity and resources. Our Group's production lines are semi-automated and are running at close to 100% capacity with 5,913 tonnes of cast acrylic sheets produced for the FYE 31 December 2016 (equivalent to 91.25% of the theoretical maximum output capacity of our production lines).

(d) Global presence

Our Group supplies our products domestically as well as to international markets such as Japan, Australia, Brazil, the United Kingdom, India, Middle East, Europe and South America. The breakdown of revenue between domestic and foreign markets for the latest audited FYE 31 December 2016 was approximately 26% and 74%, respectively.

Our Group intends to achieve further growth by getting more production lines up through the setting up of the coating plant and securing more high-net-worth customers in global markets through R&D efforts by developing new and innovative products such as the cell cast acrylic sheet. By hard coating acrylic sheets, our Group will be able to produce acrylic sheets that are more resistant to abrasion and scratching, spurring increased usage of hard coated acrylic sheets in different application markets (such as advertising and visual communications, architectural and building construction, transportation and furniture manufacturing) resulting in higher revenue and improved gross profit margin for our Group. Our Group also intends to intensify promotional efforts both locally and overseas by participating in local and overseas trade fairs and advertising in design and architecture magazines to improve market awareness and enhance the presence of our Group's products.

Premised on the above and taking into account of the outlook of the acrylic sheet industry (as set out in Section 6.3 of this AP) moving forward, our Board is of the view that the future prospects of our Group are expected to be positive.

7.7 Prospects of our Group's property development business

The Acquisition will enable our Company to acquire HRLSB which owns the Land and to undertake the Proposed Development which is expected to have good saleability considering the Land is located in a strategic area with significant infrastructure improvements undertaken over the past years.

The Land is located off the south-eastern side boundary onto Jalan Semenyih and within Mukim of Semenyih, District of Ulu Langat and State of Selangor Darul Ehsan.

Semenyih has seen rapid growth in terms of development of new amenities such as hypermarkets and fast food outlets in the last 10 years, all within the township. Residential, commercial and industrial elements are what form the Semenyih township, which consists mostly of landed properties, but more high rise developments can be seen in newly completed and on-going projects. Plus, the newly opened LEKAS Highway has very much benefitted the townships. The area's potential for growth has risen considerably and there are currently more real estate hotspots coming out around and within Semenyih all the way to Beranang and Kajang town. Semenyih is attractive due to large tracts of land still available for future development and the land within this area is relatively more affordable compared to other parts of the Klang Valley.

The Land is approachable from Kuala Lumpur city centre via Lebuhraya Hubungan Timur – Barat proceed onto Persiaran Saujana Impian. Access is then turning onto Pintasan Kajang – Semenyih Bypass and turning left onto Jalan Kajang – Semenyih for about 1.5 km where the Land is located at the left side of the said road. The Land is also accessible via two major highways namely Sistem Lingkaran Lebuhraya Kajang (SILK) and Lebuhraya Kajang – Seremban (LEKAS).

Apart from having good accessibility, the Land has the advantage of being located nearby established housing estates including Bandar Sunway Semenyih, Taman Hiew Piow, Taman Aik Ann, Taman Sahabat, Taman Desa Semenyih, Taman Paling Jaya, Taman Sri Tanjung, Taman Semenyih Sentral, Taman Pelangi Semenyih (Residential), Seksyen 5 Bandar Rinching, Bandar Rinching Seksyen 6 and Setia Ecohill. The nearby industrial scheme are Kawasan Perindustrian Hi-Tech 6, Taman Perindustrian Sri Haneco, Taman Industri Villaraya, Kawasan Perindustrian Beranang, Taman Perindustrian Mahkota. There are also prominent developments and landmarks namely Tesco Semenyih, The Store Semenyih, MARA Japan Industrial Institute and Setia Ecohill Development as well as public facilities and amenities within close vicinity to the Land.

(Source: Valuation report of the land dated 2 June 2017, Weise International Property Consultants Sdn Bhd)

Thus, the Land has good accessibility and is strategically located as the surrounding developments are a mixture of industrial, commercial and residential properties, consisting mostly landed properties, with many newly completed and on-going high rise developments. Thus, although Selangor's property market activity moderated in 2016 compared to 2015 as mentioned in Section 7.5 of this AP, our Board is of the view that the Acquisition and Diversification will augur well for our Company, despite the softening property market due to the following reasons:

(a) the prospects of the Proposed Development is favourable taking into consideration the growth prospects of the Land and the estimated gross development profit of RM14.09 million to be earned from the Proposed Development. Our Board believes that the strategic location of the Proposed Development (which is fronting two main roads) will enable our Group to secure decent take-up rates upon launching of the Proposed Development due to heavy traffic flow, ample population and future population growth with many completed and on-going developments within the surrounding area, surrounding commercial properties to the Proposed Development have either been completely sold out or have achieved high take up rates and the competitive pricing of the Proposed Development; and

(b) additional revenue and profit streams to our Group via the Proposed Development and any new projects to be secured in the future. Our Board is of the opinion that our Group will potentially be able to secure new projects in the future as our Company will be setting up a team (whom will be involved in property development) and employ other key management personnel with experience in, amongst others, engineering, project management and marketing to manage the Proposed Development as well as any future projects. The size, structure and the future recruitment process of the team has yet to be determined at this juncture as this would depend on, amongst others, the launch of new projects in the future, availability of qualified and suitable candidates as well as the requirements of the Proposed Development and future projects, if any.

As mentioned in Section 7.3 of this AP, the property market is expected to recover gradually in 2018. Upon the rebounding of the property market, our Board is of the view that our Group will be well positioned with the completion of the Proposed Development and the securing of any new projects in the future.

As such, with the positive outlook of the Malaysian economy and the strategic location of the Land, our Board is confident that our Group's venture into property development (via the Acquisition and Proposed Development) will enable our Group to diversify its revenue and earnings streams to enhance our Group's profitability and shareholders' value.

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8. EFFECTS OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue of ICPS with Warrants on our Company's issued share capital and number of issued shares are as follows:

Issued share capital and number of issued Shares of our Company	Minimum Scenario				Maximum Scenario			
	No. of Asia Poly Shares	RM	No. of ICPS	RM	No. of Asia Poly Shares	RM	No. of ICPS	RM
As at the LPD	333,559,880	35,175,128	-	-	333,559,880	35,175,128	-	-
Assuming full exercise of the outstanding Warrants 2015/2020	-	-	-	-	56,463,973	5,646,397	-	-
	333,559,880	35,175,128	-	-	390,023,853	40,821,525	-	-
To be issued pursuant to the Rights Issue of ICPS with Warrants	-	-	100,000,000	5,000,000	-	-	390,023,853	19,501,193
	333,559,880	35,175,128	100,000,000	5,000,000	390,023,853	40,821,525	390,023,853	19,501,193
To be issued pursuant to the Acquisition	42,027,194	6,800,000	-	-	42,027,194	6,800,000	-	-
	375,587,074	41,975,128	100,000,000	5,000,000	432,051,047	47,621,525	390,023,853	19,501,193
Assuming to the full exercise of the outstanding Warrants 2015/2020 and Adjustment Warrants[(3)]	59,422,658	5,942,266	-	-	-	-	-	-
	435,009,732	47,917,394	100,000,000	5,000,000	432,051,047	47,621,525	390,023,853	19,501,193
Assuming full exercise of Warrants	25,000,000	2,500,000	-	-	97,505,963	9,750,596	-	-
	460,009,732	50,417,394	100,000,000	5,000,000	529,557,010	57,372,121	390,023,853	19,501,193
Assuming full conversion of ICPS	50,000,000[(1)]	5,000,000	(100,000,000)	(5,000,000)	390,023,853[(2)]	39,002,385	(390,023,853)	(19,501,193)
Enlarged issued share capital and number of issued Shares	**510,009,732**	**55,417,394**	-	-	**919,580,863**	**96,374,506**	-	-

Notes:

(1) Assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 2 ICPS to be converted into 1 Asia Poly Share.

(2) Assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05.

(3) Assuming the total number of outstanding Warrants 2015/2020 is adjusted from 56,463,973 to 59,422,658 following the issuance of 2,958,685 Adjustment Warrants based on the Minimum Scenario at the exercise price of RM0.10 each. The adjustment to the number of outstanding Warrants 2015/2020 pursuant to the Rights Issue of ICPS with Warrants is provided for under the deed poll dated 5 November 2015 constituting the Warrants 2015/2020.

8.2 NA, NTA and gearing

The pro forma effects of the Rights Issue of ICPS with Warrants on the NA, NTA and gearing of our Group based on the audited consolidated financial statements of our Company as at 31 December 2016 are as follows:

Minimum Scenario

	(Audited) As at 31 December 2016 (RM)	(I) After subsequent events up to the LPD[1] (RM)	(II) After (I) and the Rights Issue of ICPS with Warrants (RM)	(III) After (II) and the Acquisition (RM)	(IV) After (III) and assuming full exercise of the Warrants 2015/2020 and Adjustment Warrants[5] (RM)	(V) After (IV) and assuming full exercise of the Warrants (RM)	(VI) After (V) and assuming full conversion of the ICPS[6] (RM)
Share capital	30,319,088	35,175,128	35,175,128	41,975,128	47,917,394	50,417,394	55,417,394
Share premium	3,309,975	3,209,975	2,309,975[3]	2,309,975	2,309,975	2,309,975	2,309,975
Warrant reserve	8,273,163	8,265,843[2]	10,088,343[4]	10,088,343	1,822,500	-	-
Other reserve	(8,273,163)	(8,265,843)[2]	(10,088,343)[4]	(10,088,343)	(1,822,500)	-	-
ICPS	-	-	5,000,000	5,000,000	5,000,000	5,000,000	-
Revaluation reserve	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000
Retained earnings	11,300,354	11,300,354	11,300,354	11,302,397[7]	11,302,397	11,302,397	11,302,397
Shareholders' funds/ NA	**59,498,417**	**64,254,457**	**68,354,457**	**75,156,500**	**81,098,766**	**83,598,766**	**83,598,766**
No. of Asia Poly Shares in issue	303,190,880	333,559,880	333,559,880	375,587,074	435,009,732	460,009,732	510,009,732
NA per Asia Poly Share (RM)	0.20	0.19	0.20	0.20	0.19	0.18	0.16
NTA per Asia Poly Share (RM)	0.20	0.19	0.20	0.20	0.19	0.18	0.16
Total borrowings (RM)	3,078,778	3,078,778	3,078,778	3,078,778	3,078,778	3,078,778	3,078,778
Gearing (times)	0.05	0.05	0.05	0.04	0.04	0.04	0.04

Notes:

(1) Taking into consideration the exercise of 50,000 Warrants 2015/2020 at an exercise price of RM0.10 each into 50,000 new Asia Poly Shares, the Private Placement and after deducting expenses of RM100,000 for the Private Placement.

(2) The Warrants 2015/2020 have a fair value of RM0.1464 each based on the Black-Scholes Options Pricing Model.

(3) *After deducting the estimated expenses of RM900,000 in relation to the Corporate Exercises from share premium. Pursuant to Section 618(3)(b)(ii) of the Act, a company may, within 24 months upon commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account, to write off expenses incurred, or commissions or brokerages paid or discount allowed, before or upon the commencement of Section 74, for any duty, fee or tax payable on or in connection with any issue of shares of the company.*

(4) *Arising from the issuance of Warrants pursuant to the Rights Issue of ICPS with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0729 each based on the Black-Scholes Options Pricing Model.*

(5) *Assuming full exercise of 56,463,973 Warrants 2015/2020 and 2,958,685 Adjustment Warrants at the exercise price of RM0.10 each. The adjustment to the number of outstanding Warrants 2015/2020 pursuant to the Rights Issue of ICPS with Warrants is provided for under the deed poll dated 5 November 2015 constituting the Warrants 2015/2020.*

(6) *Assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 2 ICPS into 1 Asia Poly Share.*

(7) *Arising from the Acquisition (which is at a purchase consideration below the fair value of HRLSB's NA).*

Maximum Scenario

	(Audited)	**(I)**	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**
	As at 31 December 2016 (RM)	**After subsequent events up to the LPD[1] (RM)**	**After (I) and assuming full exercise of the Warrants 2015/2020[3] (RM)**	**After (II) and the Rights Issue of ICPS with Warrants (RM)**	**After (III) and the Acquisition (RM)**	**After (IV) and assuming full exercise of the Warrants (RM)**	**After (V) and assuming full conversion of the ICPS[6] (RM)**
Share capital	30,319,088	35,175,128	40,821,525	40,821,525	47,621,525	57,372,121	96,374,506
Share premium	3,309,975	3,209,975	3,209,975	2,309,975[4]	2,309,975	2,309,975	2,309,975
Warrant reserve	8,273,163	8,265,843[2]	-	7,088,684[5]	7,088,684	-	-
Other reserve	(8,273,163)	(8,265,843)[2]	-	(7,088,684)[5]	(7,088,684)	-	-
ICPS	-	-	-	19,501,193	19,501,193	19,501,193	-
Revaluation reserve	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000
Retained earnings	11,300,354	11,300,354	11,300,354	11,300,354	11,302,397[7]	11,302,397	11,302,397
Shareholders' funds / NA	**59,498,417**	**64,254,457**	**69,900,854**	**88,502,047**	**95,304,090**	**105,054,686**	**124,555,878**
No. of Asia Poly Shares in issue	303,190,880	333,559,880	390,023,853	390,023,853	432,051,047	529,557,010	919,580,863
NA per Asia Poly Share (RM)	0.20	0.19	0.18	0.23	0.22	0.20	0.14
NTA per Asia Poly Share (RM)	0.20	0.19	0.18	0.23	0.22	0.20	0.14
Total borrowings (RM)	3,078,778	3,078,778	3,078,778	78,778	78,778	78,778	78,778
Gearing (times)	0.05	0.05	0.04	Neg	Neg	Neg	Neg

Notes:

Neg Negligible

(1) Taking into consideration the exercise of 50,000 Warrants 2015/2020 at an exercise price of RM0.10 each into 50,000 new Asia Poly Shares, the Private Placement and after deducting expenses of RM100,000 for the Private Placement.

(2) The Warrants 2015/2020 have a fair value of RM0.1464 each based on the Black-Scholes Options Pricing Model.

(3) Assuming full exercise of 56,463,973 Warrants 2015/2020 at the exercise price of RM0.10 each.

(4) After deducting the estimated expenses of RM900,000 in relation to the Corporate Exercises. Pursuant to Section 618(3)(b)(ii) of the Act, a company may, within 24 months upon commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account, to write off expenses incurred, or commissions or brokerages paid or discount allowed, before or upon the commencement of Section 74, for any duty, fee or tax payable on or in connection with any issue of shares of the company.

(5) Arising from the issuance of Warrants pursuant to the Rights Issue of ICPS with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0727 each based on the Black-Scholes Options Pricing Model.

(6) Assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05.

(7) Arising from the Acquisition (which is at a purchase consideration below the fair value of HRLSB's NA).

8.3 Earnings and EPS

The Rights Issue of ICPS with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of our Group for the FYE 31 December 2017 as the Rights Issue of ICPS with Warrants is only expected to be completed in December 2017 whilst the proceeds to be raised are expected to be utilised within 18 months from the date of the listing of the ICPS. Nevertheless, the Rights Issue of ICPS with Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised.

The EPS of our Group will be correspondingly diluted as a result of the increase in the number of Asia Poly Shares in issue arising from the conversion of the ICPS and/or the exercise of the Warrants in the future.

The effect of any exercise of Warrants and conversion of ICPS on our Group's consolidated EPS would be dependent on the Conversion Ratio chosen for ICPS and the returns generated by our Group from the utilisation of proceeds arising from the exercise of Warrants and conversion of the ICPS with cash option.

For illustration purposes, assuming the Rights Issue of ICPS with Warrants and the Acquisition are completed on 1 January 2016, being the commencement for the FYE 31 December 2016, the EPS of our Group shall be as follows:

Minimum Scenario

	(Audited) As at 31 December 2016	(I) After subsequent events up to the LPD[(1)]	(II) After (I) and the Rights Issue of ICPS with Warrants	(III) After (II) and the Acquisition[(2)]	(IV) After (III) and assuming full exercise of Warrants, Warrants 2015/2020 and Adjustment Warrants	(V) After (IV) and assuming full Conversion of ICPS[(3)]
Profit attributable to our equity holders (RM)	4,062,416	4,062,416	4,062,416	3,666,673	3,666,673	3,666,673
No. of Asia Poly Shares in issue	303,190,880	333,559,880	333,559,880	375,587,074	460,009,732	510,009,732
No. of warrants in issue	56,513,973	56,463,973	84,422,658	84,422,658	-	-
No. of ICPS in issue	-	-	100,000,000	100,000,000	100,000,000	-
Basic EPS (sen)	1.45*	1.22	1.22	0.98	0.80	0.72
Diluted EPS (sen)	1.31*	1.04	0.87	0.72	0.72	0.72

Notes:

* *Based on the audited financial statements of our Group for the FYE 31 December 2016. The basic EPS was calculated by dividing our Group's PAT for the FYE 31 December 2016 by the weighted average of number of Shares in issue during the financial year of 279,434,061 Shares. The diluted EPS was calculated by dividing our Group's PAT for the FYE 31 December 2016 by the weighted average number of Shares that would have been in issue adjusted for the dilutive effects of the Warrants 2015/2020 of 309,611,425 Shares.*

(1) *Taking into consideration the exercise of 50,000 Warrants 2015/2020 into 50,000 new Asia Poly Shares and the Private Placement.*

(2) *Taking into consideration HRLSB's net loss of RM397,786 for the FYE 31 December 2016 and the effect of negative goodwill of RM2,043 arising from the Acquisition (which was at a purchase consideration of below the fair value of HRLSB's NA)*

(3) *Assuming full conversion of 100,000,000 ICPS at Conversion Ratio of 2 ICPS into 1 Asia Poly Share.*

Maximum Scenario

	(Audited) As at 31 December 2016	(I) After subsequent events up to the LPD(1)	(II) After (I) and assuming full exercise of the Warrants 2015/2020	(III) After (II) and the Rights Issue of ICPS with Warrants	(IV) After (III) and the Acquisition(2)	(V) After (IV) and assuming full exercise of Warrants	(VI) After (V) and assuming full Conversion of ICPS(3)
Profit attributable to our equity holders (RM)	4,062,416	4,062,416	4,062,416	4,062,416	3,666,673	3,666,673	3,666,673
No. of Asia Poly Shares in issue	303,190,880	333,559,880	390,023,853	390,023,853	432,051,047	529,557,010	919,580,863
No. of Warrants in issue	56,513,973	56,463,973	-	97,505,963	97,505,963	-	-
No. of ICPS in issue	-	-	-	390,023,853	390,023,853	390,023,853	-
Basic EPS (sen)	1.45*	1.22	1.04	1.04	0.85	0.69	0.40
Diluted EPS (sen)	1.31*	1.04	1.04	0.46	0.40	0.40	0.40

Notes:

* *Based on the audited financial statements of our Group for the FYE 31 December 2016. The basic EPS was calculated by dividing our Group's PAT for the FYE 31 December 2016 by the weighted average of number of Shares in issue during the financial year of 279,434,061 Shares. The diluted EPS was calculated by dividing our Group's PAT for the FYE 31 December 2016 by the weighted average number of Shares that would have been in issue adjusted for the dilutive effects of the Warrants 2015/2020 of 309,611,425 Shares.*

(1) *Taking into consideration the exercise of 50,000 Warrants 2015/2020 into 50,000 new Asia Poly Shares and the Private Placement.*

(2) *Taking into consideration HRLSB's net loss of RM397,786 for the FYE 31 December 2016 and the effect of negative goodwill of RM2,043 arising from the Acquisition (which was at a purchase consideration of below the fair value of HRLSB's NA).*

(3) *Assuming full conversion of 390,023,853 ICPS at the Conversion Ratio of 1 ICPS and RM0.05 in cash for 1 new Asia Poly Share.*

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9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that our Group will have adequate working capital for the next 12 months from the date of this AP after taking into consideration the proceeds from the Rights Issue of ICPS with Warrants, cash in hand, funds generated from our operations and available banking facilities.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM4.97 million, all of which are interest-bearing and from local financial institutions, as follows:

	As at the LPD (RM'000)
Short term borrowings:	
Bankers' acceptance	4,908
Hire-purchase payables	62
Total	**4,970**

As at the LPD, our Group does not have any non-interest bearing and foreign currency denominated borrowings.

Throughout the FYE 31 December 2016 and the subsequent financial period up to the LPD, our Group did not default on payment of either interest or principal sums in respect of any borrowings.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, there is no contingent liability incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	Company level	
	As at the LPD (RM'000)	**As at 31 December 2016 (RM'000)**
Corporate guarantees extended:		
- to financial institutions for bank overdraft and other credit facilities granted to Asia Poly Industrial	22,400	24,600

Accordingly, our Company is contingently liable to the said licensed banks to the extent of the amount of credit facilities utilised by the said subsidiary company.

9.4 Material commitments

Saved as disclosed below, as at the LPD, there is no material commitment incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

(i) On 25 January 2017 and 21 February 2017, our Group entered into a share sale agreement and a supplemental share sale agreement, respectively with Dato' Yeo, Yeo Boon Ho and Yeo Boon Thai for the Acquisition. Pursuant to the terms of the share sale agreement, the Company has to issue 42,027,194 new Asia Poly Shares (at an issue price of RM0.1618 each) to Dato' Yeo, Yeo Boon Ho and Yeo Boon Thai on the completion date of the share sale agreement. As at LPD, the condition precedent to the Acquisition (i.e. the discharge of the charge on the Land) has yet to be fulfilled.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional ICPS with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of ICPS with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional ICPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional ICPS with Warrants, as well as to apply for excess ICPS with Warrants if you choose to do so.

10.2 NPA

The provisionally allotted ICPS with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional ICPS with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional ICPS with Warrants is at **5.00 p.m. on 5 December 2017**.

10.4 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renouncees/transferees

If you wish to accept your entitlement to the provisional ICPS with Warrants, the acceptance of and payment for the provisional ICPS with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renouncees/transferees who wish to accept the provisional ICPS with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renouncees/transferees who wish to accept the provisional ICPS with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ICPS WITH WARRANTS, EXCESS APPLICATION FOR THE ICPS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

FOR DELIVERY BY HAND AND/OR COURIER:

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. no.: 03-7849 0777
Fax no.: 03-7841 8151

FOR ORDINARY POST:

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

so as to arrive **not later than 5.00 p.m. on 5 December 2017**, being the last time and date for acceptance and payment.

