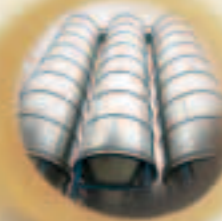


www.bpplastics.com.my

南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
(644902-V)



5A, Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Malaysia

T 607 455 7633 F 607 455 7699



南源塑膠控股有限公司
BP PLASTICS HOLDING
(644902-V)



MS ISO 9001 : 2000
REG. NO. AR 1865

BPPLAS VISION

To be the plastics packaging specialist of choice in Asian Region

MISSION

To produce reliable and high quality packaging products for all industries



BPPLAS is a Polyethylene Film and Bag manufacturer. We specialized in stretch, and shrink films that are used to protect and enhanced palletized goods product safety handling in warehousing and transportation. BPPLAS also produce various premier qualities flat polyethylene film for printing, lamination based sealant film, air cargoes packaging film, builder film and various customized polyethylene bag targeted for different industrial packaging application to improve packaging integrity and/or shelf life.



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CORPORATE DATA

BOARD OF DIRECTORS

Lim Chun Yow
Chairman and
Managing Director

Tan See Khim
Executive Director

Hey Shioh Hoe
Executive Director

Boo Chin Liong
Independent
Non-Executive Director

Koh Chin Koon
Independent
Non-Executive Director

Lim Kim Hock
Independent
Non-Executive Director
(Appointed wef 22/2/2008)

Company Secretary
Teo Soon Mei (MAICSA 7018590)

Share Registrar
Securities Services
(Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000
Fax : 03-2094 9940

Registered Office

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel : 07-455 7633
Fax : 07-455 7699
Email : enquiry@bpplastics.com.my

Head/Management Office

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel : 07-455 7633
Fax : 07-455 7699
Email : enquiry@bpplastics.com.my
Website : www.bpplastics.com.my

Auditors

Ernst & Young (AF 0039)
Chartered Accountants
Lot 1, 6th Floor
Menara Pertam, Jalan BBP 2
Taman Batu Berendam Putra
Batu Berendam, 75350 Melaka.
Tel : 06-336 2399
Fax : 06-336 2899

Stock Exchange Listing

BPPLAS (5100)
Main Board of the
Bursa Malaysia Securities Berhad
(Listed on 23 February, 2005)

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Overseas-Chinese Banking
Corporation Limited
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

Audit Committee

- **Koh Chin Koon** (Chairman)
(Redesignated wef 22/2/2008)
Independent Non-Executive Director
- **Boo Chin Liong** (Member)
(Redesignated wef 22/2/2008)
Independent Non-Executive Director
- **Lim Kim Hock** (Member)
(Appointed wef 22/2/2008)
Independent Non-Executive Director
- **Lim Chun Yow** (Member)
(Retired wef 22/2/2008)
Chairman and Managing Director

Nomination Committee

- **Boo Chin Liong** (Chairman)
Independent Non-Executive Director
- **Koh Chin Koon** (Member)
Independent Non-Executive Director
- **Lim Kim Hock** (Member)
(Appointed wef 22/2/2008)
Independent Non-Executive Director

Remuneration Committee

- **Lim Kim Hock** (Chairman)
(Appointed wef 22/2/2008)
Independent Non-Executive Director
- **Koh Chin Koon** (Member)
(Redesignated wef 22/2/2008)
Independent Non-Executive Director
- **Hey Shioh Hoe** (Member)
(Appointed wef 22/2/2008)
Executive Director
- **Boo Chin Liong** (Member)
Independent Non-Executive Director
- **Lim Chun Yow** (Member)
(Retired wef 22/2/2008)
Chairman and Managing Director

Employees' Share Option Scheme ("ESOS") Committee

- **Lim Chun Yow** (Chairman)
Chairman and Managing Director
- **Tan See Khim** (Member)
Executive Director
- **Hey Shioh Hoe** (Member)
Executive Director
- **Kelly Tan Eng Seng** (Member)
Administration Manager