1 RSF can only be used for acceptance of provisional ICPS with Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the ICPS with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the ICPS with Warrants, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renouncees/transferees (if applicable) should take note that a trading board lot for the ICPS and Warrants comprises 100 ICPS and 100 Warrants, respectively. The minimum number of security that can be subscribed for or accepted is 1 ICPS. Successful applicants of the ICPS will be given the Warrants on the basis of 1 Warrant for every 4 ICPS successfully subscribed for. Fractions of a Warrant, if any, will be disregarded and shall be dealt with by our Board as it may deem fit, expedient and in the best interest of our Company.

If acceptance of and payment for the provisional ICPS with Warrants is not received by our Share Registrar by **5.00 p.m. on 5 December 2017**, being the last time and date for acceptance of and payment for the provisional ICPS with Warrants, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the ICPS with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such ICPS with Warrants to the applicants who have applied for the excess ICPS with Warrants in the manner as set out in Section 10.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "ASIA POLY RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR ICPS WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.5 Procedure for part acceptance by Entitled Shareholders

You must complete both Part I(A) of the RSF by specifying the number of the ICPS with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this AP.

The portion of the provisional ICPS with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional ICPS with Warrants.

10.6 Procedure for sale/transfer of provisional ICPS with Warrants

As the provisional ICPS with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the ICPS with Warrants to 1 or more person(s) through your stockbrokers without first having to request for a split of the provisional ICPS with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional ICPS with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional ICPS with Warrants, you may still accept the balance of the provisional ICPS with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 10.4 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally ICPS with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional ICPS with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

10.7 Procedure for application for excess ICPS with Warrants

You and/or your renouncees/transferees (if applicable) who accepted the provisional ICPS with Warrants may apply for excess ICPS with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess ICPS with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 5 December 2017**, being the last time and date for acceptance and payment.

PAYMENT FOR THE EXCESS ICPS WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS AP, EXCEPT THAT THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "ASIA POLY EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess ICPS with Warrants on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, to the Entitled Shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company on the Entitlement Date;

(iii) thirdly, to the Entitled Shareholders who have applied for excess ICPS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of excess ICPS with Warrants applied for; and

(iv) lastly, to transferee(s)/renouncee(s) who have applied for the excess ICPS with Warrants, on a pro-rata basis and in board lots, based on the quantum of excess ICPS with Warrants applied for.

If there is any remaining excess ICPS with Warrants after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess ICPS with Warrants have been allocated.

Nevertheless, our Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above are achieved. Our Board also reserves the right to accept any excess ICPS with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

10.8 Notice of allotment

Upon allotment of the ICPS with Warrants in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and excess ICPS with Warrants application (if any), the ICPS with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the ICPS with Warrants. However, a notice of allotment will be despatched to you and/or your renouncees/transferees (if applicable), by ordinary post within 8 Market Days from the last date of acceptance and payment for the ICPS with Warrants and excess ICPS with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the ICPS with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of ICPS with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within 15 Market Days from the last date and time for acceptance and payment of the ICPS with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of ICPS with Warrants cannot be withdrawn subsequently.

10.9 Form of issuance

Bursa Securities has prescribed that our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICPS with Warrants and the new Shares to be issued arising from the conversion of the ICPS and/or exercise of Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the ICPS with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the ICPS with Warrants shall mean your consent to receiving such ICPS with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of ICPS with Warrants. Instead, the ICPS with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 10.8.

Any person who has purchased the provisional ICPS with Warrants or to whom provisional ICPS with Warrants has been transferred and intends to subscribe for the ICPS with Warrants must state his/her CDS Account number in the space provided in the RSF. The ICPS with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess ICPS with Warrants, if allotted to the successful applicant who applies for excess ICPS with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess ICPS with Warrants will be made on a fair and equitable basis as disclosed in Section 10.7 of this AP.

10.10 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of ICPS with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of ICPS with Warrants.

Foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of ICPS with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of ICPS with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of ICPS with Warrants. Such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of ICPS with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

(i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees/transferees (if applicable) is or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional ICPS with Warrants;

(iii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional ICPS with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are aware that the ICPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) decision to subscribe for or purchase the ICPS with Warrants. However, any information relevant to an investment shall be contained in this AP; and

(vi) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the ICPS with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the ICPS with Warrants from any such application by foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the ICPS with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

10. TERMS AND CONDITIONS

The issuance of the ICPS with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and behalf of the Board of
ASIA POLY HOLDINGS BERHAD

DATO' YEO BOON LEONG
Executive Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT OUR EXTRAORDINARY GENERAL MEETINGS HELD ON 25 AUGUST 2017

ASIA POLY HOLDINGS BERHAD
(Company No. 619176-A)
(Incorporated in Malaysia)
Registered Office
No. 308, Block A (3rd Floor),
Kelana Business Centre,
97, Jalan SS7/2, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan.

CERTIFIED EXTRACT FROM MINUTES OF EXTRAORDINARY GENERAL MEETING HELD ON 25TH DAY OF AUGUST, 2017

The meeting resolved:-

1. ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 390,023,853 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN THE COMPANY ("ICPS") ON THE BASIS OF 1 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE IN THE COMPANY ("ASIA POLY SHARE" OR "SHARE") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, TOGETHER WITH UP TO 97,505,963 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 4 ICPS SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE OF ICPS WITH WARRANTS")

"THAT, subject to the passing of Special Resolution 1 and the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to the Board of Directors of the Company ("**Board**") for the following:

(i) provisionally allot and issue by way of a renounceable rights issue of up to 390,023,853 ICPS at an issue price of RM0.05 on the basis of 1 ICPS for every 1 existing Asia Poly Share held, together with up to 97,505,963 Warrants on the basis of 1 Warrant for every 4 ICPS subscribed for by the shareholders of Asia Poly whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board, or their renouncees, or underwriters, on such other terms and conditions as the Board may determine;

(ii) enter into and execute the deed poll in relation to the Proposed Rights Issue of ICPS with Warrants ("**Deed Poll**") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and

(iii) utilise the proceeds to be derived from the Proposed Rights Issue of ICPS with Warrants in the manner as set out in Section 3 of Part A of the circular to shareholders dated 27 July 2017 ("**Circular**") and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the ICPS which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renouncee(s) (if applicable). It is the intention of the Board to allocate the excess ICPS in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company;

THAT approval be and is hereby given to the Board to create and issue the Warrants and such additional Warrants ("**Additional Warrants**") as may be required or permitted to be issued as a consequence of the adjustments based on the indicative principal terms of the Warrants as set out in the Circular and the terms and conditions of the Deed Poll;

THAT approval be and is hereby given to the Board to allot and issue such appropriate number of new Asia Poly Shares arising from the exercise by the holders of the Warrants and/or the Additional Warrants (as the case may be) in accordance with the provisions of the Deed Poll;

...2/-

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ASIA POLY HOLDINGS BERHAD
- Certified Extract from Minutes of Extraordinary General Meeting held on 25/08/2017

THAT approval be and is hereby given to the Board to create and issue additional warrants 2015/2020 pursuant to the Proposed Rights Issue of ICPS with Warrants ("**Adjustment Warrants**");

THAT approval be and is hereby given to the Board to allot and issue such appropriate number of new Asia Poly Shares arising from the exercise by the holders of the Adjustment Warrants;

THAT the new Asia Poly Shares to be issued arising from the conversion of the ICPS and/or exercise of the Warrants, Additional Warrants and/or Adjustment Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Asia Poly Shares, save and except that the new Asia Poly Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new Asia Poly Shares arising from the conversion of the ICPS and/or exercise of the Warrants, Additional Warrants and/or Adjustment Warrants;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue of ICPS with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of ICPS with Warrants."

2. **ORDINARY RESOLUTION 2**

PROPOSED ACQUISITION OF 500,000 ORDINARY SHARES IN HIGH RESERVE LAND SDN BHD ("HRLSB SHARES" OR "SALE SHARES") ("HRLSB"), REPRESENTING THE ENTIRE EQUITY INTEREST IN HRLSB FOR A PURCHASE CONSIDERATION OF RM14,800,000 TO BE SATISFIED VIA A COMBINATION OF RM8,000,000 IN CASH AND THE ISSUANCE OF 42,027,194 NEW SHARES OF THE COMPANY ("CONSIDERATION SHARES") AT AN ISSUE PRICE OF RM0.1618 EACH ("PROPOSED ACQUISITION")

"THAT, subject to the passing of Ordinary Resolution 4, the relevant conditions precedent as stipulated in the share sale agreement and supplemental share sale agreement entered into on 25 January 2017 and 21 February 2017, respectively and letter of extension dated 4 July 2017 (collectively referred to as "**SSA**") between the Company and Dato' Yeo Boon Leong, Yeo Boon Ho and Yeo Boon Thai (collectively the "**Vendors**") for the Proposed Acquisition being met or waived (as the case may be) and the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to the Board to acquire from the Vendors, 500,000 Sale Shares, representing the entire equity interest in HRLSB for a purchase consideration of RM14,800,000 to be satisfied via combination of RM8,000,000 in cash and the issuance of 42,027,194 new shares of the Company at an issue price of RM0.1618 each in accordance to the terms and conditions of the SSA including any modifications, variations, amendments and additions thereto from time to time;

THAT the Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that are declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Acquisition with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

...3/-

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ASIA POLY HOLDINGS BERHAD
- Certified Extract from Minutes of Extraordinary General Meeting held on 25/08/2017

3. ORDINARY RESOLUTION 3

PROPOSED VARIATION OF THE UTILISATION OF PROCEEDS RAISED FROM THE TWO-CALL RIGHTS ISSUE OF SHARES WITH WARRANTS OF THE COMPANY WHICH WAS COMPLETED ON 21 DECEMBER 2015 ("PROPOSED VARIATION")

"THAT, subject to the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to the Board to vary the utilisation of proceeds raised from the two-call rights issue of share with warrants of the Company which was completed on 21 December 2015 as stated in Section 2.3 of Part A of the circular to shareholders dated 27 July 2017;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Variation with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Variation."

4. ORDINARY RESOLUTION 4

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE COMPANY AND ITS SUBSIDIARIES ("ASIA POLY GROUP") TO INCLUDE PROPERTY DEVELOPMENT ("PROPOSED DIVERSIFICATION")

"THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to Asia Poly Group to diversify its principal activities to include property development;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effects to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Diversification."

5. SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE CONSTITUTION (MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY ("M&A"))
("PROPOSED AMENDMENTS")

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant parties and/or authorities being obtained (where required), authority be and is hereby given to the Board to amend the Constitution (M&A) of the Company as set out in Appendix A;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effects to the Proposed Amendments with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Amendments."

...4/-

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS IN RELATION TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS PASSED AT OUR EXTRAORDINARY GENERAL MEETINGS HELD ON 25 AUGUST 2017 *(CONT'D)*

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- Certified Extract from Minutes of Extraordinary General Meeting held on 25/08/2017

Certified Correct

....	....
Executive Chairman	Secretary
DATO' YEO BOON LEONG	HO MENG CHAN
	(MACS 00574)

Appendix A

I. MEMORANDUM OF ASSOCIATION

Deletion of the existing Clause 6 of the Memorandum of Association in its entirety and replacing it with the following new Clause 6:-

Existing Clause 6

The capital of the Company is Ringgit Malaysia Fifty Million (RM50,000,000) divided into 500,000,000 shares of RM0.10 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

New Clause 6

The share capital of the Company is made up of ordinary shares and Irredeemable Convertible Preference Shares.

II. ARTICLES OF ASSOCIATION

Insertion of a new provision set out below as Article 2A, immediately after Article 2:-

2A. Term of Reference of Irredeemable Convertible Preference Shares ("ICPS")

The ICPS shall have the rights and privileges and be subject to the conditions as set out below:-

1. Salient Terms

Terms		Details
Issue size	:	Up to 390,023,853 ICPS.
Issue price	:	RM0.05 per ICPS.
Tenure	:	5 years commencing from and inclusive of the date of issue of the ICPS.
Maturity date	:	The day immediately preceding the 5th anniversary from the date of issue of the ICPS. If such a day falls on a non-market day, then the maturity date will be the preceding market day.
Redemption	:	Not redeemable for cash.
Form and denomination	:	The ICPS will be issued in registered form and will be constituted by the Company's Constitution (M&A).
Conversion Ratio and Conversion Price	:	The Conversion Ratio and Conversion Price have been fixed at either 2 ICPS to be converted into 1 new Asia Poly Share or a combination of 1 ICPS and RM0.05 in cash for 1 new Asia Poly Share.
Listing	:	The ICPS will be listed and traded on the ACE Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS and the new Asia Poly Shares to be issued pursuant to the conversion of the ICPS on the ACE Market of Bursa Securities.

Appendix A

Asia Poly Shares or Shares	:	Ordinary shares in the Company
Modification of rights	:	The Company may from time to time with the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.
Governing law	:	The laws of Malaysia.

2. Rights, Privileges and Conditions

(a) Non-Cumulative Preferential Dividend

No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company.

The Company shall have the discretion to decide whether to declare any dividend as well as the quantum of such dividend. Dividend declared and payable annually in arrears are non-cumulative and shall be in priority over the ordinary shares of the Company.

(b) Payments; No Further Rights to Participate in Distributable Profits

Payments of Dividend shall, if due and payable be made to the ICPS holders whose names appear on the Register on the relevant dividend entitlement date. The ICPS shall not confer any right or claim as regards to participation in the Distributable Profits of the Company.

"Distributable Profits" means the amount (comprising current profits and/or accumulated revenue reserves) certified by the Auditors to be the profits available to the Company for distribution as a dividend in compliance with the Companies Act 2016.

(c) Prescription

Any dividends, liquidation distribution or any other amount in respect of the ICPS unclaimed for 7 years after the relevant date of declaration shall be forfeited and revert to the Company and after such forfeiture no ICPS holder or other person shall have any right to or claim in respect of any such payments. No dividends or other moneys payable on or in respect of an ICPS shall bear interest against the Company.

(d) Conversion Rights

(i) Each ICPS carries the entitlement to be converted into new Asia Poly Shares at the Conversion Ratio through the surrender of the ICPS.

(ii) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion.

(iii) If the conversion results in a fractional entitlement to ordinary shares of the Company, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

(e) Conversion Period

(e) The ICPS may be converted at any time within 5 years commencing on and including the date of issue of the ICPS up to and including the maturity date, as determined by the Conversion Ratio and Conversion Price.

(f) Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new Asia Poly Shares at the conversion ratio of 2 ICPS for 1 new Asia Poly Share.

(f) Ranking of the ICPS and Liquidation Preference

The ICPS shall rank *pari passu* amongst themselves and shall rank in priority to any other class of shares in the capital of the Company. In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:-

(i) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in the Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears. After the payment of any dividends to the holders of ICPS, the remaining assets shall be distributed first to the holders of ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company.

(ii) In the event that the Company has insufficient assets to permit payment of the full issue price to the ICPS holders, the assets of the Company shall be distributed pro rata on an equal priority, to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive.

(iii) In the event of capital and/or premium being written off on a reduction of capital; the amounts paid or credited on the ordinary shares shall be written off before the amounts paid or credited on the ICPS.

(g) Ranking of new Asia Poly Shares to be issued pursuant to the Conversion of the ICPS

All new Asia Poly Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Asia Poly Shares except that such new Asia Poly Shares shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of allotment and issuance of the new Asia Poly Shares arising from the conversion of the ICPS.

(h) Adjustment to Conversion Price and Conversion Ratio

The Conversion Price and/or Conversion Ratio will be adjusted at the determination of the Company, in all or any of the following events:-

(i) an alteration to the number of Asia Poly Shares by reason of consolidation or subdivision; or

(ii) a bonus issue of fully paid-up ordinary shares by the Company or any other capitalisation issue for accounting purposes; or

(iii) a capital distribution to shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or

(iv) a rights issue of ordinary shares by the Company; or

(v) any other circumstances that the Board deems necessary, including circumstances such as the issuance of shares credited as fully paid by way of capitalisation of profits or reserves by the Company to the shareholders or an offer or invitation to shareholders made by the Company by way of rights whereby shareholders acquire or subscribe for securities convertible into shares, or rights to acquire or subscribe for shares. In any event, the Board would consult its appointed advisors and/or auditors before deciding whether such adjustments are required, provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01). No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of the Company.

(i) Rights of the ICPS holders

The ICPS holders have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings. ICPS holders are however not entitled to any voting rights or participation in any rights, allotments and/or other distribution in the Company except in the following circumstances:-

(i) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;

(ii) on a proposal to reduce the Company's share capital;

(iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(iv) on a proposal that affects their rights and privileges attached to the ICPS;

(v) on a proposal to wind-up the Company; and

(vi) during the winding-up of the Company.

(j) Class Meetings

ICPS holders shall be entitled to attend class meetings of ICPS holders. Every ICPS holder who is present in person at such class meetings shall have on a poll one vote for every ICPS of which he is the ICPS holder. Notice of such class meetings shall be given in accordance with the procedures in respect of notice of General Meetings as set out in these presents.

(k) Variations of Right and Further Issues

Unless otherwise required by the applicable laws and notwithstanding any other provision of these presents, any variation or abrogation of the rights, preferences and privileges of the ICPS holders by way of amendment of these presents or otherwise (including, without limitation, the authorisation or creation of any shares in the capital of the Company ranking, as to participation in the profits or assets of the Company, senior to the ICPS holders) shall require:

(i) the consent in writing of the holders of at least 75% of the outstanding ICPS; or

(ii) the sanction of a special resolution passed at a separate class meeting of the ICPS holders (the quorum at such class meeting to be such number of the ICPS holders holding or representing not less than two-thirds of the outstanding ICPS), provided that:-

(1) no such consent or sanction shall be required if the change is solely formal, minor or technical nature or is to correct an error or cure an ambiguity (but such change shall not reduce the amounts payable to ICPS holders, impose any material obligation on ICPS holders or materially adversely affect their voting rights); and

(2) no such consent or sanction shall be required for the creation or issue of further shares ranking junior to the ICPS (the creation or issue of such other shares, regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable, shall not be deemed to be a variation or abrogation of the rights, preferences and privileges of the ICPS).

(l) Transfer

The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as the Directors of the Company and the relevant authorities may approve. As the ICPS will be listed on and traded on the ACE Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the rules of such system.

(m) Purchase and Cancellation

Subject to the prevailing laws, the Company may at any time purchase the ICPS in the open market at any price. The ICPS so purchased must be cancelled. Any such purchase and cancellation of an ICPS by the Company shall constitute an absolute discharge of the Company.

(n) Notices or Other Documents

Any notice or other documents may be served by the Company upon any ICPS holder and vice versa in the manner provided in these presents. Any such notice or document shall be deemed to be served and delivered in accordance with these presents.

(o) Conflicts

In the event of any conflict or inconsistency between the provisions of this Article and the other provisions of these presents, the provisions of this Article shall prevail and the prevailing law shall be the laws of Malaysia.

Deletion of the existing Article 3 of the Articles of Association in its entirety and replacing it with the following new Article 3:-

Existing Article 3

The share capital of the Company is RM50,000,000.00 divided into 500,000,000 ordinary shares of RM0.10 each.

New Article 3

The share capital of the Company is made up of ordinary shares and Irredeemable Convertible Preference Shares.

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia as a public limited company on 20 June 2003 under the Act.

Our Company was listed on the ACE Market on 26 October 2005.

Our Company's principal activity is that of investment holding. The principal activity of our Group is the manufacture and sale of cast acrylic products and will include property development.

Further details of the principal activities of our subsidiary and associated companies are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

Our share capital as at the LPD is as follows:

Share capital	No. of Asia Poly Shares	Total RM
Issued share capital	333,559,880	35,175,128

The changes in our issued share capital for the past 3 years up to the LPD are as follows:

Date of allotment	No. of Shares alloted	Description	Cumulative issued share capital (RM)
19 May 2017	50,000	Conversion of Warrants 2015/2020	35,175,128
6 March 2017	30,319,000	Cash (from private placement)	35,170,128
8 August 2016	37,350,000	Cash (from special bumiputera issue)	30,319,088
21 July 2016	370,000	Conversion of Warrants 2015/2020	26,584,088
12 July 2016	1,013,000	Conversion of Warrants 2015/2020	26,547,088
9 May 2016	600,000	Conversion of Warrants 2015/2020	26,445,788
6 May 2016	113,000	Conversion of Warrants 2015/2020	26,385,788
14 December 2015	175,829,920	Two-Call Rights Issue of Shares with Warrants	26,374,488

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3. **BOARD OF DIRECTORS**

Please refer to the Corporate Directory on page 1 of this AP for details of our Board.

4. **DIRECTORS' SHAREHOLDINGS**

The issuance of the ICPS with Warrants will not have any effect on the shareholdings of our Directors until the ICPS are converted and/or Warrants exercised into Asia Poly Shares. The pro forma effects of the Rights Issue of ICPS with Warrants on the shareholdings of our Directors as at the LPD are as follows:

Minimum Scenario

	As at the LPD[1]				(I) After the Acquisition				(II) After (I) and assuming full exercise of Warrants 2015/2020 and Adjustment Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Asia Poly Shares	%[2]	No. of Asia Poly Shares	%[2]	No. of Asia Poly Shares	%[3]	No. of Asia Poly Shares	%[3]	No. of Asia Poly Shares	%[4]	No. of Asia Poly Shares	%[4]
Dato' Yeo*	53,118,900	15.92	-	-	86,740,655	23.09	-	-	86,771,912	19.95	-	-
Tan Ban Tatt	-	-	-	-	-	-	-	-	-	-	-	-
Thoo Soon Huat	-	-	-	-	-	-	-	-	-	-	-	-
Lim Teck Seng	-	-	-	-	-	-	-	-	-	-	-	-

	(III) After (II) and assuming full exercise of the Warrants				(IV) After (III) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
Name	No. of Asia Poly Shares	%[5]	No. of Asia Poly Shares	%[5]	No. of Asia Poly Shares	%[6]	No. of Asia Poly Shares	%[6]
Dato' Yeo*	98,934,362	21.51	-	-	123,259,262	24.17	-	-
Tan Ban Tatt	-	-	-	-	-	-	-	-
Thoo Soon Huat	-	-	-	-	-	-	-	-
Lim Teck Seng	-	-	-	-	-	-	-	-

INFORMATION ON OUR COMPANY (*CONT'D*)

Notes:

* *The movement in Dato' Yeo's shareholding is as follows:*

(i) *increase by 33,621,755 Asia Poly Shares to 86,740,655 Asia Poly Shares after the completion of the disposal of HRLSB to Asia Poly;*
(ii) *increase by 31,257 Asia Poly Shares to 86,771,912 Asia Poly Shares assuming the 29,700 Warrants 2015/2020 held by him as at the LPD and 1,557 Adjustment Warrants arising from the Rights Issue of ICPS with Warrants are exercised into 31,257 new Asia Poly Shares;*
(iii) *increase by 12,162,450 Asia Poly Shares to 98,934,362 Asia Poly Shares assuming his entitlement of 12,162,450 Warrants arising from the Rights Issue of ICPS with Warrants are fully exercised; and*
(iv) *increase by 24,324,900 Asia Poly Shares to 123,259,262 Asia Poly Shares assuming his entitlement of 48,649,800 ICPS are converted into 24,324,900 new Asia Poly Shares based on the Conversion Ratio of 2 ICPS into 1 Asia Poly Share.*

(1) *Based on our Company's Record of Depositors as at the LPD.*

(2) *Based on share capital of 333,559,880 Asia Poly Shares as at the LPD.*

(3) *Based on the enlarged share capital of 375,587,074 Asia Poly Shares after the Rights Issue of ICPS with Warrants and after the Acquisition.*

(4) *Based on the enlarged share capital of 435,009,732 Asia Poly Shares assuming the full exercise of the outstanding Warrants 2015/2020 and the Adjustment Warrants.*

(5) *Based on the enlarged share capital of 460,009,732 Asia Poly Shares assuming the full exercise of the Warrants.*

(6) *Based on the enlarged share capital of 510,009,732 Asia Poly Shares assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 2 ICPS into 1 Asia Poly Share.*

Maximum Scenario

	As at the LPD(1)				(I) After full exercise of Warrants 2015/2020				(II) After (I) and the Acquisition			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Asia Poly Shares	%(2)	No. of Asia Poly Shares	%(2)	No. of Asia Poly Shares	%(3)	No. of Asia Poly Shares	%(3)	No. of Asia Poly Shares	%(4)	No. of Asia Poly Shares	%(4)
Dato' Yeo*	53,118,900	15.92	-	-	53,148,600	13.63	-	-	86,770,355	20.08	-	-
Tan Ban Tatt	-	-	-	-	-	-	-	-	-	-	-	-
Thoo Soon Huat	-	-	-	-	-	-	-	-	-	-	-	-
Lim Teck Seng	-	-	-	-	-	-	-	-	-	-	-	-

Name	(III) After (II) and assuming full exercise of the Warrants				(IV) After (III) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Asia Poly Shares	%(5)	No. of Asia Poly Shares	%(5)	No. of Asia Poly Shares	%(6)	No. of Asia Poly Shares	%(6)
Dato' Yeo*	100,057,505	18.89	-	-	153,206,105	16.66	-	-
Tan Ban Tatt	-	-	-	-	-	-	-	-
Thoo Soon Huat	-	-	-	-	-	-	-	-
Lim Teck Seng	-	-	-	-	-	-	-	-

Notes:

* *The movement in Dato' Yeo's shareholding is as follows:*

(i) *increase by 29,700 Asia Poly Shares to 53,148,600 Asia Poly Shares assuming the 29,700 Warrants 2015/2020 held by him as at the LPD are exercised into 29,700 new Asia Poly Shares;*

(ii) *increase by 33,621,755 Asia Poly Shares to 86,770,355 Asia Poly Shares after the completion of the disposal of HRLSB to Asia Poly;*

(iii) *increase by 13,287,150 Asia Poly Shares to 100,057,505 Asia Poly Shares assuming his entitlement of 13,287,150 Warrants arising from the Rights Issue of ICPS with Warrants are fully exercised into 13,287,150 new Asia Poly Shares; and*

(iv) *increase by 53,148,600 Asia Poly Shares to 153,206,105 Asia Poly Shares assuming his entitlement of 53,148,600 ICPS are converted into 53,148,600 new Asia Poly Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05.*

(1) *Based on our Company's Record of Depositors as at the LPD.*

(2) *Based on share capital of 333,559,880 Asia Poly Shares as at the LPD.*

(3) *Based on the enlarged share capital of 390,023,853 Asia Poly Shares assuming the full exercise of the outstanding Warrants 2015/2020.*

(4) *Based on the enlarged share capital of 432,051,047 Asia Poly Shares after the Acquisition.*

(5) *Based on the enlarged share capital of 529,557,010 Asia Poly Shares, assuming the full exercise of the Warrants.*

(6) *Based on the enlarged share capital of 919,580,863 Asia Poly Shares assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05.*

5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The issuance of the ICPS with Warrants will not have any effect on the shareholdings of our substantial shareholders until the ICPS are converted and/or Warrants exercised into Asia Poly Shares. The Rights Issue of ICPS with Warrants has the following pro forma effects on the shareholdings of our substantial shareholders as at the LPD:

Minimum Scenario

	As at the LPD[(1)]				(I) After the Acquisition				(II) After (I) and assuming full exercise of Warrants 2015/2020 and Adjustment Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Asia Poly Shares	%[(2)]	No. of Asia Poly Shares	%[(2)]	No. of Asia Poly Shares	%[(3)]	No. of Asia Poly Shares	%[(3)]	No. of Asia Poly Shares	%[(4)]	No. of Asia Poly Shares	%[(4)]
Dato' Yeo*	53,118,900	15.92	-	-	86,740,655	23.09	-	-	86,771,912	19.95	-	-
Tan Soon Hui	18,072,500	5.42	-	-	18,072,500	4.81	-	-	18,072,500	4.15	-	-

	(III) After (II) and assuming full exercise of the Warrants				(IV) After (III) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
Name	No. of Asia Poly Shares	%[(5)]	No. of Asia Poly Shares	%[(5)]	No. of Asia Poly Shares	%[(6)]	No. of Asia Poly Shares	%[(6)]
Dato' Yeo*	98,934,362	21.51	-	-	123,259,262	24.17	-	-
Tan Soon Hui	18,072,500	3.93	-	-	18,072,500	3.54	-	-

Notes:

* *The movement in Dato' Yeo's shareholding is as follows:*

(i) *increase by 33,621,755 Asia Poly Shares to 86,740,655 Asia Poly Shares after the completion of the disposal of HRLSB to Asia Poly;*

(ii) *increase by 31,257 Asia Poly Shares to 86,771,912 Asia Poly Shares assuming the 29,700 Warrants 2015/2020 held by him as at the LPD and 1,557 Adjustment Warrants arising from the Rights Issue of ICPS with Warrants are exercised into 31,257 new Asia Poly Shares;*

(iii) *increase by 12,162,450 Asia Poly Shares to 98,934,362 Asia Poly Shares assuming his entitlement of 12,162,450 Warrants arising from the Rights Issue of ICPS with Warrants are fully exercised; and*

(iv) *increase by 24,324,900 Asia Poly Shares to 123,259,262 Asia Poly Shares assuming his entitlement of 48,649,800 ICPS are converted into 24,324,900 new Asia Poly Shares based on the Conversion Ratio of 2 ICPS into 1 Asia Poly Share.*

(1) *Based on our Company's Record of Depositors as at the LPD.*

INFORMATION ON OUR COMPANY (*CONT'D*)

(2) *Based on share capital of 333,559,880 Asia Poly Shares as at the LPD.*

(3) *Based on the enlarged share capital of 375,587,074 Asia Poly Shares after the Rights Issue of ICPS with Warrants and after the Acquisition.*

(4) *Based on the enlarged share capital of 435,009,732 Asia Poly Shares assuming the full exercise of the outstanding Warrants 2015/2020 and the Adjustment Warrants.*

(5) *Based on the enlarged share capital of 460,009,732 Asia Poly Shares assuming the full exercise of the Warrants.*

(6) *Based on the enlarged share capital of 510,009,732 Asia Poly Shares assuming all ICPS are converted into Asia Poly Shares based on the conversion ratio of 2 ICPS into 1 Asia Poly Share.*

Maximum Scenario

	As at the LPD[(1)]				(I) After full exercise of Warrants 2015/2020				(II) After (I) and the Acquisition			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	**No. of Asia Poly Shares**	**%[(2)]**	**No. of Asia Poly Shares**	**%[(2)]**	**No. of Asia Poly Shares**	**%[(3)]**	**No. of Asia Poly Shares**	**%[(3)]**	**No. of Asia Poly Shares**	**%[(4)]**	**No. of Asia Poly Shares**	**%[(4)]**
Dato' Yeo*	53,118,900	15.92	-	-	53,148,600	13.63	-	-	86,770,355	20.08	-	-
Tan Soon Hui	18,072,500	5.42	-	-	18,072,500	4.63	-	-	18,072,500	4.18	-	-

	(III) After (II) and assuming full exercise of the Warrants				(IV) After (III) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Asia Poly Shares**	**%[(5)]**	**No. of Asia Poly Shares**	**%[(5)]**	**No. of Asia Poly Shares**	**%[(6)]**	**No. of Asia Poly Shares**	**%[(6)]**
Dato' Yeo*	100,057,505	18.89	-	-	153,206,105	16.66	-	-
Tan Soon Hui	22,590,625	4.27	-	-	40,663,125	4.42	-	-

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INFORMATION ON OUR COMPANY (*CONT'D*)

Notes:

* *The movement in Dato' Yeo's shareholding is as follows:*

(i) increase by 29,700 Asia Poly Shares to 53,148,600 Asia Poly Shares assuming the 29,700 Warrants 2015/2020 held by him as at the LPD are exercised into 29,700 new Asia Poly Shares;
(ii) increase by 33,621,755 Asia Poly Shares to 86,770,355 Asia Poly Shares after the completion of the disposal of HRLSB to Asia Poly;
(iii) increase by 13,287,150 Asia Poly Shares to 100,057,505 Asia Poly Shares assuming his entitlement of 13,287,150 Warrants arising from the Rights Issue of ICPS with Warrants are fully exercised into 13,287,150 new Asia Poly Shares; and
(iv) increase by 53,148,600 Asia Poly Shares to 153,206,105 Asia Poly Shares assuming his entitlement of 53,148,600 ICPS are converted into 53,148,600 new Asia Poly Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05.

(1) Based on our Company's Record of Depositors as at the LPD.

(2) Based on share capital of 333,559,880 Asia Poly Shares as at the LPD.

(3) Based on the enlarged share capital of 390,023,853 Asia Poly Shares assuming the full exercise of the outstanding Warrants 2015/2020.

(4) Based on the enlarged share capital of 432,051,047 Asia Poly Shares after the Acquisition.

(5) Based on the enlarged share capital of 529,557,010 Asia Poly Shares, assuming the full exercise of the Warrants.

(6) Based on the enlarged share capital of 919,580,863 Asia Poly Shares assuming all ICPS are converted into Asia Poly Shares based on the Conversion Ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05.

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6. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of our subsidiary companies* as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued share capital (RM)	Effective equity interest (%)
Asia Poly Industrial	28 December 1984, Malaysia	Manufacture and sale of cast acrylic products	4,700,000	100
Asia Poly Food and Beverage Sdn. Bhd.	7 January 2016, Malaysia	Dormant	2	100
AP Waste Management Sdn. Bhd.	7 January 2016, Malaysia	Dormant	2	100
Asia Poly Land Sdn. Bhd.	8 January 2016, Malaysia	Dormant	2	100
Asia Poly Green Energy	22 February 2016, Malaysia	Owner and operator of hydro, solar, coal, combined gas cycle and all kinds of green energy power plants	2	100
Asia Poly Distribution Sdn. Bhd.	29 June 2016, Malaysia	Dormant	2	100

Note:

* *Our Company had at the EGM held on 25 August 2017 obtained shareholders' approval for the Acquisition. Upon completion of the Acquisition, HRSLB shall be a wholly-owned subsidiary. HRLSB was incorporated in Malaysia on 26 November 2012 under the Act and has been dormant since its date of incorporation.*

As at the LPD, the Acquisition is pending the fulfilment of the conditions precedent. The Acquisition is expected to be completed in the 4th quarter of 2017 (after the completion of the Rights Issue of ICPS with Warrants).

We do not have any associated companies as at the LPD.

The details of Asia Poly Green Energy's subsidiary company as at the LPD is as follows:

Company	Date and place of incorporation	Principal activities	Issued share capital (Rupiah)	Effective equity interest (%)
PT. Rimba	25 July 2013, Indonesia	Generation of energy from energy of solar, water, steam and gas into electrical energy	2,500,000,000	51[(1)]

Note:

(1) *The remaining 49% equity interest in PT. Rimba is held by Nik Maimun Binti Nik Sulaiman (21%), Leow Teow Hong (16%) and Hiliard Sjafei (12%) all of whom are not Directors nor substantial shareholders of our Company as at the LPD.*

7. PROFIT AND DIVIDEND RECORDS

Our Group's profit and dividend records based on its audited consolidated financial statements for the past FYE 31 March 2015, 9-month FPE 31 December 2015, FYE 31 December 2016 and the unaudited consolidated financial results for the 6-month FPE 30 June 2016 and 6-month FPE 30 June 2017 are as follows:

	← Audited		→	← Unaudited	→
	FYE 31 March 2015 (RM'000)	**9-month FPE 31 December 2015[(1)(2)] (RM'000)**	**FYE 31 December 2016 (RM'000)**	**6-month FPE 30 June 2016 (RM'000)**	**6-month FPE 30 June 2017 (RM'000)**
Revenue	78,458	56,760	58,153	30,513	36,009
GP	7,030	8,765	10,887	6,347	3,357
Other income	405	873	789	26	144
Administrative expenses	(3,470)	(2,801)	(4,148)	(2,209)	(1,489)
Other operating expenses	(2,030)	(989)	(1,418)	(650)	(798)
Share issuance scheme expense	-	-	-	-	(368)
Share of profit and losses of associated company	-	41	(110)	(46)	-
Profit from operations	**1,935**	**5,889**	**6,000**	**3,468**	**846**
Finance costs	(930)	(572)	(313)	(225)	(73)
PBT	**1,005**	**5,317**	**5,687**	**3,243**	773
Income tax expense	(319)	(709)	(1,624)	(1,193)	(445)
PAT	**686**	**4,608**	**4,063**	**2,050**	**328**
Profit attributable to:					
Owners of our Company	686	4,608	4,063	2,050	328
Non-controlling interests	-	-	-	-	-
Net profit / (loss)	**686**	**4,608**	**4,063**	**2,050**	**328**
EBITDA	3,705	7,266	7,807	4,352	1,652
Weighted average number of Shares in issue ('000)	87,915*	94,948	279,434	263,745	333,560
Weighted average number of Shares in issue and including adjustment for assumed exercise of Warrants 2015/2020	-*	142,676	309,611	296,470	333,560
Basic EPS / (LPS)[(3)] (sen)	0.78^	4.85	1.45	0.78	0.10
Diluted EPS / (LPS)[(4)] (sen)	Not applicable^	3.23	1.31	0.69	0.10
GP margin (%)	8.96	15.44	18.72	20.80	9.32
PBT margin (%)	1.28	9.37	9.78	10.63	2.15
PAT margin (%)	0.87	8.12	6.99	6.72	0.91
Dividend (sen)	0.75	0.50	0.50	-	-

Notes:

* *Restated to 186,172,856 Shares in the audited financial statements of Asia Poly for the 9-month FPE 31 December 2015 after taking into consideration retrospective adjustment of 98,257,896 shares in respect of the Two-Call Rights Issue of Shares with Warrants completed on 21 December 2015 for the FYE 31 March 2015. The restated diluted EPS for the FYE 31 March 2015 was arrived at after reflecting the retrospective adjustments as required by Malaysian Financial Reporting Standard (MFRS) 133: Earnings per Share arising from the Two-Call Rights Issue of Shares with Warrants completed on 21 December 2015.*

^ *Restated to 0.37 in the audited financial statements of Asia Poly for the 9-month FPE 31 December 2015.*

(1) *On 25 May 2015, our Company announced the change in its financial year end from 31 March to 31 December.*

(2) *Annualised revenue, GP and PAT for 9-month FPE 31 December 2015:*

Annualised revenue	*RM75,680,000*
Annualised GP	*RM11,687,000*
Annualised PAT	*RM6,144,000*

(3) *Being the PAT attributable to owners of our Company divided by weighted average number of Shares in issue for the financial periods/years under review.*

(4) *Being the PAT attributable to owners of our Company divided by weighted average number of Shares in issue and including adjustment for assumed exercise of Warrants 2015/2020 for the financial periods/years under review.*

(a) FYE 31 March 2015 compared to 9-month FPE 31 December 2015

Our Group's annualised revenue decreased by RM2.78 million or 3.54% to RM75.68 million in the 9-month FPE 31 December 2015 (FYE 31 March 2015: RM78.46 million). The decrease in revenue was mainly attributable to lower export sales to overseas customers due to a change in our collection policy for our main overseas customer whereby the credit terms was reduced from 30 days to cash on delivery as our Group was experiencing poor collections from our main overseas customers. As such, our management was of the view that the change in collection policy will enable our Group to prudently manage the efficiency of our collection.

Our Group's annualised GP and GP margin increased to RM11.69 million and 15.44%, respectively in the 9-month FPE 31 December 2015 (FYE 31 March 2015: RM7.03million, 8.96%) mainly attributable to improved production efficiency due to reduction of wastage and rejected products which reduced the cost of production and the strengthening of the USD which worked in our favour in terms of currency exchange as our operating expenses are in terms of local currency.

Other income of RM0.87 million for the 9-month FPE 31 December 2015 comprised mainly of realised gain on foreign exchange of RM0.79 million. Other income of RM0.41 million for the FYE 31 March 2015 also comprised mainly of realised gain on foreign exchange of RM0.34 million due to the strengthening of the USD against the RM.

Our Group's annualised PAT increased by RM5.46 million or more than 100% to RM6.14 million in the 9-month FPE 31 December 2015 (FYE 31 March 2015: RM0.69 million), mainly attributable to the higher annualised GP, higher GP margin and higher annualised other income. Our Group's PAT margin also increased to 8.12% (FYE 31 March 2015: 0.87%).

(b) 9-month FPE 31 December 2015 compared to FYE 31 December 2016

Our Group's revenue decreased by RM17.53 million or 23.16% to RM58.15 million in the FYE 31 December 2016 (9-month FPE 31 December 2015: annualised of RM75.68 million). The decrease in revenue was mainly attributable to global shortage of MMA supply and global increase in MMA prices which lead to the decrease in demand from our customers.

Our Group's GP decreased to RM10.89 million in the FYE 31 December 2016 (9-month FPE 31 December 2015: annualised of RM11.69 million) in line with the decreased revenue. Nevertheless, our Group's GP margin increased to 18.72% in the FYE 31 December 2016 (9-month FPE 31 December 2015: 15.44%) mainly attributable to better product mix (whereby in addition to their normal purchase orders, we were able to persuade our customers to purchase cast acrylic sheets of higher thickness which is sold at higher prices), our Group's efforts to improve production efficiency and cost savings (due to reduction of wastage and rejected products) as well as the continued strengthening of the USD which worked in our favour of Asia Poly in terms of currency exchange as our operating expenses are in in terms of local currency.

Other income of RM0.79 million for the FYE 31 December 2016 comprised mainly of realised gain on foreign exchange of RM0.15 million (due to the strengthening of the USD against the RM), insurance claims on property, plant and equipment of RM0.26 million (due to a successful claim for a stolen vehicle), gain on disposal of an associated company of RM0.12 million (due to the disposal of FDL Technology Sdn Bhd) and gain on disposal of property, plant and equipment of RM0.05 million (due to machinery equipment sold as scrap metal). Other income of RM0.87 million for the 9-month FPE 31 December 2015 comprised mainly realised gain on foreign exchange of RM0.79 million.

Our Group's PAT decreased by RM2.08 million or 33.87% to RM4.06 million in the FYE 31 December 2016 (9-month FPE 31 December 2015: annualised of RM6.14 million), mainly attributable to the lower GP and lower other income. While our Group reported a higher PBT margin in the FYE 31 December 2016 of 9.78% (9-month FPE 31 December 2015: 9.37%), the PAT margin was lower at 6.99% (9-month FPE 31 December 2015: 8.12%) due to higher income tax expense.

(c) 6-month FPE 30 June 2016 compared to 6-month FPE 30 June 2017

Our Group's revenue increased by RM5.50 million or 18.01% to RM36.01 million in the 6-month FPE 30 June 2017 (6-month FPE 30 June 2016: RM30.51 million). The increased revenue was mainly attributable to higher demand for our Group's products from the local market as the appreciation of the USD increased the cost of purchasing from our overseas competitors.

Our Group's GP and GP margin decreased to RM3.36 million and 9.32%, respectively (6-month FPE 30 June 2016: RM6.35 million, 20.80%) mainly attributable to the increase in MMA prices as our Group could not entirely pass the increase in cost to our customers as our Company had entered into long term contracts with certain customers whereby the selling prices of our Company's cast acrylic sheets have already been fixed prior to the increase in raw material prices. Under normal circumstances, our Company will pass the costs of any increase in raw materials to our customers, if possible.

Other income of RM0.14 million in the 6-month FPE 30 June 2017 comprised mainly of interest income of RM0.11 million. Other income of RM0.03 million for the 6-month FPE 30 June 2016 comprised mainly of sales of scrap. The share issuance scheme expense of RM0.37 million was due to the grant of share issuance scheme options to our employees in the 6-month FPE 30 June 2017. There were no such options granted in the previous corresponding period.

Our Group's PAT decreased by RM1.72 million or 84.00% to RM0.33 million in the 6-month FPE 30 June 2017 (6-month FPE 30 June 2016: RM2.05 million), mainly attributable to the lower GP and GP margin as well as higher other operating expenses arising from higher advertising and promotional expenses from the setting up of booths at trade exhibitions in, amongst others, the United Arab Emirates and Turkey to promote our cast acrylic sheets. Our Group's PAT margin also decreased to 0.91% (6-month FPE 30 June 2016: RM6.72%).

8. HISTORICAL PRICES OF ASIA POLY SHARES

The monthly highest and lowest transacted market prices of Asia Poly Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2016		
November	0.175	0.140
December	0.155	0.145
2017		
January	0.185	0.145
February	0.185	0.155
March	0.205	0.155
April	0.220	0.185
May	0.250	0.190
June	0.220	0.180
July	0.210	0.180
August	0.190	0.155
September	0.185	0.160
October	0.195	0.170

The last transacted market price for Asia Poly Shares on 24 January 2017 (being the last trading date prior to the Announcement) was RM0.16 each.

The last transacted market price for Asia Poly Shares on 20 October 2017 (being the LPD prior to printing of this AP) was RM0.18 each.