Risk Management Committee

- **Hey Shioh Hoe** (Chairman)
Executive Director
- **Tan See Khim** (Member)
Executive Director
- **Kelly Tan Eng Seng** (Member)
Administration Manager
- **Foo See Boon** (Member)
Production Manager
- **Lee Kuan Hock** (Member)
Finance Manager
- **Eric Chiam** (Member)
Maintenance Manager
- **Tay Peh Hwee** (Member)
Technical Service Manager

BP Plastics Sdn Bhd

(Company No: 221104-W)

100%

CORPORATE STRUCTURE



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
 (Company No: 644902-V)

BP Packaging Sdn Bhd

(Company No: 540196-U)

100%

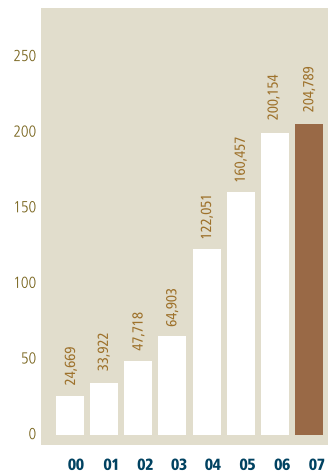
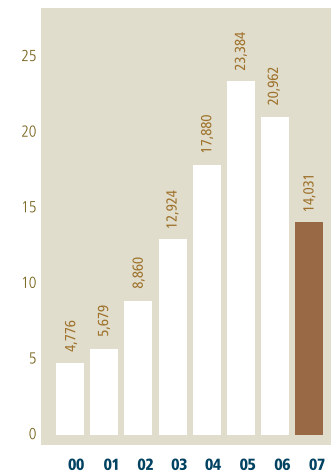
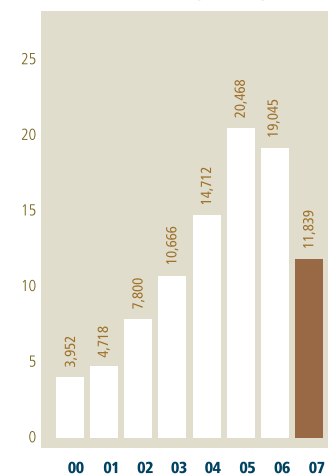
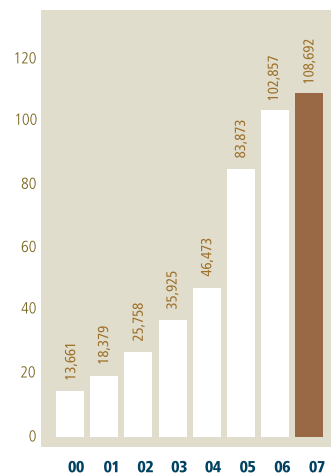
CORPORATE PROFILE

BP Plastics Holding Bhd, an investment holding and provision of management services company company was incorporated in Malaysia under the Companies Act, 1965 on 9 March, 2004.

The principal activities of its subsidiaries are as follows:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd (Company No: 221104-W)	18 July, 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd (Company No: 540196-U)	23 February, 2001/ Malaysia	100	Trading

PAST YEARS FINANCIAL HIGHLIGHTS


TURNOVER (RM'000)

PROFIT BEFORE TAX (RM'000)

PROFIT AFTER TAX (RM'000)

SHAREHOLDERS' FUNDS (RM'000)


	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
TURNOVER	24,669	33,922	47,718	64,903	122,051	160,457	200,154	204,789
EBITDA	5,738	8,163	11,172	15,303	21,389	27,488	26,582	19,888
PROFIT BEFORE TAX	4,776	5,679	8,860	12,924	17,880	23,384	20,962	14,031
PROFIT AFTER TAX	3,952	4,718	7,800	10,666	14,712	20,468	19,045	11,839
SHAREHOLDERS' FUNDS	13,661	18,379	25,758	35,925	46,473	83,873	102,857	108,692
ROE	28.93%	29.45%	35.34%	34.58%	35.71%	31.41%	20.40%	11.19%
NON CURRENT ASSET	20,238	19,970	21,049	36,325	37,543	64,158	67,598	72,074
ROA	19.53%	23.63%	37.06%	29.36%	39.19%	31.90%	28.17%	16.43%
EPS *	3.29	3.93	6.50	8.89	12.26	17.06	15.86	9.86
NET DIV (SEN)	na	na	na	na	na	7	5	3 #
NTA PS (RM)	na	na	na	na	na	0.72	0.86	0.91

* based on 120 Million shares for 2000 to 2005, for 2006 to 2007 120.08 Million shares

2007 dividend is subject to approval from forthcoming AGM

Note : The financial figures for 2000 to 2004 are prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December, 2000

BOARD OF DIRECTORS



First Row (Seated): Mr Boo Chin Liong, Mr Lim Chun Yow, Mr Tan See Khim
Top From Left: Mr Koh Chin Koon, Mr Lim Kim Hock, Mr Hey Shiow Hoe

Name

Lim Chun Yow

Age

45

Nationality

Malaysian

Position in Company

Chairman and Managing Director

Qualifications

Holds a degree in Bachelor of Science in Business Administration from The Ohio State University, United State of America in 1985.

Working Experience

He started his career as the Sales and Marketing Executive with a plastic bag manufacturer in 1986 after graduation from a University in USA. In 1990, he set up a business with two co-founders of BP Plastics Sdn Bhd. He was appointed as the Chairman and Managing Director of the Company on 23 November, 2005 and 3 September, 2004 respectively. He also sits on the board for several private limited companies.

Other Directorship of Public Companies

None

Details of Any Board Committee to which He Belongs

He is the Chairman of ESOS Committee of the Company.

Number of Board Meetings Attended in the Financial Year

5/5

BOARD OF DIRECTORS (Cont'd)

Name

Tan See Khim

Age

44

Nationality

Malaysian

Position in the Company

Executive Director

Qualifications

Holds a Certificate in Senior Middle Three from Chung Hwa High School in Muar in 1982.

Working Experience

He was appointed as an Executive Director of the Company on 3 September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He was involved in the sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in 1991. His experience and knowledge in sales have been very instrumental towards the growth of the Company. He also sits on the board for several private limited companies.

Other Directorship of Public Companies

None

Details of Any Board Committee to which He Belongs

He is a member of the ESOS and the Risk Management Committees of the Company.

Number of Board Meetings Attended in the Financial Year

5/5

Name

Hey Shiow Hoe

Age

45

Nationality

Malaysian

Position in Company

Executive Director

Qualifications

Holds a degree in Bachelor of Science in Industrial and Systems Engineering from The Ohio State University, United State of America in 1986.

Working Experience

He was appointed as an Executive Director of the Company on 3 September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He started his career in a plastic manufacturing company upon his graduation in 1986. He was responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team ever since the business set up of BP Plastics Sdn Bhd. He has also been appointed as the Management Representative in maintaining the ISO 9001:2000 Quality Management System of BP Plastics Sdn Bhd. He also sits on the board for several private limited companies.

Other Directorship of Public Companies

None

Details of Any Board Committee to which He Belongs

He is a member of the ESOS and the Remuneration Committees of the Company. He is also the Chairman of the Risk Management Committee.

Number of Board Meetings Attended in the Financial Year

5/5

Name

Boo Chin Liong

Age

47

Nationality

Malaysian

Position in Company

Independent Non-Executive Director

Qualifications

Holds a Bachelor of Law (Honours) degree from the University of Malaya in 1985 and was called to Bar in 1986.

Working Experience

He was appointed as an Independent Non-Executive Director of the Company on 3 September, 2004. He is an advocate and solicitor and has been in active legal practice since 1986. He is a founding partner of Messrs. C. L. Boo & Associates. He also sits on the board for several private limited companies.

Other Directorship of Public Companies

He sits on the board of Changhuat Corporation Bhd and Poh Huat Resources Holdings Bhd, companies all listed on Bursa Malaysia Securities Berhad.