The last transacted market price for Asia Poly Shares on 14 November 2017 (being the last day on which Asia Poly Shares were traded prior to the ex-date of the Rights Issue of ICPS with Warrants) was RM0.185 each.

(Source: Bloomberg Finance L.P.)

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INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ASIA POLY HOLDINGS BERHAD

Report on the Compilation of Pro Forma Consolidated Financial Information

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Asia Poly Holdings Berhad ("APHB" or the "Company") and its subsidiary companies (collectively defined as "the Group") as at 31 December 2016 and its related notes prepared by the Board of Directors of APHB.

The pro forma consolidated financial information consists of the pro forma consolidated statements of financial position of the Group as at 31 December 2016, and related notes as set out in the accompanying attachment, stamped by us for the purposes of identification. The pro forma consolidated financial information has been prepared for inclusion in the Abridged Prospectus to be issued in connection with the Group's corporate exercises as follows:

(a) renounceable rights issue of up to 390,023,853 new irredeemable convertible preference shares in APHB ("ICPS") on the basis of 1 ICPS for every 1 existing ordinary share in APHB held on an entitlement date to be determined later, together with up to 97,505,963 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 4 ICPS subscribed for ("Rights Issue of ICPS with Warrants"); and

(b) acquisition of 500,000 ordinary shares in High Reserve Land Sdn. Bhd. ("HRLSB"), representing the entire equity interest in HRLSB for a purchase consideration of RM14,800,000 ("Purchase Consideration") to be satisfied via a combination of RM8,000,000 in cash and the issuance of 42,027,194 new ordinary shares in APHB ("Asia Poly Shares") at an issue price of RM0.1618 each ("Acquisition").

(Collectively referred to as the "Corporate Exercises")

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The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma consolidated statements of financial position are as described in Note 1 of the Appendix.

The pro forma consolidated financial information has been compiled by the Board of Directors of APHB to illustrate the impact of the events or transactions set out in Note 4 on the Group's consolidated statements of financial position as at 31 December 2016 as if the transactions had taken place as at 31 December 2016.

As part of this process, information about the Group's consolidated statements of financial position has been extracted by the Board of Directors of APHB from the Group's consolidated financial statements for the year ended 31 December 2016, on which an audit report has been published.

Directors' Responsibilities

The Board of Directors of APHB is responsible for compiling the pro forma consolidated financial information on the basis of the applicable criteria.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of APHB on the basis of the applicable criteria set out in the notes thereon.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of APHB has compiled, in all material respects, the pro forma consolidated financial information on the basis of the applicable criteria set out in the notes thereon.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose for the pro forma consolidated financial information's inclusion in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 December 2016 would have been as presented.

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A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of APHB in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

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

Opinion

In our opinion, the pro forma consolidated statements of financial position have been properly compiled, in all material respects, on the basis set out in the notes, using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the consolidated financial statements and accounting policies of the Group.

Other Matter

This report is issued solely for the purpose of inclusion in the Abridged Prospectus in connection with the Corporate Exercises. As such, this report is not to be used, circulated, quoted or otherwise referred to, for any other purposes nor is it to be filed with, reproduced, copied, disclosed or referred to, in whole or in part, in any other document.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEO SWEE CHUA
Partner - 2846/01/18 (J)
Chartered Accountant

27 October 2017

APPENDIX I

ASIA POLY HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Minimum Scenario

	As at 31.12.2016	After subsequent events	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
			Rights Issue of ICPS with Warrants	Acquisition	Exercise of Adjustment Warrants and exercise of Warrants 2015/2020	Exercise of Warrants	Conversion of ICPS
	RM	RM	RM	RM	RM	RM	RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	38,226,334	38,226,334	42,326,334	42,326,334	42,326,334	42,326,334	42,326,334
Land held for development	-	-	-	17,000,000	17,000,000	17,000,000	17,000,000
Total Non-Current Assets	38,226,334	38,226,334	42,326,334	59,326,334	59,326,334	59,326,334	59,326,334
CURRENT ASSETS							
Inventories	10,976,024	10,976,024	10,976,024	10,976,024	10,976,024	10,976,024	10,976,024
Trade and other receivables	14,079,337	14,079,337	14,079,337	14,083,391	14,083,391	14,083,391	14,083,391
Cash and bank balances	14,983,059	14,988,059	14,988,059	6,988,059	12,930,325	15,430,325	15,430,325
Total Current Assets	40,038,420	40,043,420	40,043,420	32,047,474	37,989,740	40,489,740	40,489,740
TOTAL ASSETS	**78,264,754**	**78,269,754**	**82,369,754**	**91,373,808**	**97,316,074**	**99,816,074**	**99,816,074**
EQUITY AND LIABILITIES							
CAPITAL AND RESERVES							
Share capital	30,319,088	35,175,128	35,175,128	41,975,128	47,917,394	50,417,394	55,417,394
Irredeemable convertible preference shares	-	-	5,000,000	5,000,000	5,000,000	5,000,000	-
Share premium	3,309,975	3,209,975	2,309,975	2,309,975	2,309,975	2,309,975	2,309,975
Warrant reserve	8,273,163	8,265,843	10,088,343	10,088,343	1,822,500	-	-
Other reserves	(8,273,163)	(8,265,843)	(10,088,343)	(10,088,343)	(1,822,500)	-	-
Revaluation reserve	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000
Retained earnings	11,300,354	11,300,354	11,300,354	11,302,397	11,302,397	11,302,397	11,302,397
TOTAL EQUITY	59,498,417	64,254,457	68,354,457	75,156,500	81,098,766	83,598,766	83,598,766

(Forward)

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Kuala Lumpur.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON *(CONT'D)*

APPENDIX I

			Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	As at 31.12.2016	After subsequent events	Rights Issue of ICPS with Warrants	Acquisition	Exercise of Adjustment Warrants and exercise of Warrants 2015/2020	Exercise of Warrants	Conversion of ICPS
	RM	RM	RM	RM	RM	RM	RM
NON-CURRENT LIABILITIES							
Hire-purchase payables	78,382	78,382	78,382	78,382	78,382	78,382	78,382
Deferred tax liabilities	3,144,000	3,144,000	3,144,000	5,297,695	5,297,695	5,297,695	5,297,695
Total Non-Current Liabilities	3,222,382	3,222,382	3,222,382	5,376,077	5,376,077	5,376,077	5,376,077
CURRENT LIABILITIES							
Trade and other payables	10,891,598	6,140,558	6,140,558	6,188,874	6,188,874	6,188,874	6,188,874
Tax payable	1,651,961	1,651,961	1,651,961	1,651,961	1,651,961	1,651,961	1,651,961
Hire-purchase payables	38,528	38,528	38,528	38,528	38,528	38,528	38,528
Short-term borrowings	2,961,868	2,961,868	2,961,868	2,961,868	2,961,868	2,961,868	2,961,868
Total Current Liabilities	15,543,955	10,792,915	10,792,915	10,841,231	10,841,231	10,841,231	10,841,231
TOTAL LIABILITIES	18,766,337	14,015,297	14,015,297	16,217,308	16,217,308	16,217,308	16,217,308
TOTAL EQUITY AND LIABILITIES	**78,264,754**	**78,269,754**	**82,369,754**	**91,373,808**	**97,316,074**	**99,816,074**	**99,816,074**
Number of APHB Shares in issue	303,190,880	333,559,880	333,559,880	375,587,074	435,009,732	460,009,732	510,009,732
Total deposits, cash and bank balances (RM)	14,983,059	14,988,059	14,988,059	6,988,059	12,930,325	15,430,325	15,430,325
Borrowings (RM)	3,078,778	3,078,778	3,078,778	3,078,778	3,078,778	3,078,778	3,078,778
Net assets/Net tangible assets per share (RM)	0.20	0.19	0.20	0.20	0.19	0.18	0.16
Gross gearing (times)	0.05	0.05	0.05	0.04	0.04	0.04	0.04

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON *(CONT'D)*

APPENDIX I

Maximum Scenario

			Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	As at 31.12.2016	After subsequent events	Exercise of Warrants 2015/2020	Rights Issue of ICPS with Warrants	Acquisition	Exercise of Warrants	Conversion of ICPS
	RM	RM	RM	RM	RM	RM	RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	38,226,334	38,226,334	38,226,334	50,576,334	50,576,334	50,576,334	50,576,334
Land held for development	-	-	-	-	17,000,000	17,000,000	17,000,000
Total Non-Current Assets	38,226,334	38,226,334	38,226,334	50,576,334	67,576,334	67,576,334	67,576,334
CURRENT ASSETS							
Inventories	10,976,024	10,976,024	10,976,024	10,976,024	10,976,024	10,976,024	10,976,024
Trade and other receivables	14,079,337	14,079,337	14,079,337	14,079,337	14,083,391	14,083,391	14,083,391
Cash and bank balances	14,983,059	14,988,059	20,634,456	20,634,456	12,634,456	22,385,052	41,886,244
Total Current Assets	40,038,420	40,043,420	45,689,817	45,689,817	37,693,871	47,444,467	66,945,659
TOTAL ASSETS	**78,264,754**	**78,269,754**	**83,916,151**	**96,266,151**	**105,270,205**	**115,020,801**	**134,521,993**
EQUITY AND LIABILITIES							
CAPITAL AND RESERVES							
Share capital	30,319,088	35,175,128	40,821,525	40,821,525	47,621,525	57,372,121	96,374,506
Irredeemable convertible preference shares	-	-	-	19,501,193	19,501,193	19,501,193	-
Share premium	3,309,975	3,209,975	3,209,975	2,309,975	2,309,975	2,309,975	2,309,975
Warrant reserve	8,273,163	8,265,843	-	7,088,684	7,088,684	-	-
Other reserves	(8,273,163)	(8,265,843)	-	(7,088,684)	(7,088,684)	-	-
Revaluation reserve	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000	14,569,000
Retained earnings	11,300,354	11,300,354	11,300,354	11,300,354	11,302,397	11,302,397	11,302,397
TOTAL EQUITY	59,498,417	64,254,457	69,900,854	88,502,047	95,304,090	105,054,686	124,555,878

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Kuala Lumpur.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON *(CONT'D)*

APPENDIX I

			Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	As at 31.12.2016	After subsequent events	Exercise of Warrants 2015/2020	Rights Issue of ICPS with Warrants	Acquisition	Exercise of Warrants	Conversion of ICPS
	RM	RM	RM	RM	RM	RM	RM
NON-CURRENT LIABILITIES							
Hire-purchase payables	78,382	78,382	78,382	78,382	78,382	78,382	78,382
Deferred tax liabilities	3,144,000	3,144,000	3,144,000	3,144,000	5,297,695	5,297,695	5,297,695
Total Non-Current Liabilities	3,222,382	3,222,382	3,222,382	3,222,382	5,376,077	5,376,077	5,376,077
CURRENT LIABILITIES							
Trade and other payables	10,891,598	6,140,558	6,140,558	2,889,365	2,937,681	2,937,681	2,937,681
Tax payable	1,651,961	1,651,961	1,651,961	1,651,961	1,651,961	1,651,961	1,651,961
Hire-purchase payables	38,528	38,528	38,528	396	396	396	396
Short-term borrowings	2,961,868	2,961,868	2,961,868	-	-	-	-
Total Current Liabilities	15,543,955	10,792,915	10,792,915	4,541,722	4,590,038	4,590,038	4,590,038
TOTAL LIABILITIES	18,766,337	14,015,297	14,015,297	7,764,104	9,966,115	9,966,115	9,966,115
TOTAL EQUITY AND LIABILITIES	**78,264,754**	**78,269,754**	**83,916,151**	**96,266,151**	**105,270,205**	**115,020,801**	**134,521,993**
Number of APHB Shares in issue	303,190,880	333,559,880	390,023,853	390,023,853	432,051,047	529,557,010	919,580,863
Total deposits, cash and bank balances (RM)	14,983,059	14,988,059	20,634,456	20,634,456	12,634,456	22,385,052	41,886,244
Borrowings (RM)	3,078,778	3,078,778	3,078,778	78,778	78,778	78,778	78,778
Net assets/Net tangible assets per share (RM)	0.20	0.19	0.18	0.23	0.22	0.20	0.14
Gross gearing (times)	0.05	0.05	0.04	0.00	0.00	0.00	0.00

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Kuala Lumpur.

APPENDIX I

ASIA POLY HOLDINGS BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. BASIS OF PREPARATION

The pro forma consolidated statements of financial position have been prepared based on the audited financial statements of Asia Poly Holdings Berhad ("APHB" or "the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2016 in accordance with Malaysian Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The pro forma consolidated statements of financial position of the Group have been prepared for illustrative purpose only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2016, had the adjustments described in Note 4 been effected on that date, and should be read in conjunction with the notes thereto.

2. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The pro forma consolidated statements of financial position have been prepared assuming the following events were effected on 31 December 2016:

2.1 Subsequent events

The pro forma consolidated statements of financial position of the Group have been prepared to incorporate the adjustments to the consolidated statements of financial position as at 31 December 2016 for the:

(a) placement of 30,319,000 new Asia Poly Shares pursuant to a private placement of new Asia Poly Shares in APHB ("Placement Shares") at an issue price of RM0.16 per Placement Share which was completed on 8 March 2017 ("Private Placement") less expenses payable of RM100,000, which is deducted against the share premium; and

(b) exercise of 50,000 Warrants 2015/2020 into 50,000 new Asia Poly Shares at the exercise price of RM0.10 per Warrant 2015/2020.

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2.2 The Corporate Exercises

The Board of Directors of the Company will undertake the following corporate exercises:

(a) renounceable rights issue of irredeemable convertible preference shares in *APHB* ("ICPS") on the basis of 1 ICPS for every 1 existing ordinary share in APHB held on an entitlement date to be determined later, together with free detachable warrants ("Warrants") on the basis of 1 Warrant for every 4 ICPS subscribed for ("Rights Issue of ICPS with Warrants") to be undertaken by the Group are presented in two scenarios as follows:

Minimum Scenario:	Based on the minimum subscription of 100,000,000 ICPS together with 25,000,000 Warrants on the basis of 1 Warrant for every 4 ICPS subscribed at an issue price of RM0.05 per ICPS. Assuming all ICPS are converted into Asia Poly Shares based on the conversion ratio of 2 ICPS to be converted into 1 Asia Poly Share.
Maximum Scenario:	Based on the maximum subscription of 390,023,583 ICPS together with 97,505,963 Warrants on the basis of 1 Warrant for every 4 ICPS subscribed at an issue price of RM0.05 per ICPS. Assuming all ICPS are converted into Asia Poly Shares based on the conversion ratio of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05 each.

(b) acquisition of 500,000 ordinary shares in High Reserve Land Sdn. Bhd. ("HRLSB"), representing the entire equity interest in HRLSB for a purchase consideration of RM14,800,000 ("Purchase Consideration") to be satisfied via a combination of RM8,000,000 in cash and the issuance of 42,027,194 new Asia Poly Shares at an issue price of RM0.1618 each ("Acquisition").

(Collectively referred to as the "Corporate Exercises")

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3. UTILISATION OF PROCEEDS

Based on the issue price of RM0.05 per ICPS, the Rights Issue of ICPS with Warrants will raise total gross proceeds of RM5,000,000 under the Minimum Scenario and up to RM19,501,193 under the Maximum Scenario.

The gross proceeds will be utilised in the manner as set out below:

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Setting up of a coating plant *	4,100	12,350
Working capital/Repayment of trade payables	-	3,251
Repayment of bank borrowings ^	-	3,000
Estimated expenses in relation to the Corporate Exercises	900	900
Total estimated proceeds	5,000	19,501

* The total estimated cost of the coating plant is RM12,350,000 which will be funded by proceeds raised from the Rights Issue of ICPS with Warrants of RM4,100,000 and RM12,350,000 under the Minimum Scenario and Maximum Scenario respectively. For the purpose of presentation in the pro forma consolidated statements of financial position, only the amount of funding from the Rights Issue of ICPS with Warrants will be included in the property, plant and equipment.

^ Bank borrowings of the Company comprises hire purchase payables and short term borrowings

4. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Minimum Scenario

Pro Forma I - Rights Issue of ICPS with Warrants

Pro forma I incorporates the effects of the rights issue of 100,000,000 ICPS at an issue price of RM0.05 each, together with 25,000,000 Warrants on the basis of 1 Warrant for every 4 ICPS, to be subscribed by the undertaking shareholder pursuant to his undertaking (i.e. 48,649,800 ICPS) and the underwriters (i.e. 51,350,200 ICPS).

The fair value of each Warrant is assumed to be RM0.0729 under the Minimum Scenario determined based on the Black-Scholes option pricing model.

APPENDIX I

The assumptions used to arrive at this fair value are as follows:

Theoretical ex-all price	:	RM0.1513 per Asia Poly Share
Tenure	:	5 years
Exercise price	:	RM0.10 per Warrant
Volatility rate	:	46.33%
Risk free interest rate	:	3.56%
Dividend yield	:	3.61%

The actual fair value of the Warrants will only be determined upon issuance of the Warrants. As such, the actual fair value may differ from the amount computed above.

The pro forma has taken into consideration expenses of RM900,000 expected to be incurred in relation to the Corporate Exercises, which is deducted against the share premium.

The gross proceeds to be raised from the Rights Issue of ICPS with Warrants of RM5,000,000 will be utilised as described in Note 3 above.

Pro Forma II - Acquisition

Pro forma II incorporates Pro forma I and the effects of the acquisition of a company with land held for development, High Reserve Land Sdn. Bhd. ("HRLSB") for a purchase consideration of RM14,800,000 to be settled by way of the issuance of 42,027,194 new Asia Poly Shares at an issue price of RM0.1618, and cash of RM8,000,000. The purchase consideration shall be paid by the Company to the vendors in the proportion as set out below:

	RM'000
Issuance of new Asia Poly Shares	6,800
Payment by cash:	
Deposit	1,480
Redemption sum	3,200
Balance purchase price	3,320
Total purchase consideration	14,800

The pro forma is based on the audited financial statements of HRLSB as at 31 December 2016 and has taken into consideration the following:

(a) revaluation surplus calculated based on the market value of land held for development in HRLSB of RM17,000,000 (as appraised by an independent professional valuer) less the carrying value of the land held for development of RM8,026,271 and the estimated deferred tax liabilities to be accrued arising from the revaluation of the land held for development of RM2,153,695;

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Kuala Lumpur.

(b) upon the execution of the Sale and Purchase Agreement ("Agreement"), the Company shall procure HRLSB to request for the redemption statement from AmBank (M) Berhad for the purpose of redeeming the land held for property development ("Redemption Statement") from the said bank. The Company shall within 5 business days from the date it receives the Redemption Statement from the vendors/HRLSB, pay the redemption sum to the vendors/HRLSB. The vendors hereby undertake that they shall utilise the redemption sum to repay the sum owing to AmBank (M) Berhad as set out in the Redemption Statement. The amount owing to vendors by HRLSB arising from the settlement of borrowings will be waived by the vendor prior to the completion of the Acquisition;

(c) in consideration of the Company agreeing to enter into the Agreement, an existing director of HRLSB waives all his rights to claim for the amount from HRLSB. As at 31 December 2016, the amount owing to director by HRLSB is RM5,823,217. The amount owing to a director shall be deemed duly settled by HRLSB to the existing director of HRLSB upon the completion of the Agreement on the completion date; and

(d) it is assumed that a bargain purchase of RM2,043 representing the excess of the net assets of HRLSB as of 31 December 2016 after adjusting for (a), (b) and (c) above over the purchase consideration will arise from the Acquisition. The bargain purchase is credited to the retained earnings.

The Group will undertake a Purchase Price Allocation ("PPA") pursuant to MFRS 3 Business Combinations upon completion of the Acquisition. The amount of goodwill on acquisition may change upon completion of PPA.

Pro Forma III - Assuming exercise of Adjustment Warrants and full exercise of the outstanding Warrants 2015/2020

Pro forma III incorporates Pro forma II and the effects of assuming the 2,958,685 additional Warrants 2015/2020 ("Adjustment Warrants") are issued, and the full exercise of 59,422,658 outstanding Warrants 2015/2020 (comprising 2,958,685 Adjustment Warrants and 56,463,973 existing outstanding Warrants 2015/2020) into new Asia Poly Shares at the exercise price of RM0.10 each. Consequent to the Rights Issue of ICPS with Warrants, the number of existing outstanding Warrants 2015/2020 will be adjusted.

Pro Forma IV - Assuming full exercise of the outstanding Warrants

Pro forma IV incorporates Pro forma III and the effects of assuming the full exercise of 25,000,000 outstanding Warrants into new Asia Poly Shares at the exercise price of RM0.10 each.

Pro Forma V - Assuming full conversion of ICPS

Pro forma V incorporates Pro forma IV and the effects of assuming the full conversion of 100,000,000 ICPS into Asia Poly Shares based on the conversion ratio of 2 ICPS to be converted into 1 Asia Poly Share.

APPENDIX I

Maximum Scenario

Pro Forma I - Assuming full exercise of the outstanding Warrants 2015/2020

Pro forma I incorporates the effects of assuming the full exercise of 56,463,973 existing outstanding Warrants 2015/2020 into new Asia Poly Shares at the exercise price of RM0.10 each.

Pro Forma II - Rights Issue of ICPS with Warrants

Pro forma II incorporates Pro forma I and the effects of the rights issue of 390,023,853 ICPS at an issue price of RM0.05 each, on the basis of 1 ICPS for every 1 existing Asia Poly Share held, together with 97,505,963 Warrants on the basis of 1 Warrant for every 4 ICPS subscribed for.

The fair value of each Warrant is assumed to be RM0.0727 under the Maximum Scenario determined based on the Black-Scholes option pricing model.

The assumptions used to arrive at this fair value are as follows:

Theoretical ex-all price	:	RM0.1513 per Asia Poly Share
Tenure	:	5 years
Exercise price	:	RM0.10 per Warrant
Volatility rate	:	46.33%
Risk free interest rate	:	3.56%
Dividend yield	:	3.61%

The actual fair value of the Warrants will only be determined upon issuance of the Warrants. As such, the actual fair value may differ from the amount computed above.

The pro forma has taken into consideration expenses of RM900,000 expected to be incurred in relation to the Corporate Exercises, which is deducted against the share premium.

The gross proceeds to be raised from the Rights Issue of ICPS with Warrants of RM19,501,193 will be utilised as described in Note 3 above.

Pro Forma III - Acquisition

Pro forma III incorporates Pro forma II and the effects of the acquisition of a company with land held for development, HRLSB for a purchase consideration of RM14,800,000 to be settled by way of the issuance of 42,027,194 new Asia Poly Shares at an issue price of RM0.1618, and cash of RM8,000,000. The purchase consideration shall be paid by the Company to the vendor in the proportion as set out below:

	RM'000
Issuance of new Asia Poly Shares	6,800
Payment by cash:	
Deposit	1,480
Redemption sum	3,200
Balance purchase price	3,320
Total purchase consideration	14,800

APPENDIX I

The pro forma is based on the audited financial statements of HRLSB as at 31 December 2016 and has taken into consideration the following:

(a) revaluation surplus calculated based on the market value of land held for development in HRLSB of RM17,000,000 (as appraised by an independent professional valuer) less the carrying value of the land held for development of RM8,026,271 and the estimated deferred tax liabilities to be accrued arising from the revaluation of the land held for development of RM2,153,695;

(b) upon the execution of the Agreement, the Company shall procure HRLSB to request for the redemption statement from AmBank (M) Berhad for the purpose of redeeming the land held for property development from the said bank. The Company shall within 5 business days from the date it receives the Redemption Statement from the vendors/HRLSB, pay the redemption sum to the vendors/HRLSB. The vendors hereby undertake that they shall utilise the redemption sum to repay the sum owing to AmBank (M) Berhad as set out in the Redemption Statement. The amount owing to vendors by HRLSB arising from the settlement of borrowings will be waived by the vendor prior to the completion of the Acquisition;

(c) in consideration of the Company agreeing to enter into the Agreement, an existing director of HRLSB waives all his rights to claim for the amount from HRLSB. As at 31 December 2016, the amount owing to director by HRLSB is RM5,823,217. The amount owing to a director shall be deemed duly settled by HRLSB to the existing director of HRLSB upon the completion of the Agreement on the completion date; and

(d) it is assumed that a bargain purchase of RM2,043 representing the excess of the net assets of HRLSB as of 31 December 2016 after adjusting for (a), (b) and (c) above over the purchase consideration will arise from the Acquisition. The bargain purchase is credited to the retained earnings.

    The Group will undertake a PPA pursuant to MFRS 3 Business Combinations upon completion of the Acquisition. The amount of goodwill on acquisition may change upon completion of PPA.

Pro Forma IV - Assuming full exercise of the outstanding Warrants

Pro forma IV incorporates Pro forma III and the effects of assuming the full exercise of 97,505,963 outstanding Warrants into new Asia Poly Shares at the exercise price of RM0.10 each.

Pro Forma V - Assuming full conversion of ICPS

Pro forma V incorporates Pro forma IV and the effects of assuming the full conversion of 390,023,853 ICPS into Asia Poly Shares based on the conversion ratio and conversion price of 1 ICPS to be converted into 1 Asia Poly Share with additional cash payment of RM0.05 each.

5. DEPOSITS, CASH AND BANK BALANCES

The movements in the deposits, cash and bank balances of the Group are as follows:

	Minimum Scenario (RM'000)
As at 31 December 2016	14,983
50,000 Warrants 2015/2020 exercised	5
After subsequent events and as per Pro Forma I	14,988
Arising from Acquisition	(8,000)
As per Pro Forma II	6,988
Assuming Adjustment Warrants are issued and full exercise of Warrants 2015/2020	5,942
As per Pro Forma III	12,930
Assuming full exercise of Warrants	2,500
As per Pro Forma IV and V	15,430

	Maximum Scenario (RM'000)
As at 31 December 2016	14,983
50,000 Warrants 2015/2020 exercised	5
After subsequent events	14,988
Assuming full exercise of Warrants 2015/2020	5,646
As per Pro Forma I and II	20,634
Arising from Acquisition	(8,000)
As per Pro Forma III	12,634
Assuming full exercise of Warrants	9,751
As per Pro Forma IV	22,385
Assuming full conversion of ICPS into Asia Poly Shares	19,501
As per Pro Forma V	41,886

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27 OCT 2017
Deloitte PLT
(LLP0010145-LCA)
Kuala Lumpur.

6. PROPERTY, PLANT AND EQUIPMENT

The movements in the property, plant and equipment of the Group are as follows:

	Minimum Scenario (RM'000)
As at 31 December 2016 and after subsequent events	38,226
Arising from Rights Issue of ICPS with Warrants	4,100
As per Pro Forma I, II, III, IV and V	42,326

	Maximum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I	38,226
Arising from Rights Issue of ICPS with Warrants	12,350
As per Pro Forma II, III, IV and V	50,576

7. LAND HELD FOR DEVELOPMENT

The movements in the land held for development of the Group are as follows:

	Minimum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I	-
Arising from Acquisition	17,000
As per Pro Forma II, III, IV and V	17,000

	Maximum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I and II	-
Arising from Acquisition	17,000
As per Pro Forma III, IV and V	17,000

8. TRADE AND OTHER RECEIVABLES

The movements in the trade and other receivables of the Group are as follows:

	Minimum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I	14,079
Arising from Acquisition	4
As per Pro Forma II, III, IV and V	14,083

	Maximum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I and II	14,079
Arising from Acquisition	4
As per Pro Forma III, IV and V	14,083

9. DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities of the Group are as follows:

	Minimum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I	3,144
Arising from Acquisition	2,154
As per Pro Forma II, III, IV and V	5,298

	Maximum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I and II	3,144
Arising from Acquisition	2,154
As per Pro Forma III, IV and V	5,298

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10. TRADE AND OTHER PAYABLES

The movements in the trade and other payables of the Group are as follows:

	Minimum Scenario (RM'000)
As at 31 December 2016	10,892
30,319,000 Placement Shares issued	(4,851)
Expenses in relation to Private Placement	100
After subsequent events and as per Pro Forma I	6,141
Arising from Acquisition	48
As per Pro Forma II, III, IV and V	6,189

	Maximum Scenario (RM'000)
As at 31 December 2016	10,892
30,319,000 Placement Shares issued	(4,851)
Expenses in relation to Private Placement	100
After subsequent events and as per Pro Forma I	6,141
Arising from Rights Issue of ICPS with Warrants	(3,251)
As per Pro Forma II	2,890
Arising from Acquisition	48
As per Pro Forma III, IV and V	2,938

11. HIRE PURCHASE PAYABLES - CURRENT PORTION

The movements in the hire purchase payables - current portion of the Group are as follows:

	Maximum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I	39
Arising from Rights Issue of ICPS with Warrants	(38)
As per Pro Forma II, III, IV and V	1

12. SHORT-TERM BORROWINGS

The movements in the short-term borrowings of the Group are as follows:

	Maximum Scenario (RM'000)
As at 31 December 2016, after subsequent events and as per Pro Forma I	2,962
Arising from Rights Issue of ICPS with Warrants	(2,962)
As per Pro Forma II, III, IV and V	-

13. **SHARE CAPITAL AND RESERVES**

The movements in the share capital and reserves of the Group are as follows:

Minimum Scenario

	Share capital Ordinary shares (Unit '000)	Share capital Ordinary shares (RM'000)	ICPS (RM'000)	Share premium[1] (RM'000)	Warrant reserve (RM'000)	Other reserves (RM'000)	Revaluation reserve (RM'000)	Retained earnings (RM'000)	Total (RM'000)
As at 31 December 2016	303,191	30,319	-	3,310	8,273	(8,273)	14,569	11,300	59,498
30,319,000 Placement Shares issued	30,319	4,851	-	(100)	-	-	-	-	4,751
50,000 Warrants 2015/2020 exercised	50	5	-	-	(7)	7	-	-	5
After subsequent events	333,560	35,175	-	3,210	8,266	(8,266)	14,569	11,300	64,254
Arising from Rights Issue of ICPS with Warrants	-	-	5,000	(900)	1,822	(1,822)	-	-	4,100
As per Pro Forma I	333,560	35,175	5,000	2,310	10,088	(10,088)	14,569	11,300	68,354
Arising from Acquisition	42,027	6,800	-	-	-	-	-	2	6,802
As per Pro Forma II	375,587	41,975	5,000	2,310	10,088	(10,088)	14,569	11,302	75,156

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2 7 OCT 2017
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Kuala Lumpur.

APPENDIX I

Minimum Scenario

	Share capital Ordinary shares (Unit '000)	**Share capital (RM'000)**	**ICPS (RM'000)**	**Share premium[1] (RM'000)**	**Warrant reserve (RM'000)**	**Other reserves (RM'000)**	**Revaluation reserve (RM'000)**	**Retained earnings (RM'000)**	**Total (RM'000)**
Assuming Adjustment Warrants are issued and full exercise of Warrants 2015/2020	59,423	5,942	-	-	(8,266)	8,266	-	-	5,942
As per Pro Forma III	435,010	47,917	5,000	2,310	1,822	(1,822)	14,569	11,302	81,098
Assuming full exercise of Warrants	25,000	2,500	-	-	(1,822)	1,822	-	-	2,500
As per Pro Forma IV	460,010	50,417	5,000	2,310	-	-	14,569	11,302	83,598
Assuming full conversion of ICPS into Asia Poly Shares	50,000	5,000	(5,000)	-	-	-	-	-	-
As per Pro Forma V	510,010	55,417	-	2,310	-	-	14,569	11,302	83,598

[1] *Pursuant to the Section 618(3) of the Companies Act, 2016 (the "Act") the Company may, within twenty-four (24) months upon commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Act which includes, among others, expenses incurred in connection with any issue of shares of the Company.*

APPENDIX I

Maximum Scenario

	Share capital								
	Ordinary shares (Unit '000)	**Ordinary shares (RM'000)**	**ICPS (RM'000)**	**Share premium[1] (RM'000)**	**Warrant reserve (RM'000)**	**Other reserves (RM'000)**	**Revaluation reserve (RM'000)**	**Retained earnings (RM'000)**	**Total (RM'000)**
As at 31 December 2016	303,191	30,319	-	3,310	8,273	(8,273)	14,569	11,300	59,498
30,319,000 Placement Shares issued	30,319	4,851	-	(100)	-	-	-	-	4,751
50,000 Warrants 2015/2020 exercised	50	5	-	-	(7)	7	-	-	5
After subsequent events	333,560	35,175	-	3,210	8,266	(8,266)	14,569	11,300	64,254
Assuming full exercise of Warrants 2015/2020	56,464	5,646	-	-	(8,266)	8,266	-	-	5,646
As per Pro Forma I	390,024	40,821	-	3,210	-	-	14,569	11,300	69,900
Arising from Rights Issue of ICPS with Warrants	-	-	19,501	(900)	7,089	(7,089)	-	-	18,601
As per Pro Forma II	390,024	40,821	19,501	2,310	7,089	(7,089)	14,569	11,300	88,501

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27 OCT 2017
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Kuala Lumpur

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2016 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON *(CONT'D)*

APPENDIX I

Maximum Scenario

	Share capital								
	Ordinary shares (Unit '000)	(RM'000)	ICPS (RM'000)	Share premium[1] (RM'000)	Warrant reserve (RM'000)	Other reserves (RM'000)	Revaluation reserve (RM'000)	Retained earnings (RM'000)	Total (RM'000)
Arising from Acquisition	42,027	6,800	-	-	-	-	-	2	6,802
As per Pro Forma III	432,051	47,621	19,501	2,310	7,089	(7,089)	14,569	11,302	95,303
Assuming full exercise of Warrants	97,506	9,751	-	-	(7,089)	7,089	-	-	9,751
As per Pro Forma IV	529,557	57,372	19,501	2,310	-	-	14,569	11,302	105,054
Assuming full conversion of ICPS into Asia Poly Shares	390,024	39,002	(19,501)	-	-	-	-	-	19,501
As per Pro Forma V	919,581	96,374	-	2,310	-	-	14,569	11,302	124,555

[1] *Pursuant to the Section 618(3) of the Companies Act, 2016 (the "Act") the Company may, within twenty-four (24) months upon commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Act which includes, among others, expenses incurred in connection with any issue of shares of the Company.*

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Teo Swee Chua
Partner - 2846/01/18 (J)
Chartered Accountant

ASIA POLY HOLDINGS BERHAD
(Company No. 619176 - A)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
(In Ringgit Malaysia)

These financial statements and reports of the Group and of the Company with *Qualified/Unqualified Auditors' Report for the financial year end 31 December 2016 were tabled at Annual General Meeting/Adjourned Annual General Meeting held on ....

Director

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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ASIA POLY HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiaries is as disclosed in Note 12 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit before tax	5,686,617	1,783,978
Income tax expense	(1,624,201)	-
Profit for the year	4,062,416	1,783,978

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

DIVIDENDS

A final single tier dividend of 0.50 sen per ordinary share on 264,457,780 ordinary shares, amounting to RM1,322,289 proposed in the previous financial period was paid during the current financial year.

The directors proposed a final single tier dividend of 0.50 sen per ordinary share in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM26,374,488 to RM30,319,088 by way of:

(a) issuance of 37,350,000 new ordinary shares of RM0.10 each pursuant to Special Bumiputera Issue at an issuance price of RM0.19 per share; and

(b) issuance of 2,096,000 new ordinary shares of RM0.10 each pursuant to the exercise of warrants at RM0.10 per share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

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

WARRANTS

As of 31 December 2016, there was a total of 56,513,973 warrants outstanding.

The salient features and the movements in the number of warrants are disclosed in Note 18 to the financial statements.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

Dato' Yeo Boon Leong
Lim Teck Seng
Thoo Soon Huat
Tan Ban Tatt (appointed on 1 June 2016)
Teoh Cheng Chuan (retired on 26 May 2016)
Yap Sing Khon (resigned on 1 June 2016)
Then Ikh Choo (resigned on 10 March 2017)

In accordance with Article 103(a) of the Company's Articles of Association, Mr Lim Teck Seng retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Mr Tan Ban Tatt, who was appointed to the Board since the last Annual General Meeting, retires under Article 84 of the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares of RM0.10* each			
	As of 1.1.2016	**Bought**	**Sold**	**As of 31.12.2016**
Shares in the Company				
Direct interest				
Dato' Yeo Boon Leong	76,054,500	1,918,010	(27,000,000)	50,972,510
Lim Teck Seng	693,000	-	(693,000)	-
Thoo Soon Huat	6,658,500	-	(6,658,500)	-

* Upon effective date of the Companies Act, 2016 on 31 January 2017, the ordinary shares do not have any par value.

	Number of warrants			
	As of 1.1.2016	**Exercised**	**Sold**	**As of 31.12.2016**
Warrants in the Company				
Direct interest				
Dato' Yeo Boon Leong	5,150,033	-	(5,120,333)	29,700

By virtue of their interest in shares of the Company, the above directors are deemed to have an interest in the shares of the subsidiary companies to the extent the Company has an interest.

Other than disclosed above, none of the other directors in office at the end of the financial year held shares and warrants or had beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND AUDITORS

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 28 to the financial statements.

SUBSEQUENT EVENTS

Details of the events after the end of the financial year are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended 31 December 2016 is as disclosed in Note 7 to the financial statements.

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

DATO' YEO BOON LEONG

LIM TECK SENG

Kuala Lumpur
6 April 2017

Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA POLY HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ASIA POLY HOLDINGS BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2016 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 86.

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

Basis of Opinion

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

(Forward)

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	*How the matter was addressed in the audit*
Valuation of property, plant and equipment The freehold land of the Group is stated at valuation. The freehold land of a subsidiary company was revalued by the directors on 28 July 2016 which resulted in a revaluation surplus of RM15.48 million. The revaluation of the freehold land involves significant estimates of the fair value of the assets at the date of valuation. We considered that the financial impact of the valuation of the freehold land to be material to the Group comparing to the Group's profits and total assets. Therefore, this matter was determined to be a key audit matter. Refer to "Key estimate and assumptions" in Note 4 and Note 11 to the financial statements.	We performed the below procedures to address the key audit matter in the audit: • Evaluated the basis of valuation adopted, considered and challenged the assumptions used in the valuation model. • Validated the mathematical accuracy of the valuation model. • Discussed with the external valuers engaged by the Group to gain an understanding of and challenge the basis and assumptions used. In addition, we had evaluated the competency and independence of the valuers.

(Forward)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

(Forward)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(Forward)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 31 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

(Forward)

Other Matter

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEO SWEE CHUA
Partner - 2846/01/18 (J)
Chartered Accountant

6 April 2017

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016
(With comparative figures for the financial period 1 April 2015 to 31 December 2015)

		The Group		The Company	
	Note	2016 (12 months) RM	2015 (9 months) RM	2016 (12 months) RM	2015 (9 months) RM
Revenue	5	58,153,107	56,760,320	2,000,000	6,940,000
Other operating income	7	670,984	872,734	84,862	-
Gain on disposal of an associated company	13	118,217	-	50,000	-
Changes in inventories of finished goods and work-in-progress		3,258,703	(4,035,644)	-	-
Raw materials and consumables used		(41,364,739)	(36,304,865)	-	-
Staff costs	7	(4,909,977)	(3,393,299)	-	-
Depreciation of property, plant and equipment	11	(1,806,085)	(1,377,462)	-	-
Other operating expenses	7	(8,010,274)	(6,674,184)	(350,884)	(226,649)
Finance costs	8	(313,597)	(572,393)	-	-
Share of results of associated company	13	(109,722)	41,505	-	-
Profit before tax		5,686,617	5,316,712	1,783,978	6,713,351
Income tax expense	9	(1,624,201)	(708,893)	-	-
Profit for the year/period		4,062,416	4,607,819	1,783,978	6,713,351

(Forward)

		The Group		The Company	
	Note	2016 (12 months) RM	2015 (9 months) RM	2016 (12 months) RM	2015 (9 months) RM
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus of freehold land		15,480,000	-	-	-
Income tax relating to components of other comprehensive income	9	(911,000)	-	-	-
		14,569,000	-	-	-
Total comprehensive income for the year/period		18,631,416	4,607,819	1,783,978	6,713,351
Earnings per ordinary share (sen)					
Basic	10	1.45	4.85		
Diluted	10	1.31	3.23		

The accompanying Notes form an integral part of the Financial Statements.

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	38,226,334	23,949,073	-	-
Investment in subsidiary companies	12	-	-	6,573,586	6,573,576
Investment in associated company	13	-	2,441,505	-	2,400,000
Total Non-Current Assets		38,226,334	26,390,578	6,573,586	8,973,576
Current Assets					
Inventories	14	10,976,024	7,847,960	-	-
Trade receivables	15	13,587,799	13,833,700	-	-
Other receivables and prepaid expenses	15	491,538	998,774	-	-
Amount owing by subsidiary companies	12	-	-	24,000,808	12,485,145
Cash and bank balances	16	14,983,059	17,338,270	5,870,797	8,897,510
Total Current Assets		40,038,420	40,018,704	29,871,605	21,382,655
Total Assets		78,264,754	66,409,282	36,445,191	30,356,231

(Forward)

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	17	30,319,088	26,374,488	30,319,088	26,374,488
Share premium	18	3,309,975	-	3,309,975	-
Warrant reserve	18	8,273,163	8,580,000	8,273,163	8,580,000
Other reserve	18	(8,273,163)	(8,580,000)	(8,273,163)	(8,580,000)
Revaluation reserve	18	14,569,000	-	-	-
Retained earnings	19	11,300,354	8,560,227	2,638,205	2,176,516
Total Equity		59,498,417	34,934,715	36,267,268	28,551,004
Non-Current Liabilities					
Hire-purchase payables - non-current portion	20	78,382	293,031	-	-
Deferred tax liabilities	21	3,144,000	2,531,000	-	-
Total Non-Current Liabilities		3,222,382	2,824,031	-	-
Current Liabilities					
Trade payables	22	9,531,616	11,106,754	-	-
Other payables and accrued expenses	22	1,359,982	3,455,732	177,923	1,805,227
Tax payable		1,651,961	368,479	-	-
Hire-purchase payables - current portion	20	38,528	132,678	-	-
Short-term borrowings	23	2,961,868	13,586,893	-	-
Total Current Liabilities		15,543,955	28,650,536	177,923	1,805,227
Total Liabilities		18,766,337	31,474,567	177,923	1,805,227
Total Equity and Liabilities		78,264,754	66,409,282	36,445,191	30,356,231

The accompanying Notes form an integral part of the Financial Statements.

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(With comparative figures for the financial period 1 April 2015 to 31 December 2015)

		← Non-distributable reserves			→	Distributable reserve -	
The Group	**Share capital RM**	**Share premium RM**	**Warrant reserve RM**	**Other reserve RM**	**Revaluation reserve RM**	**Retained earnings RM**	**Total equity RM**
As of 1 April 2015	8,791,496	4,222,960	-	-	-	9,656,160	22,670,616
Total comprehensive income for the period	-	-	-	-	-	4,607,819	4,607,819
Issuance of ordinary shares:							
In cash	8,791,496	-	-	-	-	-	8,791,496
Capitalised from reserves	8,791,496	(3,527,319)	-	-	-	(5,264,177)	-
Rights issue expenses	-	(695,641)	-	-	-	-	(695,641)
Issuance of warrants	-	-	8,580,000	(8,580,000)	-	-	-
Dividends paid (Note 24)	-	-	-	-	-	(439,575)	(439,575)
As of 31 December 2015	26,374,488	-	8,580,000	(8,580,000)	-	8,560,227	34,934,715

(Forward)

		Non-distributable reserves				Distributable reserve -	
The Group	**Share capital RM**	**Share premium RM**	**Warrant reserve RM**	**Other reserve RM**	**Revaluation reserve RM**	**Retained earnings RM**	**Total equity RM**
As of 1 January 2016	26,374,488	-	8,580,000	(8,580,000)	-	8,560,227	34,934,715
Profit for the year	-	-	-	-	-	4,062,416	4,062,416
Other comprehensive income							
Revaluation surplus of freehold land	-	-	-	-	14,569,000	-	14,569,000
Total comprehensive income for the year	-	-	-	-	14,569,000	4,062,416	18,631,416
Issuance of ordinary shares:							
Special Bumiputera							
Issue	3,735,000	3,361,500	-	-	-	-	7,096,500
Exercise of warrants	209,600	-	(306,837)	306,837	-	-	209,600
Share issue expenses	-	(51,525)	-	-	-	-	(51,525)
Dividends paid (Note 24)	-	-	-	-	-	(1,322,289)	(1,322,289)
As of 31 December 2016	30,319,088	3,309,975	8,273,163	(8,273,163)	14,569,000	11,300,354	59,498,417

The Company	Share capital RM	← Non-distributable reserves → Share premium RM	Warrant reserve RM	Other reserve RM	Distributable reserve - Retained earnings RM	Total equity RM
As of 1 April 2015	8,791,496	4,222,960	-	-	1,166,917	14,181,373
Total comprehensive income for the period	-	-	-	-	6,713,351	6,713,351
Issuance of ordinary shares:						
In cash	8,791,496	-	-	-	-	8,791,496
Capitalised from reserves	8,791,496	(3,527,319)	-	-	(5,264,177)	-
Rights issue expenses	-	(695,641)	-	-	-	(695,641)
Issuance of warrants	-	-	8,580,000	(8,580,000)	-	-
Dividends paid (Note 24)	-	-	-	-	(439,575)	(439,575)
As of 31 December 2015	26,374,488	-	8,580,000	(8,580,000)	2,176,516	28,551,004
As of 1 January 2016	26,374,488	-	8,580,000	(8,580,000)	2,176,516	28,551,004
Total comprehensive profit for the year	-	-	-	-	1,783,978	1,783,978
Issuance of ordinary shares:						
Special Bumiputera Issue	3,735,000	3,361,500	-	-	-	7,096,500
Exercise of warrants	209,600	-	(306,837)	306,837	-	209,600
Share issue expenses	-	(51,525)	-	-	-	(51,525)
Dividends paid (Note 24)	-	-	-	-	(1,322,289)	(1,322,289)
As of 31 December 2016	30,319,088	3,309,975	8,273,163	(8,273,163)	2,638,205	36,267,268

The accompanying Notes form an integral part of the Financial Statements.

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(With comparative figures for the financial period 1 April 2015 to 31 December 2015)

	The Group		The Company	
	2016 (12 months) RM	2015 (9 months) RM	2016 (12 months) RM	2015 (9 months) RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	5,686,617	5,316,712	1,783,978	6,713,351
Adjustments for:				
Depreciation of property, plant and equipment	1,806,085	1,377,462	-	-
Finance costs	313,597	572,393	-	-
Unrealised gain on foreign exchange	(58,260)	(20,044)	-	-
Property, plant and equipment written off	245,319	2,721	-	-
Loss/(Gain) on disposal of property, plant and equipment	196,223	(28,999)	-	-
Allowance for inventory obsolescence	-	732,951	-	-
Share of results of associated company	109,722	(41,505)	-	-
Gain on disposal of an associated company	(118,217)	-	(50,000)	-
Dividend income	-	-	(2,000,000)	(6,940,000)
Operating Profit/(Loss) Before Working Capital Changes	8,181,086	7,911,691	(266,022)	(226,649)
(Increase)/Decrease in:				
Inventories	(3,128,064)	4,048,439	-	-
Trade receivables	450,015	781,137	-	-
Other receivables and prepaid expenses	507,236	(561,011)	-	-

(Forward)

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	(12 months)	**(9 months)**	**(12 months)**	**(9 months)**
	RM	**RM**	**RM**	**RM**
(Decrease)/Increase in:				
Trade payables	(1,733,035)	(3,852,876)	-	-
Other payables and accrued expenses	(2,083,707)	211,488	(1,627,304)	25,227
Cash Generated From/(Used In) Operations	2,193,531	8,538,868	(1,893,326)	(201,422)
Income tax refunded	106,247	125,000	-	-
Income tax paid	(744,966)	(139,639)	-	-
Net Cash From/(Used In) Operating Activities	1,554,812	8,524,229	(1,893,326)	(201,422)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment *	(1,141,629)	(1,028,711)	-	-
Proceeds from disposal of property, plant and equipment	96,741	141,552	-	-
Investment in subsidiary companies	-	-	(10)	-
Investment in associated company	-	(720,000)	-	(720,000)
Proceeds from disposal of an associated company	2,450,000	-	2,450,000	-
Increase in amount owing by subsidiary companies	-	-	(9,515,663)	(4,779,274)
Dividend received from subsidiary company	-	-	-	6,940,000
Net Cash From/(Used In) Investing Activities	1,405,112	(1,607,159)	(7,065,673)	1,440,726

(Forward)

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	(12 months)	**(9 months)**	**(12 months)**	**(9 months)**
	RM	**RM**	**RM**	**RM**
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares	7,306,100	8,791,496	7,306,100	8,791,496
Expenses relating to issuance of ordinary shares	(51,525)	(695,641)	(51,525)	(695,641)
Decrease in short-term borrowings	(10,625,025)	(6,994,564)	-	-
Finance costs paid	(313,597)	(572,393)	-	-
Dividends paid	(1,322,289)	(439,575)	(1,322,289)	(439,575)
Payment of hire-purchase payables	(308,799)	(165,937)	-	-
Net Cash (Used In)/From Financing Activities	(5,315,135)	(76,614)	5,932,286	7,656,280
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,355,211)	6,840,456	(3,026,713)	8,895,584
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	17,338,270	10,497,814	8,897,510	1,926
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD (REPRESENTING CASH AND BANK BALANCES)	14,983,059	17,338,270	5,870,797	8,897,510

(Forward)

* Purchase of property, plant and equipment consists of the following:

	The Group	
	2016 (12 months) RM	**2015 (9 months) RM**
Payment by cash	1,141,629	1,028,711
Hire-purchase	-	394,000
Total (Note 11)	1,141,629	1,422,711

The accompanying Notes form an integral part of the Financial Statements.

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

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

1. GENERAL INFORMATION

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

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary and associated companies are disclosed in Notes 12 and 13.

There have been no significant changes in the nature of the activities of the Company, and its subsidiary and associated companies during the financial year other than the disposal of associated company as disclosed in Note 13.

The registered office of the Company is located at 308, Block A (3rd floor), Kelana Business Centre, No. 97, Jalan SS7/2, Kelana Jaya, 47301, Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 758, Jalan Haji Sirat, Mukim Kapar, 42100 Klang, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 6 April 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of new and revised Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised MFRSs and amendments to MFRSs issued by MASB that are relevant to their operations and effective for annual financial periods beginning on or after 1 January 2016.

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

The adoption of these new and revised MFRSs and amendments did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

Standards, amendments and IC Interpretation in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards, amendments and IC Interpretation which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)[2]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[2]
MFRS 16	Leases[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
Annual Improvements to MFRSs 2014 - 2016 Cycle[1 or 2]	

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[4] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

The directors anticipate that abovementioned Standards, amendments and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as disclosed below:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes requirements for the classification and measurement of financial liabilities and for de-recognition, and in February 2015, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2015) mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

(a) All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

(c) In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

(d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors do not anticipate that the application of MFRS 9 in the future to have a material impact on amounts reported in respect of the Group's and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group completes a detailed review.

MFRS 15 Revenue from Contracts with Customers

In September 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, Amendments to MFRS 15 were issued in June 2016 which provide clarifications on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors do not anticipate that the application of MFRS 15 in the future to have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transaction that are within the scope of MFRS 117 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary company is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary company to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary company that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate financial statements, investments in subsidiary company are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Investments in Associated Company

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

The results and assets and liabilities of associated companies are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associated company is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated company. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 139 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales tax, trade discounts and allowances, and returns.

The Group recognises revenue when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, upon satisfying the conditions of the Group activities as set out below.

Revenue from sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to customers.

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

Employee Benefits

(i) Short-Term Benefits

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

(ii) Defined Contribution Plan

The Group and its eligible employees are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan, at certain prescribed rates based on the employees' salaries. The Group's contributions to EPF are disclosed separately while the employees' contributions to EPF are included in staff costs. Once these contributions have been made, the Group has no further payment obligations.

Foreign Currency Conversion

The financial statements of the Group and of the Company are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the "liability" method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of Assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any.

Freehold land stated at valuation is revalued at regular intervals of at least once in every five years by the directors based on the valuation report of independent valuers using the direct comparison method with additional valuation in the intervening periods where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the unutilised previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they are incurred.

Freehold land is not depreciated. All other assets are depreciated on a straight-line basis to their residual values at rates based on the estimated useful lives. The principal annual rates used are as follows:

Factory building	2%
Plant and machinery	4% - 40%
Fire protection system	10%
Office equipment, furniture and fittings	10%
Laboratory and factory equipment	10%
Motor vehicles	20%

Where significant parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At the end of each reporting period, the residual values, useful lives and depreciation methods of property, plant and equipment are reviewed, and the effect of any changes are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed of are transferred to retained earnings.

Property, Plant and Equipment under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Assets held under hire-purchase arrangement are depreciated over their expected useful lives on the same basis as owned assets.

Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods include the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Provisions

Provisions are made when the Group or the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group or the Company will be required to settle the obligation.

Segment Reporting

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

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

(i) **Financial Assets**

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Rate Method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(a) **Financial Assets At FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the statement of comprehensive income.

(b) **Held-to-Maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

(c) **AFS Financial Assets**

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investment or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest rate method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(d) **Loans and Receivables**

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

(e) **Impairment of Financial Assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(f) **Derecognition of Financial Assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) **Financial Liabilities and Equity Instruments issued by the Group**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(a) **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(b) **Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs. It is subsequently measured at amortised cost using the effective interest rate method, with the interest expense recognised on an effective yield basis.

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

(c) **Financial Liabilities at FVTPL**

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

(d) **Other Financial Liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

(e) **Derecognition of Financial Liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) **Critical judgement in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) **Allowance for doubtful debts**

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

(b) **Allowance for inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(c) **Valuation of freehold land**

The valuation of freehold land by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determing the valuation of the Group's freehold land.

5. REVENUE

	The Group		The Company	
	2016 (12 months) RM	**2015 (9 months) RM**	**2016 (12 months) RM**	**2015 (9 months) RM**
Sales of finished goods	57,963,180	56,200,769	-	-
Sales of trading merchandise	189,927	559,551	-	-
Dividend income	-	-	2,000,000	6,940,000
	58,153,107	56,760,320	2,000,000	6,940,000

6. SEGMENT REPORTING

(a) Business segments

For management purposes, the Group is organised into the following divisions:

(i) Investment holding
(ii) Manufacturing
(iii) Trading
(iv) Others

The Group 2016 (12 months)	**Investment holding division RM**	**Manufacturing division RM**	**Trading division RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue	-	57,963,180	189,927	-	-	58,153,107
Results						
Segment results	1,783,978	6,274,785	12,281	(29,325)	(2,050,000)	5,991,719
Finance costs						(313,597)
Gain on disposal of an associated company						118,217
Share of results of associated company						(109,722)
Profit before tax						5,686,617
Income tax expense						(1,624,201)
Profit for the year						4,062,416

The Group 2016	**Investment holding division RM**	**Manufacturing division RM**	**Trading division RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Other Information						
Capital additions	-	1,141,629	-	-	-	1,141,629
Depreciation of property, plant and equipment	-	1,806,085	-	-	-	1,806,085
Surplus of freehold land revaluation	-	15,480,000	-	-	-	15,480,000
Statement of Financial Position						
Assets						
Segment assets	34,445,191	72,391,947	-	2,010	(28,574,394)	78,264,754
Liabilities						
Tax payable	-	1,651,961	-	-	-	1,651,961
Deferred tax liabilities	-	3,144,000	-	-	-	3,144,000
Segment liabilities	177,923	37,761,936	-	31,325	(24,000,808)	13,970,376

The Group 2015 (9 months)	**Investment holding division RM**	**Manufacturing division RM**	**Trading division RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue	-	56,200,769	559,551	-	-	56,760,320
Results						
Segment results	6,713,351	6,040,249	34,000	-	(6,940,000)	5,847,600
Finance costs						(572,393)
Share of results of associated company						41,505
Profit before tax						5,316,712
Income tax expense						(708,893)
Profit for the period						4,607,819
Other Information						
Capital additions	-	1,422,711	-	-	-	1,422,711
Depreciation of property, plant and equipment	-	1,377,462	-	-	-	1,377,462

The Group 2015	**Investment holding division RM**	**Manufacturing division RM**	**Trading division RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Statement of Financial Position						
Assets						
Segment assets	30,356,231	55,070,267	-	-	(19,017,216)	66,409,282
Liabilities						
Tax payable	-	368,479	-	-	-	368,479
Deferred tax liabilities	-	2,531,000	-	-	-	2,531,000
Segment liabilities	1,805,227	39,255,006	-	-	(12,485,145)	28,575,088

(b) **Geographical Segment**

The Group's operations are mainly located in Malaysia.

7. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

Included in other operating income/(expenses) are the following credits/(charges):

	The Group		The Company	
	2016 (12 months) RM	2015 (9 months) RM	2016 (12 months) RM	2015 (9 months) RM
Cost of inventories recognised as expense	(38,106,036)	(40,340,509)	-	-
Allowance for inventory obsolescence	-	(732,951)	-	-
Directors' remuneration:				
Salaries and other emoluments	(1,086,371)	(1,003,115)	(11,450)	(3,400)
Fees	(107,667)	(64,000)	(107,667)	(64,000)
Gain on foreign exchange:				
Realised	152,314	789,724	-	-
Unrealised	58,260	20,044	-	-
Auditors' remuneration:				
Statutory audit	(72,000)	(57,000)	(28,500)	(25,000)
Non-audit services *	(74,800)	(38,000)	(74,800)	(38,000)
Property, plant and equipment written off	(245,319)	(2,721)	-	-
(Loss)/Gain on disposal of property, plant and equipment	(196,223)	28,999	-	-

* Fees paid or payable to Deloitte for assisting the Group in connection with tax compliance and the provision of reporting accountant services in connection with the corporate exercises undertaken by the Group.

(a) **Staff costs**

Staff costs include salaries, contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF, included in staff costs, made by the Group during the current financial year/period amounted to RM291,877 (2015: RM214,315).

(b) **Key management personnel compensation**

The remuneration of key management personnel, who are also directors, during the current financial year/period are as follows:

	The Group		**The Company**	
	2016 (12 months) RM	**2015 (9 months) RM**	**2016 (12 months) RM**	**2015 (9 months) RM**
Short-term employee benefits:				
Salaries, bonuses, allowances and contributions to EPF	1,086,371	1,003,115	11,450	3,400

(c) **Directors' remuneration**

Contributions to EPF, included in directors' remuneration, made by the Group during the current financial year/period amounted to RM119,827 (2015: RM105,680).

The estimated monetary value of benefits-in-kind received and receivable by the directors of the Company otherwise than in cash from the Group amounted to RM16,667 (2015: RM22,083).

8. FINANCE COSTS

	The Group	
	2016 (12 months) RM	**2015 (9 months) RM**
Interest expense on:		
Bankers' acceptance	295,742	561,633
Bank overdraft	6,844	5,104
Hire-purchase	11,011	5,656
	313,597	572,393

9. INCOME TAX EXPENSE

	The Group		The Company	
	2016 (12 months) RM	2015 (9 months) RM	2016 (12 months) RM	2015 (9 months) RM
Estimated tax payable	1,922,201	608,893	-	-
Deferred tax (Note 21):				
Current	(354,000)	779,000	-	-
Under/(Over)provision in prior years	56,000	(679,000)	-	-
	(298,000)	100,000	-	-
Total tax expense recognised in profit or loss	1,624,201	708,893	-	-
Deferred tax related to other comprehensive income: Revaluation surplus of freehold land	911,000	-	-	-
Total tax expense recognised in other comprehensive income	2,535,201	708,893	-	-

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

	The Group		The Company	
	2016 (12 months) RM	**2015 (9 months) RM**	**2016 (12 months) RM**	**2015 (9 months) RM**
Profit before tax	5,686,617	5,316,712	1,783,978	6,713,351
Tax at statutory tax rate of 24%	1,364,788	1,276,011	428,155	1,611,204
Tax effects of:				
Non-deductible expenses	259,738	108,338	51,845	54,396
Non-taxable income	(56,325)	-	(480,000)	(1,665,600)
1% change in tax rate	-	3,544	-	-
Under/(Over)provision of deferred tax in prior years	56,000	(679,000)	-	-
	1,624,201	708,893	-	-

10. EARNINGS PER ORDINARY SHARE

Basic

Basic earnings per ordinary share is calculated by dividing profit for the year/period by the weighted average of number of ordinary shares in issue during the financial year/period.

	The Group	
	2016 (12 months)	**2015 (9 months)**
Profit for the year/period (RM)	4,062,416	4,607,819
Weighted average of number of ordinary shares of RM0.10 each:		
Number of shares issued at beginning of year/period	263,744,880	87,914,960
Effects of weighted average number of ordinary shares in respect of shares issued pursuant to the rights issue and exercise of warrants	15,689,181	7,033,197
	279,434,061	94,948,157
Basic earnings per ordinary share (sen)	1.45	4.85

Diluted

The diluted earnings per share has been calculated by dividing the Group's profit attributable to equity holders of the Company for the financial year/period by the weighted average number of ordinary shares that would have been in issue adjusted for the dilutive effects of the warrants.

	The Group	
	2016 (12 months)	**2015 (9 months)**
Profit for the year/period (RM)	4,062,416	4,607,819
Weighted average of number of ordinary shares of RM0.10 each	279,434,061	94,948,157
Adjustment for assumed exercise of warrants	30,177,364	47,728,286
Adjusted weighted average number of ordinary shares	309,611,425	142,676,443
Diluted earnings per ordinary share (sen)	1.31	3.23

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land RM	Factory Building RM	Plant and Machinery RM	Fire Protection System RM	Office Equipment, Furniture and Fittings RM	Laboratory and Factory Equipment RM	Motor Vehicles RM	Motor Vehicles Under Hire-Purchase RM	Total RM
Cost									
As of 1 April 2015	4,520,000	7,774,409	17,240,620	355,931	2,706,127	2,939,396	866,784	395,890	36,799,157
Additions	-	-	944,699	-	42,687	12,229	-	423,096	1,422,711
Write-offs	-	-	(2,139,172)	-	(14,285)	-	-	-	(2,153,457)
Disposals	-	-	-	-	-	-	(525,500)	(146,198)	(671,698)
As of 31 December 2015/1 January 2016	4,520,000	7,774,409	16,046,147	355,931	2,734,529	2,951,625	341,284	672,788	35,396,713
Revaluation surplus	15,480,000	-	-	-	-	-	-	-	15,480,000
Additions	-	141,513	964,896	-	28,220	7,000	-	-	1,141,629
Write-offs	-	-	(732,842)	-	(58,335)	(1,649)	-	(287,350)	(1,080,176)
Disposals	-	-	(306,698)	-	(1,820)	-	(256,344)	-	(564,862)
Reclassification	-	-	(420,848)	-	-	420,848	-	-	-
As of 31 December 2016	20,000,000	7,915,922	15,550,655	355,931	2,702,594	3,377,824	84,940	385,438	50,373,304

(Forward)

	Freehold Land RM	Factory Building RM	Plant and Machinery RM	Fire Protection System RM	Office Equipment, Furniture and Fittings RM	Laboratory and Factory Equipment RM	Motor Vehicles RM	Motor Vehicles Under Hire-Purchase RM	Total RM
Accumulated Depreciation									
As of 1 April 2015	-	1,419,878	6,828,099	221,302	1,664,100	1,648,326	817,685	180,669	12,780,059
Charge for the period	-	116,616	746,080	26,470	190,068	218,524	15,848	63,856	1,377,462
Write-offs	-	-	(2,139,172)	-	(11,564)	-	-	-	(2,150,736)
Disposals	-	-	-	-	-	-	(525,500)	(33,645)	(559,145)
As of 31 December 2015/1 January 2016	-	1,536,494	5,435,007	247,772	1,842,604	1,866,850	308,033	210,880	11,447,640
Charge for the year	-	157,847	956,392	35,261	250,428	308,919	12,114	85,124	1,806,085
Write-offs	-	-	(732,842)	-	(48,561)	(773)	-	(52,681)	(834,857)
Disposals	-	-	(13,735)	-	(1,820)	-	(256,343)	-	(271,898)
Reclassification	-	-	(109,574)	-	-	109,574	-	-	-
As of 31 December 2016	-	1,694,341	5,535,248	283,033	2,042,651	2,284,570	63,804	243,323	12,146,970
Net Book Value									
As of 31 December 2016	20,000,000	6,221,581	10,015,407	72,898	659,943	1,093,254	21,136	142,115	38,226,334
As of 31 December 2015	4,520,000	6,237,915	10,611,140	108,159	891,925	1,084,775	33,251	461,908	23,949,073

Included in property, plant and equipment of the Group are fully depreciated plant and equipment at cost totalling approximately RM1,795,000 (2015: RM3,391,000) which are still in use.

Freehold land at valuation

The freehold land of the Group was revalued by the directors on 28 July 2016 based on a valuation carried out by a registered valuer of Raine & Horne International Zaki + Partners Sdn. Bhd., an independent firm of professional valuers based on Comparison Method of valuation. The surplus arising from the revaluation amounting to RM15,480,000 has been credited to revaluation reserve account as disclosed in Note 18. The directors are of the view that there are no material differences in the market value of the said parcel of freehold land during the financial year.

The net carrying amount of the Group's freehold land had it been carried at cost would have been RM4,520,000.

The following table provides the fair value measurement hierarchy of the Group's freehold land under property, plant and equipment as at 31 December 2016:

	Fair value measurement using			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
2016				
Industrial land	-	20,000,000	-	20,000,000

Description of valuation techniques used and key unobservable inputs to valuation on freehold land under property, plant and equipment measured at level 3 are as follows:

Property category	**Valuation technique**	**Significant unobservable inputs**	**Range**
Industrial land	Comparison method	Market value per square feet	RM96 - RM125

Direct Comparison method

Under the direct comparison method, a property's fair value is estimated based on comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. Fair value of properties derived using direct comparison method have been generally included in Level 3 fair value hierarchy. The most significant input into this valuation approach is price per square feet of comparable properties.

Policy on transfer between levels

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

Transfer between Level 1 and 2 fair value

There is no transfer between Level 1 and 2 fair values during the financial year.

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2016	2015
	RM	RM
Unquoted shares - at cost	6,573,586	6,573,576

The details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activity
Direct subsidiary companies				
Asia Poly Industrial Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of cast acrylic products
Asia Poly Food and Beverage Sdn. Bhd.	Malaysia	100%	-	Dormant
AP Waste Management Sdn. Bhd.	Malaysia	100%	-	Dormant
Asia Poly Land Sdn. Bhd.	Malaysia	100%	-	Dormant
Asia Poly Green Energy Sdn. Bhd. *(formerly known as Asia Poly Fidelity Capital Sdn. Bhd.)*	Malaysia	100%	-	Dormant
Asia Poly Distribution Sdn. Bhd.	Malaysia	100%	-	Dormant

Acquisition of subsidiary companies

During the current financial year, the Company completed the following acquisitions of subsidiary companies:

(i) On 7 January 2016, the Company acquired the entire issued and paid-up share capital of the following companies for cash consideration of RM2.00 each:

- Asia Poly Food and Beverage Sdn. Bhd., a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

- AP Waste Management Sdn. Bhd., a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

(ii) On 8 January 2016, the Company acquired the entire issued and paid-up share capital of Asia Poly Land Sdn. Bhd., a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

(iii) On 22 February 2016, the Company acquired the entire issued and paid-up share capital of Asia Poly Green Energy Sdn. Bhd. *(formerly known as Asia Poly Fidelity Capital Sdn. Bhd.)*, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

(iv) On 29 June 2016, the Company acquired the entire issued and paid-up share capital of Asia Poly Distribution Sdn. Bhd., a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

The abovementioned acquisitions does not have any effects on the financial results of the Group as the said companies have remained dormant subsequent to their acquisition.

Amount owing by subsidiary companies, which arose mainly from advances and payments on behalf, is interest-free and repayable on demand.

13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares - at cost	-	2,400,000	-	2,400,000
Share of post-acquisition profit	-	41,505	-	-
	-	2,441,505	-	2,400,000
Represented by:				
Share of net identifiable assets	-	190,748	-	149,243
Goodwill on acquisition	-	2,250,757	-	2,250,757
	-	2,441,505	-	2,400,000

The details of the associated company are as follows:

Name of Company	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activity
Associated company			
FDL Technology Sdn. Bhd.	-	30%	Software development and warehouse management business

Disposal of associated company

On 28 October 2016, the Company entered into a Sale and Purchase Agreement for Shares with Muhibbah Edar Sdn. Bhd., a company incorporated in Malaysia, to dispose its 30% equity interest in FDL Technology Sdn. Bhd. for a cash consideration of RM2,450,000. The disposal was completed on 27 December 2016.

The disposal of the associated company has resulted in the recognition of a gain in profit or loss, calculated as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Proceeds from disposal of associated company	2,450,000	-	2,450,000	-
Less: Carrying amount of investment on the date of loss of significant influence				
Unquoted shares - at cost	2,400,000	-	2,400,000	-
Share of post-acquisition loss	(68,217)	-	-	-
	2,331,783		2,400,000	
	118,217	-	50,000	-

The Group has discontinued the recognition of its share of net identifiable assets and losses of the associated company up to the date of disposal of 27 December 2016.

Summarised financial information in respect of the Group's associated company is set out below. The summarised financial information below represents the amounts shown in the associated company's financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), adjusted by the Group for equity accounting purposes.

	The Group	
	2016	2015
	RM	RM
Current assets	-	1,897,027
Non-current assets	-	362,520
Current liabilities	-	(1,623,720)
Non-current liabilities	-	-
Equity	-	635,827
Proportion of the Group's ownership	-	30%
Share of net identifiable assets	N/A	190,748

	The Group	
	2016 (12 months)	**2015 (4 months)**
	RM	**RM**
Revenue	-	1,312,255
(Loss)/profit for the year/period	-	138,350
Group's share of (loss)/profit for the year/period	(109,722)	41,505

14. INVENTORIES

	The Group	
	2016	**2015**
	RM	**RM**
Raw materials	3,432,385	3,563,024
Work in progress	524,600	472,290
Finished goods	7,751,990	4,545,597
	11,708,975	8,580,911
Less: Allowance for inventory obsolescence	(732,951)	(732,951)
	10,976,024	7,847,960

15. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group	
	2016	**2015**
	RM	**RM**
Trade receivables	13,842,669	14,088,570
Less: Allowance for doubtful debts	(254,870)	(254,870)
Net	13,587,799	13,833,700

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with customers are mainly on credit. The credit period generally ranges from 30 to 120 days (2015: 30 to 120 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group has significant concentration of credit risk as certain major customers account for approximately 77% (2015: 68%) of the total amount outstanding. There are no other customers who represent more than 5% of the total balance of trade receivables at the end of the reporting period.

Trade receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful debts since there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group	
	2016	**2015**
	RM	**RM**
Neither past due nor impaired	11,101,626	10,371,922
Past due but not impaired	2,486,173	3,461,778
Past due and impaired	254,870	254,870
	13,842,669	14,088,570
Ageing of past due but not impaired		
Less than 30 days	2,360,471	875,105
31 to 60 days	117,009	499,968
61 to 90 days	8,693	2,086,705
	2,486,173	3,461,778
Ageing of impaired trade receivables		
More than 120 days	254,870	254,870
Movement in the allowance for doubtful debts		
At beginning and end of year/period	254,870	254,870

The currency profile of trade receivables of the Group is as follows:

	The Group	
	2016	2015
	RM	RM
United States Dollar	8,322,831	9,880,438
Ringgit Malaysia	5,519,838	4,208,132
	13,842,669	14,088,570

Other receivables and prepaid expenses consist of:

	The Group	
	2016	2015
	RM	RM
Other receivables	233,399	675,163
Refundable deposits	95,545	189,661
Prepayments	162,594	133,950
	491,538	998,774

16. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
United States Dollar	5,217,278	7,389,298	-	-
Ringgit Malaysia	9,725,766	9,947,289	5,870,797	8,897,510
Euro	40,015	1,683	-	-
	14,983,059	17,338,270	5,870,797	8,897,510

17. SHARE CAPITAL

	The Group and The Company			
	Number of ordinary shares of RM0.10 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised:				
At beginning of year/period	500,000,000	100,000,000	50,000,000	10,000,000
Creation during the year/period	-	400,000,000	-	40,000,000
At end of year/period	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid:				
At beginning of year/period	263,744,880	87,914,960	26,374,488	8,791,496
Special Bumiputera Issue	37,350,000	-	3,735,000	-
Rights issue	-	175,829,920	-	17,582,992
Exercise of warrants	2,096,000	-	209,600	-
At end of year/period	303,190,880	263,744,880	30,319,088	26,374,488

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM26,374,488 to RM30,319,088 by way of:

(a) issuance of 37,350,000 new ordinary shares of RM0.10 each pursuant to Special Bumiputera Issue at an issuance price of RM0.19 per share; and

(b) issuance of 2,096,000 new ordinary shares of RM0.10 each pursuant to the exercise of Warrants at RM0.10 per share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

18. RESERVES

Share Premium

The movement of share premium account is as follows:

	The Group and The Company	
	2016	2015
	RM	RM
At beginning of year/period	-	4,222,960
Special Bumiputera Issue	3,361,500	-
Utilisation for two-call rights issue with warrants	-	(3,527,319)
Share issue expenses	(51,525)	(695,641)
At end of year/period	3,309,975	-

Warrant Reserve and Other Reserve

The warrants reserve is in respect of the allocated fair value of the 58,609,973 free warrants issued in previous financial period in conjunction with the rights issue and the other reserve is a reserve created to preserve the par value of ordinary shares.

The Warrants are constituted by a Deed Poll dated 5 November 2015 ("Deed Poll").

The main features of the Warrants are as follows:

(a) The issue date of the Warrants is 21 December 2015 and the expiry date is 13 December 2020. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM0.10 in the Company at an exercise price of RM0.10 per ordinary share;

(c) Subject to the provisions in the Deed Poll, the exercise price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with approved adviser and certification of the external auditors, in the event of alteration to the share capital of the Company;

(d) The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants to subscribe for new ordinary shares; and

(e) The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn. Bhd.

The movements in the number of warrants during the financial year are as follows:

	Exercise Price RM	**As of 1.1.2016**	**Exercised**	**As of 31.12.2016**
Warrants	0.10	58,609,973	(2,096,000)	56,513,973

Revaluation Reserve

The revaluation reserve represents surplus arising from the revaluation of the Group's freehold land.

19. RETAINED EARNINGS

At the end of the reporting period, the entire balance of the retained earnings of the Company is available for distribution as dividends under the single tier income tax system.

20. HIRE-PURCHASE PAYABLES

	The Group	
	2016 RM	**2015 RM**
Total outstanding	146,540	491,746
Less: Interest in suspense	(29,630)	(66,037)
Principal outstanding	116,910	425,709
Less: Amount due within 12 months (shown under current liabilities)	(38,528)	(132,678)
Non-current portion	78,382	293,031

The non-current portion is payable as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Financial year ending:		
2017	-	111,272
2018	40,522	80,492
2019	27,482	67,452
2020	10,378	33,815
	78,382	293,031

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term of hire-purchase is 5 years. The interest rate implicits in the hire-purchase obligations is 2.35% (2015: 2.35%) per annum.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase as disclosed in Note 11.

21. DEFERRED TAX LIABILITIES

	The Group	
	2016	**2015**
	RM	**RM**
At beginning of year/period	2,531,000	2,431,000
Recognised in profit or loss (Note 9):		
Property, plant and equipment	(342,000)	(15,000)
Trade receivables	-	(39,000)
Trade payables	11,000	49,000
Other payables and accrued expenses	33,000	56,000
Inventories	-	(176,000)
Unused tax losses	-	67,000
Unabsorbed capital allowances	-	158,000
	(298,000)	100,000
Recognised in other comprehensive income:		
Surplus arising from revaluation of freehold land	911,000	-
At end of year/period	3,144,000	2,531,000

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is an analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	The Group	
	2016	**2015**
	RM	**RM**
Deferred tax assets	(309,000)	(348,000)
Deferred tax liabilities	3,453,000	2,879,000
	3,144,000	2,531,000

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2016	**2015**
	RM	**RM**
Deferred tax assets		
Temporary differences arising from:		
Trade receivables	62,000	62,000
Trade payables	-	6,000
Other payables and accrued expenses	71,000	104,000
Inventories	176,000	176,000
	309,000	348,000
Offsetting	(309,000)	(348,000)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	(2,537,000)	(2,879,000)
Surplus arising from revaluation of freehold land	(911,000)	-
Trade payables	(5,000)	-
	(3,453,000)	(2,879,000)
Offsetting	309,000	348,000
Deferred tax liabilities (after offsetting)	(3,144,000)	(2,531,000)

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2015: 30 to 90 days).

The currency profile of trade payables of the Group is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
United States Dollar	9,028,132	10,106,241
Ringgit Malaysia	503,484	941,881
Euro	-	58,632
	9,531,616	11,106,754

Other payables and accrued expenses consist of:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Other payables	485,575	2,399,557	2,756	1,738,227
Accrued expenses	874,407	1,056,175	175,167	67,000
	1,359,982	3,455,732	177,923	1,805,227

The currency profile of other payables and accrued expenses of the Group and of the Company is as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
United States Dollar	71,722	86,501	-	-
Ringgit Malaysia	1,288,260	3,369,231	177,923	1,805,227
	1,359,982	3,455,732	177,923	1,805,227

23. SHORT-TERM BORROWINGS

	The Group	
	2016	2015
	RM	RM
Bankers' acceptance	2,961,868	13,586,893

The Group has bank overdraft and other credit facilities totalling RM24,600,000 (2015: RM24,600,000) obtained from local banks. The amount utilised bears interest at rates ranging from 4.04% to 4.12% (2015: 3.57% to 4.16%) per annum. These facilities are secured by a corporate guarantee from the Company.

24. DIVIDENDS

	The Group and The Company	
	2016	2015
	RM	RM
Final single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 March 2015	-	439,575
Final single tier dividend of 0.50 sen per ordinary share in respect of the financial period ended 31 December 2015	1,322,289	-
	1,322,289	439,575

The directors proposed a final single tier dividend of 0.50 sen per ordinary share in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

25. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments in respect of acquisition of property, plant and equipment:

	The Group	
	2016	**2015**
	RM	**RM**
Contracted but not provided for	28,300	132,488

26. CORPORATE GUARANTEE

The Company has given unsecured corporate guarantees totalling RM24,600,000 (2015: RM24,600,000) to certain licensed banks for bank overdraft and other credit facilities granted to a subsidiary company as disclosed in Note 23.

27. FINANCIAL INSTRUMENTS

Capital risk management

The objective of the Group's capital risk management is to safeguard the Group's ability to continue as a going-concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 31 December 2015.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and equity (comprising issued capital, reserves and retained earnings).

The Board of Directors reviews the capital structure of the Group on a regular basis. As part of the review, the Board of Directors considers the cost of capital and risk associated with each class of capital.

The gearing ratio at the end of the reporting period is as follows:

	The Group	
	2016	2015
	RM	RM
Borrowings (i)	3,078,778	14,012,602
Cash and bank balances (Note 16)	(14,983,059)	(17,338,270)
Net debt	(11,904,281)	(3,325,668)
Equity (ii)	59,498,417	34,934,715
Net debt to equity ratio	N/A	N/A

(i) Borrowings are defined as hire-purchase payables and short-term borrowings as disclosed in Notes 20 and 23, respectively.

(ii) Equity includes share capital, share premium, warrant reserve, other reserve, revaluation reserve and retained earnings.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial Assets				
Loans and receivables:				
Trade receivables	13,587,799	13,833,700	-	-
Other receivables and refundable deposits	328,944	864,824	-	-
Amount owing by subsidiary companies	-	-	24,000,808	12,485,145
Cash and bank balances	14,983,059	17,338,270	5,870,797	8,897,510

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial Liabilities				
Other financial liabilities:				
Trade payables	9,531,616	11,106,754	-	-
Other payables and accrued expenses	1,359,982	3,455,732	177,923	1,805,227
Hire-purchase payables	116,910	425,709	-	-
Short-term borrowings	2,961,868	13,586,893	-	-

Financial risk management objectives and policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Foreign currency risk management

The Group undertakes certain transactions in United States Dollar and Euro where the amounts outstanding are exposed to foreign currency risk. Exposures to foreign currency risk are monitored on an ongoing basis.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1% (2015: 1%) increase or decrease in Ringgit Malaysia against the relevant foreign currencies. 1% (2015: 1%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A change of 1% (2015: 1%) in foreign currency rate at the reporting date would result in the profit before tax of the Group to be lower/higher by RM44,803 (2015: RM71,340).

	The Group	
	2016	2015
	RM	RM
United States Dollar	44,403	70,770
Euro	400	570
	44,803	71,340

The Group's sensitivity to foreign currency during the current financial year is mainly due to exposure of cash and bank balances and outstanding receivables and payables denominated in foreign currencies at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing short-term borrowings. The interest rates of short-term borrowings of the Group are disclosed in Note 23. Interest rate for hire-purchase payables, which is disclosed in Note 20, is fixed at the inception of the financing arrangement.

The Group's exposure to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease in the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit would decrease/increase as a result of the following:

	The Group	
	2016	2015
	RM	RM
Interest expense on bankers' acceptance	14,809	67,934

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the receivables. Apart from the customers as disclosed in Note 15, the Group does not have any significant credit risk exposure to any single counterparty having similar characteristics.

The Group's exposure to credit risk in relation to its receivables, should all its customers fail to perform their obligations as of 31 December 2016, is the carrying amount of these receivables as disclosed in the statements of financial position.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings and no history of default.

Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Liquidity risk management

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

2016	Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total RM	Contractual interest rate %
The Group						
Financial liabilities						
Non-interest bearing:						
Trade payables	9,531,616	-	-	-	9,531,616	
Other payables and accrued expenses	1,359,982	-	-	-	1,359,982	
	10,891,598	-	-	-	10,891,598	
Interest bearing:						
Hire-purchase payables	56,100	46,440	44,000	-	146,540	2.35
Short-term borrowings	3,083,121	-	-	-	3,083,121	4.04 - 4.12
	3,139,221	46,440	44,000	-	3,229,661	
	14,030,819	46,440	44,000	-	14,121,259	
The Company						
Non-interest bearing:						
Other payables and accrued expenses	177,923	-	-	-	177,923	
Corporate guarantee*	-	-	-	-	-	
	177,923	-	-	-	177,923	

2015	Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total RM	Contractual interest rate %
The Group						
Financial liabilities						
Non-interest bearing:						
Trade payables	11,106,754	-	-	-	11,106,754	
Other payables and accrued expenses	3,455,732	-	-	-	3,455,732	
	14,562,486	-	-	-	14,562,486	
Interest bearing:						
Hire-purchase payables	158,336	123,300	210,110	-	491,746	2.35
Short-term borrowings	13,691,636	-	-	-	13,691,636	3.57 - 4.16
	13,849,972	123,300	210,110	-	14,183,382	
	28,412,458	123,300	210,110	-	28,745,868	
The Company						
Non-interest bearing:						
Other payables and accrued expenses	1,805,227	-	-	-	1,805,227	
Corporate guarantee*	-	-	-	-	-	
	1,805,227	-	-	-	1,805,227	

* At the end of the reporting period, it was not probable that the counterparties to corporate guarantees will claim under the contracts. Consequently, the amount included above is nil.

Fair values of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group	
	Carrying amount RM	**Fair value RM**
2016		
Financial liabilities		
Hire-purchase payables	116,910	114,034 ^
2015		
Financial liabilities		
Hire-purchase payables	425,709	411,959 ^

^ The fair values of hire-purchase payables is estimated using discounted cash flow analysis based on current financing rates for similar type of financing arrangements.

Fair value hierarchy

The table below analyses fair value measurement of financial instruments which are categorised into Levels 1 to 3 as disclosed in Note 3.

There is no transfer between Level 1 and 2 fair values during the financial period ended 1 April 2015 to 31 December 2015 and financial year ended 31 December 2016.

Fair value of financial instruments that are not measured at fair value in the statement of financial position at the end of the reporting period (but fair value disclosures are required):

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
The Group				
2016				
Financial liabilities				
Hire-purchase payables			114,034	114,034
2015				
Financial liabilities				
Hire-purchase payables	-	-	411,959	411,959

28. SIGNIFICANT EVENT

On 28 October 2016, the Company entered into a Sale and Purchase Agreement for Shares with Muhibbah Edar Sdn. Bhd. to dispose its 30% equity interest in FDL Technology Sdn. Bhd. for a cash consideration of RM2,450,000. The disposal was completed on 27 December 2016.

29. SUBSEQUENT EVENTS

(a) On 4 January 2017, the Company proposed to undertake a private placement of new ordinary shares in the Company, representing up to 10% of the total number of issued and paid-up share capital of the Company. On 24 February 2017, the Board of Directors have fixed the issue price for 30,319,000 Placement Shares at RM0.16 each ("Issue Price"). The Issue Price represents a discount of RM0.0156 or approximately 8.88% over the 5-day volume weighted average market price of the ordinary shares up to and including 23 February 2017 of RM0.1756. The private placement has been completed on 8 March 2017.

(b) On 25 January 2017, the Company proposed to undertake the following Corporate Exercise:

(i) renounceable rights issue of up to 395,675,253 new irredeemable convertible preference shares ("ICPS") in the Company on the basis of 1 ICPS for every 1 existing ordinary share in the Company held, together with up to 98,918,813 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 4 ICPS;

(ii) acquisition of 500,000 ordinary shares in High Reserve Land Sdn. Bhd. ("HRLSB"), a company incorporated in Malaysia, representing the entire equity interest in HRLSB for a purchase consideration of RM14,800,000 to be satisfied via a combination of RM8,000,000 in cash and the issuance of 42,027,194 new ordinary shares in the Company at an issue price of RM0.1618 each;

(iii) variation of the utilisation of proceeds raised from the two-call rights issue of shares with warrants of the Company which was completed on 21 December 2015;

(iv) diversification of the existing business of the Group to include property development; and

(v) amendments to the Memorandum and Articles of Association of the Company ("M&A") to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants.

The abovementioned proposed Corporate Exercise has yet to be completed as of the reporting date.

(c) On 28 March 2017, the Company offered 20,040,000 options over new shares ("Options") to directors and employees of the Group and of the Company under its Share Issuance Scheme.

30. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial period except that certain comparative amounts have been reclassified to conform with current year's presentation.

The adjustments that have been made to the Group's and the Company's financial statements for the financial period ended 31 December 2015 are as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
The Group			
2015			
Statement of Financial Position			
Current Liabilities			
Trade payables	11,657,497	(550,743)	11,106,754
Other payables and accrued expenses	2,904,989	550,743	3,455,732
Statement of Cash Flows			
Cash Flows From/(Used In) Operating Activities			
(Decrease)/Increase in:			
Trade payables	(3,302,133)	(550,743)	(3,852,876)
Other payables and accrued expenses	(339,255)	550,743	211,488

31. SUPPLEMENTARY INFORMATION

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 December 2016 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiary companies:				
Realised	10,407,645	7,684,273	2,638,205	2,176,516
Unrealised	20,261	(37,999)	-	-
	10,427,906	7,646,274	2,638,205	2,176,516
Less: Consolidation adjustments	872,448	913,953	-	-
Total retained earnings as per statements of financial position	11,300,354	8,560,227	2,638,205	2,176,516

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **ASIA POLY HOLDINGS BERHAD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 31 to the financial statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

DATO' YEO BOON LEONG

LIM TECK SENG

6 April 2017

ASIA POLY HOLDINGS BERHAD
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CH'NG SIEW LEI**, being the officer primarily responsible for the financial management of **ASIA POLY HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CH'NG SIEW LEI

Subscribed and solemnly declared by the abovenamed **CH'NG SIEW LEI** at **KUALA LUMPUR** on 6th day of April, 2017.

Before me,

PESURUHJAYA SUMPAH
No: W465
Nama: KAPT. (B) JASNI BIN YUSOFF

COMMISSIONER FOR OATHS

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
50350 Kuala Lumpur.
Tel: 019-6680745

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2017

ASIA POLY

CERTIFIED TRUE COPY

14 SEP 2017

HO MENG CHAN (MACS 00574)
WU SIEW HONG (MAICSA 7039647)
COMPANY SECRETARY

ASIA POLY HOLDINGS BERHAD (Company No. 619176-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
			6 Months	6 Months
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	17,663	12,008	36,009	30,513
Cost of sales	(15,629)	(9,210)	(32,652)	(24,166)
Gross profit	2,034	2,798	3,357	6,347
Other Income	110	19	144	26
Finance Costs	(37)	(107)	(73)	(225)
Operating expenses	(1,199)	(1,443)	(2,287)	(2,859)
Share of loss in Associate	-	(45)	-	(46)
Esos	(276)	-	(368)	-
Profit before tax	632	1,222	773	3,243
Income tax expense / deferred tax	(225)	(581)	(445)	(1,193)
Profit for the period	407	641	328	2,050
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	407	641	328	2,050
Profit attributable to :				
Equity holders of the Company	407	641	328	2,050
Minority Interest	-	-	-	-
	407	641	328	2,050
Total comprehensive income attributable to :				
Equity holders of the Company	407	641	328	2,050
Minority Interest	-	-	-	-
	407	641	328	2,050
Earnings per share attributable to the equity holders of the Company :				
Basic (sen)	0.12	0.24	0.10	0.78
Diluted (sen)	0.12	0.22	0.10	0.69

The unaudited interim condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompany explanatory notes attached to the interim financial statements.

ASIA POLY HOLDINGS BERHAD (Company No. 619176-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	6 Months (Unaudited) As At 30/06/2017 RM ' 000	12 Months (Audited) As At 31/12/2016 RM ' 000
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	37,741	38,226
	37,741	38,226
CURRENT ASSETS		
Inventories	12,629	10,976
Trade receivables	12,447	13,588
Other receivables and prepaid expenses	6,575	492
Cash and bank balances	19,683	14,983
	51,334	40,039
TOTAL ASSETS	89,075	78,265
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	35,175	30,319
Share premium	2,766	3,310
Warrant Reserve	8,273	8,273
Other Reserve	(8,273)	(8,273)
Esos Reserve	368	-
Revaluation Reserve	14,569	14,569
Retained earnings	9,960	11,300
	62,838	59,498
NON-CURRENT LIABILITIES		
Hire-purchase payables - non-current portion	78	78
Deferred tax liabilities	3,144	3,144
	3,222	3,222
CURRENT LIABILITIES		
Trade payables	14,870	9,532
Other payables and accrued expenses	1,750	1,360
Tax Payable	1,652	1,652
Short-term borrowings	4,740	2,962
Hire-purchase payables - current portion	3	39
	23,015	15,545
TOTAL LIABILITIES	26,237	18,767
TOTAL EQUITY AND LIABILITIES	89,075	78,265
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.19	0.20

The unaudited interim condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompany explanatory notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2017 (*CONT'D*)

ASIA POLY HOLDINGS BERHAD (Company No. 619176-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	← Non- Distributable					→	Distributable	Total
	Share Capital	Share Premium	Warrant Reserve	Other Reserve	Revaluation Reserve	Esos Reserve	Retained Earnings	Equity
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Balance as at 1 January 2016	26,374	-	8,580	(8,580)	-	-	8,560	34,934
Profit for the year	-	-	-	-	-	-	4,062	4,062
Other comprehensive income								
Revaluation surplus of freehold land	-	-	-	-	14,569	-	-	14,569
Total comprehensive income for the year	-	-	-	-	14,569	-	4,062	18,631
Issuance of ordinary shares:								
Special Bumiputera issue	3,735	3,362	-	-	-	-	-	7,097
Exercise of warrants	210	-	(307)	307	-	-	-	210
Share issue expenses	-	(52)	-	-	-	-	-	(52)
Dividend paid	-	-	-	-	-	-	(1,322)	(1,322)
Balance as of 31 December 2016	30,319	3,310	8,273	(8,273)	14,569	-	11,300	59,498
Balance as at 1 January 2017	30,319	3,310	8,273	(8,273)	14,569	-	11,300	59,498
Total comprehensive income for the year	-	-	-	-	-	-	328	328
Issuing of private placement	4,851	-	-	-	-	-	-	4,851
Rights issue expenses	-	(544)	-	-	-	-	-	(544)
Exercise of warrants	5	-	-	-	-	-	-	5
Esos	-	-	-	-	-	368	-	368
Dividend paid	-	-	-	-	-	-	(1,668)	(1,668)
Balance as of 30 June 2017	35,175	2,766	8,273	(8,273)	14,569	368	9,960	62,838

The unaudited interim condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompany explanatory notes attached to the interim financial statements.

ASIA POLY HOLDINGS BERHAD (Company No. 619176-A)
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30/06/2017 RM' 000	6 Months Ended 30/06/2016 RM' 000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITII		
Profit before tax	773	3,243
Adjustments for :		
Depreciation of property, plant and equipment	907	884
Amortisation of ESOS	368	
Share of loss of equity accounted associates	-	46
Interest income	101	-
Finance costs	73	225
Operating Profit Before Working Capital Changes	2,222	4,398
(Increase) / Decrease in :		
Inventories	(1,653)	(2,441)
Trade receivables	1,140	3,832
Other receivables and prepaid expenses	(6,082)	16
(Decrease) / Increase in :		
Trade payables	5,338	(3,182)
Other payables and accrued expenses	390	354
Cash Generated From Operations	1,355	2,977
Income tax refunded	-	-
Income tax paid	(445)	(1,475)
Net Cash From Operating Activities	910	1,502
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of PPE	-	-
Interest received	(101)	-
Purchase of property, plant and equipment	(422)	(600)
Net Cash From / (Used In) Investing Activities	(523)	(600)

Continue...

ASIA POLY HOLDINGS BERHAD (Company No. 619176-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30/06/2017 RM' 000	6 Months Ended 30/06/2016 RM' 000
CASH FLOWS USED IN FINANCING ACTIVITIES		
Increase/(Decrease) in short-term borrowings	1,778	(5,666)
Finance costs paid	(73)	(225)
Dividend paid	(1,668)	(1,322)
Payment for hire purchase payables	(36)	(72)
Proceeds from issuance of ordinary shares	-	-
Expenses from listing issuance	(544)	-
Proceeds from private placement	4,851	71
Proceeds from warrants execised	5	-
Net Cash Used In Financing Activities	4,313	(7,214)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,700	(6,312)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	14,983	17,338
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	19,683	11,026

Cash & cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	19,683	11,026
	19,683	11,026

The unaudited interim condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompany explanatory notes attached to the interim financial statements.

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Unaudited Interim Financial Report for the second quarter ended 30 June 2017

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

1 Basis of preparation

The interim financial reports are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

2 Malaysian Financial Reporting Standards ("MFRSs")

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

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2015 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRS"):

Adoption of New and Revised Malaysian Financial Reporting Standards

In the current financial year, the Company has adopted all the new and revised MFRSs and amendments to MFRSs issued by Malaysian Accounting Standards Board that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016 as follows:

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

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The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Company and has no significant effect on the financial performance or position of the Company.

Standards and amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Company are as listed below:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)[2]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[2]
MFRS 16	Leases[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 107	Disclosure Initiative[1]
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
Annual Improvements to MFRSs 2014 - 2016 Cycle[1]	

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The Directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

ASIA POLY

ASIA POLY HOLDINGS BERHAD
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Unaudited Interim Financial Report for the second quarter ended 30 June 2017

3 Auditors' report on preceding annual financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2016.

4 Seasonal or cyclical factors

The Group's operations were not materially affected by seasonal or cyclical factors during the financial quarter under review.

5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the financial quarter under review.

6 Material changes in estimates

There were no changes in estimates of amounts which give a material effect for the current financial quarter under review.

7 Debt and equity securities

For the period ended 30 June 2017, the issued and paid up capital of the Company has increased to 333,559,880 shares @ RM0.10 each by way of exercise of warrants as follows :-

i) 50,000 conversion of warrants 2015/2020 to ordinary shares listed on 26 May 2017.

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

ASIA POLY HOLDINGS BERHAD
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Unaudited Interim Financial Report for the second quarter ended 30 June 2017

8 Dividends paid

The Board has declared a final tax exempt dividend of 5.0% (RM0.005) per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2016. The said dividend was paid to the shareholders of the Company on 20 June 2017.

9 Segment information

Business segments

The Group is primarily engaged in manufacturing of cast acrylic sheets and trading in chemical products.

	Individual Quarter		Cumulative Quarter	
			6 Months	6 Months
	Current Quarter ended 30 June 2017 RM'000	Comparative Quarter ended 30 June 2016 RM'000	Current Cumulative ended 30 June 2017 RM'000	Comparative Cumulative ended 30 June 2016 RM'000
Segment revenue				
Investment holdings and others	-	-	-	-
Manufacturing	16,630	12,008	33,644	30,479
Trading	1,033	-	2,365	34
	17,663	12,008	36,009	30,513
Segment results				
Investment holdings and others	(319)	(146)	(487)	(263)
Manufacturing	548	787	445	2,304
Trading	178	-	370	9
	407	641	328	2,050

ASIA POLY HOLDINGS BERHAD
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Unaudited Interim Financial Report for the second quarter ended 30 June 2017

10 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment during the current financial quarter under review.

11 Material events subsequent to the end of the quarter

The Company had on 7 June 2017, received official confirmation that PT. Rimba Tripa (NPWP 70.375.408.5-105.000) has on 19 May 2017, become a subsidiary of Asia Poly Green Energy Sdn. Bhd. (formerly known as Asia Poly Fidelity Capital Sdn. Bhd.) ("APGESB"), which in turn is an indirect 51% subsidiary of the Company.

12 Changes in the composition of Group

There are no changes in the composition of Company during the current financial quarter under review.

13 Contingent liabilities

The company has given unsecured corporate guarantees to certain licensed banks for credit facilities granted for the subsidiary company.

14 Capital commitment

There was no capital commitment during the current financial quarter under review.

15 Significant related party transactions

There were no significant related party transactions during the current financial quarter under review.

ASIA POLY HOLDINGS BERHAD
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Unaudited Interim Financial Report for the second quarter ended 30 June 2017

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

16 Review of performance

	Individual Quarter		Cumulative Quarter	
			6 months	6 months
	Current Quarter ended 30 June 2017 RM'000	Comparative Quarter ended 30 June 2016 RM'000	Current Cumulative ended 30 June 2017 RM'000	Comparative Cumulative ended 30 June 2016 RM'000
Revenue	17,663	12,008	36,009	30,513
Profit before tax	632	1,222	773	3,243

For the financial quarter ended 30 June 2017, the Group recorded a revenue of RM17.663 million and a profit before taxation of RM0.632 million compared with a revenue of RM12.008 million and a profit before tax of RM1.222 million for the previous corresponding quarter.

17 Variation of result against preceding quarter

	Individual Quarter	
	2nd Quarter ended 30 June 2017 RM'000	1st Quarter ended 31 March 2017 RM'000
Revenue	17,663	18,346
Profit for the period	407	(79)

ASIA POLY

ASIA POLY HOLDINGS BERHAD
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18 Realised and Unrealised Profits / (Losses)

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Total retained earnings		
Realised	10,812	10,158
Unrealised	20	2
	10,832	10,160
Consolidation adjustments	872	872
Total retained earnings as per statements of financial position	9,960	9,288

19 Business prospects

We expect the financial year ending 31 December 2017 to be challenging in view of the volatile environment of the current global economy.

20 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcement made.

21 Taxation

Income tax on the profit for the period comprise of deferred tax.

ASIA POLY HOLDINGS BERHAD
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22 Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report:

(a) On 25 January 2017 and 21 February 2017, TA Securities, on behalf of the Board, announced that the Company proposes to undertake the following proposals and revisions, respectively:

(i) proposed renounceable rights issue of up to 395,675,253 new irredeemable convertible preference shares in Asia Poly ("**ICPS**") on the basis of 1 ICPS for every 1 existing Asia Poly Share held, together with up to 98,918,813 free detachable warrants ("**Warrants**") on the basis of 1 Warrant for every 4 ICPS ("**Proposed Rights Issue of ICPS with Warrants**")*;

Note:

* *The number of ICPS and Warrants to be issued have been revised downwards to 390,023,853 ICPS and 97,505,963 Warrants.*

(ii) proposed acquisition of 500,000 ordinary shares in High Reserve Land Sdn Bhd ("**HRLSB Shares**" or "**Sale Shares**") ("**HRLSB**"), representing the entire equity interest in HRLSB for a purchase consideration of RM14,800,000 ("**Purchase Consideration**") to be satisfied via a combination of RM8,000,000 in cash ("**Cash Consideration**") and the issuance of 42,027,194 new Asia Poly Shares ("**Consideration Shares**") at an issue price of RM0.1618 each ("**Proposed Acquisition**");

(iii) proposed variation of the utilisation of proceeds raised from the two-call rights issue of shares with warrants of Asia Poly which was completed on 21 December 2015 ("**Proposed Variation**");

(iv) proposed diversification of the existing business of Asia Poly and its subsidiaries ("**Asia Poly Group**" or "**Group**") to include property development ("**Proposed Diversification**"); and

(v) proposed amendments to the Memorandum and Articles of Association of Asia Poly ("**M&A**") to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants ("**Proposed Amendments**").

(Collectively referred to as the "**Proposals**")

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(b) On 24 March 2017, TA Securities, on behalf of the Board, announced that the additional listing application in relation to the Proposals has been submitted to Bursa Securities.

(c) On 7 July 2017, TA Securities, on behalf of the Board, announced that Bursa Malaysia Securities Berhad has, vide its letter dated 6 July 2017, approved the following:

(i) admission to the Official List and the initial listing and quotation of:

(1) up to 390,023,853 ICPS to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants; and

(2) up to 97,505,963 Warrants to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants.

(ii) listing of:

(1) 42,027,194 Consideration Shares to be issued pursuant to the Proposed Acquisition;

(2) up to 390,023,853 new Asia Poly Shares to be issued pursuant to the conversion of the ICPS;

(3) up to 97,505,963 new Asia Poly Shares to be issued pursuant to the exercise of the Warrants;

(4) 8,244,956 Adjustment Warrants to be issued arising from the adjustments pursuant to the Proposed Rights Issue of ICPS with Warrants; and

(5) up to 8,244,956 new Asia Poly Shares to be issued pursuant to the exercise of the Adjustment Warrants.

(d) On 27 July 2017, the circular to shareholders in relation to the Proposals was despatched to the shareholders of Asia Poly.

Further, in view that a private placement of shares was completed on 8 March 2017, the number of ICPS and Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants have been revised downwards to 390,023,853 ICPS and 97,505,963 Warrants.

The above changes arose as the earlier announcement dated 25 January 2017 had assumed a maximum scenario where the private placement was implemented after the full exercise of Warrants 2015/2020, but there was no such exercise prior to the completion on 8 March 2017.

ASIA POLY HOLDINGS BERHAD
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23 Unsecured borrowings and debt securities

There were no unsecured borrowings and debt securities for the quarter under review.

24 Material litigation

There was no material litigation pending at the date of this report.

25 Dividends

There was no dividend declared during the financial quarter under review.

26 Earnings per share

(a) Basic

Basic earnings per share figures are computed by dividing profits for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 June 2017 RM'000	Comparative Quarter ended 30 June 2016 RM'000	Current Cumulative ended 30 June 2017 RM'000	Comparative Cumulative ended 30 June 2016 RM'000
Profit attributable to equity holders of the Company (RM'000)	407	641	328	2,050
Weighted average number of ordinary shares in issue ('000)	333,560	263,929	333,560	263,929
Basic earnings per share (sen)	0.12	0.24	0.10	0.78

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(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period adjusted for potential dilutive ordinary shares from the exercise of Warrants.

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 June 2017 RM'000	Comparative Quarter ended 30 June 2016 RM'000	Current Cumulative ended 30 June 2017 RM'000	Comparative Cumulative ended 30 June 2016 RM'000
Profit attributable to equity holders of the Company (RM'000)	407	641	328	2,050
Weighted average number of ordinary shares in issue ('000)	333,560	296,470	333,560	296,470
Diluted earnings per share (sen)	0.12	0.22	0.10	0.69

27 Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2017.

By order of the Board of Directors

Dato' Yeo Boon Leong
Executive Chairman
25 August 2017

DIRECTORS' REPORT

ASIA POLY HOLDINGS BERHAD (619176-A)
Lot 758, Jalan Haji Sirat, Mukim Kapar, 42100 Klang, Selangor Darul Ehsan, Malaysia.
Tel > 60-3-3342 2567, 3341 8604 Fax > 60-3-3342 8320 E-mail > apoly@po.jaring.my
http://www.asiapoly.com.my

Registered Office:

308, Block A (3rd Floor)
Kelana Business Centre
97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

01 NOV 2017

To: Shareholders of Asia Poly Holdings Berhad ("**Asia Poly**" or "**Company**")

Dear Sir/Madam,

On behalf of the Board of Directors of Asia Poly ("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 31 December 2016 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than 14 days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 9.3 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
ASIA POLY HOLDINGS BERHAD

DATO' YEO BOON LEONG
Executive Chairman

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 No securities in our Company will be allotted or issued on the basis of this AP later than 12 months after the date of the issuance of this AP save for the ICPS, Warrants, Adjustment Warrants and new Shares to be issued pursuant to the conversion of ICPS, exercise of the Warrants and Adjustment Warrants.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

1.3 No person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD save as disclosed below and for the Entitled Shareholders who will be allotted the provisional ICPS with Warrants under the Rights Issue of ICPS with Warrants:

1.4 As at the LPD, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any of our securities:

(i) the Entitled Shareholders who will be allotted the provisional ICPS with Warrants under the Rights Issue of ICPS with Warrants;

(ii) the holders of the outstanding Warrants 2015/2020 and/or Adjustment Warrants, who are entitled to subscribe for 1 new Asia Poly Share for each Warrant 2015/2020 and/or Adjustment Warrant held during the 5-year exercise period up to 13 December 2020 at the exercise price of the Warrants 2015/2020 and/or Adjustment Warrants. As at the LPD, our Company has a total of 56,463,973 outstanding Warrants 2015/2020 and under the Minimum Scenario, a total of up to 2,958,685 Adjustment Warrants will be issued; and

(iii) up to 30% of the issued share capital of our Company (excluding treasury shares, if any) can be issued at any one time during the duration of the share issuance scheme for the eligible Directors and employees of our Group. As at the LPD, our Company has granted 20,040,000 share issuance scheme options. The share issuance scheme options granted will only be exercised after the completion of the Rights Issue of ICPS with Warrants.

2. REMUNERATION OF DIRECTORS

The provisions in our Constitution (M&A) in respect of the arrangements for the remuneration of Directors are as follows:

Article 81

(a) the fees of the Directors, who hold non-executive office with the Company, for their services as Directors shall be determined by the Company by ordinary resolution at a general meeting. If the fees of each such non-executive Director is not specifically fixed by the Company in general meeting, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Company in general meeting, shall be decided by resolution of the Board of Directors. In default of any decision being made in this respect by the Board of Directors, the fees payable to the non-executive Directors shall be divided equally amongst them and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(c) the salary of any Executive Director for his services shall be determined by the Directors and may be of any description but such salary shall not include a commission on or percentage of turnover.

(d) the Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.

Article 82

If any Executive Director being willing, shall be called upon to perform extra services, or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Company may remunerate the Director so being either by a fixed sum or by a percentage of profits, (but shall not be by commission on or percentage of turnover), as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration above provided.

3. MATERIAL CONTRACTS

Our Group has not entered into any material contracts, (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this AP, except for the following:

(a) Underwriting agreement dated 5 November 2015 pursuant to the Two-Call Rights Issue of Shares with Warrants entered into between our Company and the joint underwriters to underwrite severally but not jointly 66,000,000 rights shares with 22,000,000 Warrants 2015/2020, representing approximately 46.72% of the minimum subscription level for an underwriting commission of RM66,000 representing two percent (2.0%) of the total value of the rights shares underwritten;

(b) the deed poll dated 5 November 2015 constituting the Warrants 2015/2020;.

(c) On 28 October 2016, our Company had entered into a sale and purchase agreement for shares with Muhibbah Edar Sdn Bhd for the disposal of 120,000 ordinary shares of RM1.00 each representing 30% of the total issued and paid-up share capital of FDL Technology Sdn Bhd for the purchase consideration of RM2,450,000. The said disposal has been completed on 27 December 2016;

(d) On 25 January 2017 and 21 February 2017, our Company entered into the share sale agreement and supplemental share sale agreement, respectively with Dato' Yeo, Yeo Boon Ho and Yeo Boon Thai for the Acquisition;

(e) On 19 May 2017 Asia Poly Green Energy, subscribed Indonesian Rupiah ("**Rp**") 1,275,000,000 (approximately RM414,235) in the share capital of ("**Subscription of Shares**") and in consequence, APGESB now holds 51% equity interest of PT. Rimba. The remaining 49% equity interest in PT. Rimba are held by Nik Maimun Binti Nik Sulaiman, Leow Teow Hong and Hiliard Sjafei. Following the Subscription of Shares, PT. Rimba is now a 51% subsidiary of APGESB, which in turn will be an indirect 51% subsidiary of our Company; and

(f) Underwriting agreement dated 27 October 2017 pursuant to the Rights Issue of ICPS with Warrants entered into between our Company and the Underwriters to underwrite severally but not jointly 51,350,200 ICPS together with 12,837,550 Warrants, representing approximately 51.35% of the minimum subscription level for an underwriting commission of RM51,350 representing two percent (2.0%) of the total value of the ICPS underwritten; and

(g) the Deed Poll dated 27 October 2017 executed by our Company constituting the Warrants.

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Group and there is no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within 1 year from the date of this AP.

5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Infobusiness, Principal Bankers, Share Registrar, Underwriters, Solicitors for the Rights Issue of ICPS with Warrants, Bloomberg Finance L.P. and independent registered valuer for the Land, have each given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 December 2016 and the audited consolidated financial statements of our Group for the FYE 31 December 2016 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. CONFLICT OF INTEREST

7.1 Underwriter

JF Apex is not aware of any conflict of interest which exists or is likely to exist in its capacity as an Underwriter for the Rights Issue of ICPS with Warrants.

As at the LPD, Lim Teck Seng is a Non-Independent Non-Executive Director of our Company and he is also engaged as a financial adviser by Asia Poly Industrial. He is a Non-Independent Non-Executive Director of JF Apex. He does not hold any Asia Poly Shares and he holds less than 1% shareholding in Apex Equity Holdings Berhad, the parent company of JF Apex.

JF Apex is of the view that the relationship described above would not give rise to a situation of conflict of interest in JF Apex's role as an Underwriter for the Rights Issue of ICPS with Warrants based on the following reasons:

(i) JF Apex, as a licensed stockbroking firm, maintains the highest standard of professional responsibility and continuously discharges its professional duty accordingly; and

(ii) Lim Teck Seng does not hold any Asia Poly Shares.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of 12 months from the date of this AP:

(i) the Constitution (M&A) of our Company;

(ii) our audited financial statements for the 9-month FPE 31 December 2015 and FYE 31 December 2016 and our latest unaudited consolidated financial statements for 6-month FPE 30 June 2017;

(iii) the pro forma consolidated statements of financial position as at 31 December 2016 and the Reporting Accountants' letter thereon as set out in Appendix III of this AP;

(iv) Undertaking referred to in Section 2.5 of this AP;

(v) Directors' Report referred to as Appendix VI of this AP;

(vi) material contracts as referred to in Section 3 above;

(vii) Deed Poll;

(viii) IMR Report;

(ix) the Underwriting Agreement referred to in Section 2.5 of this AP and Section 3 above; and

(x) the letters of consent and conflict of interest referred to in Sections 6 and 7 above.

9. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of ICPS with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of ICPS with Warrants.

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