Details of Any Board Committee to which He Belongs

He is the Chairman of the Nomination Committee of the Company. He also is the member of the Audit and the Remuneration Committees of the Company.

Number of Board Meetings Attended in the Financial Year

5/5

BOARD OF DIRECTORS (Cont'd)

Name

Koh Chin Koon

Age

38

Nationality

Malaysian

Position in the Company

Independent Non-Executive Director

Qualifications

Holds a Bachelor Degree of Accounting (Hon) from University of Malaya in 1995 and joined Malaysia Institute of Accountants (MIA) and Malaysia Institute of Taxation (MIT) in 1999 and 2000 respectively.

Working Experience

He was appointed as an Independent Non-Executive Director of the Company on 3 September, 2004. He was employed by Arthur Andersen & Co (Malacca Branch) as a Tax Assistant after he completed his Bachelor Degree and promoted as Tax Experience Senior during the employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in 2000. After obtained a wide range of experience from his last employment involved in advising clients including private companies, public listed companies and government organizations, he set up Koh & Siow Management Services in 2001. He is also an approved tax agent under section 153(3)(b) pursuant to Income Tax Act, 1967 by Ministry of Finance since 2001. He also sits on the board for several private limited companies.

Other Directorship of Public Companies

He is an Independent Non-Executive Director of Impressive Edge Group Berhad, a company listed on the Bursa Malaysia Securities Berhad for Mesdaq Market. He is also the Independent Non-Executive Director of SKP Resources Bhd, a company listed on the Bursa Malaysia Securities Berhad.

Details of Any Board Committee to which He Belongs

He is a member of the Nomination and the Remuneration Committees of the Company. He is also the Chairman of the Audit Committee of the Company.

Number of Board Meetings Attended in the Financial Year

5/5

Name

Lim Kim Hock

Age

42

Nationality

Malaysian

Position in the Company

Independent Non-Executive Director

Qualifications

Member of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Taxation; and Member of the Institute of Chartered Accountants in England and Wales (ICAEW). He holds a Bachelor Degree in Accountancy in the United Kingdom in 1988 and Chartered Accountancy (Institute of Chartered Accountants in England and Wales) qualification in 1992.

Working Experience and Occupation

He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. He joined PriceWaterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab- Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 21/2 years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia prior to joining Xian Leng Holdings Berhad as a Director from 2000 to 2006. He is currently in public practice as a Chartered Accountant and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He was appointed as the Independent Non-Executive Director of the Company on 22 February, 2008. He also sits on the Board for several private limited companies.

Other Directorship of Public Companies

None

Details of Any Board Committee to which He Belongs

He is a member of the Audit and the Nomination Committees of the Company. He is also the Chairman of the Remuneration Committee of the Company

Number of Board Meetings Attended in the Financial Year

0 (Appointed on 22/2/2008)

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family Relationship with the Director and Substantial Shareholders.

Mr. Tan See Khim and Mr. Lim Chun Yow are brother-in-law of Mr. Hey Shiow Hoe. They are the directors and substantial shareholders of the Company. Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe are also the directors and substantial shareholders of LG Capital Sdn Bhd, the substantial shareholder of the Company.

Save as disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

Other Information

Share Buy-Back

The group did not enter into any share buy-back transactions during the financial year.

Options, Warrants or Convertible Securities

The Group did not issue any warrants or convertible securities during the financial year.

The Group's Employees' Share Option Scheme ("ESOS") is governed by the ESOS By-Laws which was approved by the shareholders of the Company at the Extraordinary General Meeting held on 10 January, 2005.

During the financial year ended 31 December, 2007, there were no options being granted to the eligible employees of the Group and no options being exercised by the eligible employees of the Group.

The number of options which are still available to be granted to eligible employees of the Company and Group under this Scheme as at 31 December, 2007 amounts to 6,819,000 options.

American Depository Receipt (ADR) or Global Depository Receipt (GDR)

During the financial year, the Group did not sponsor any ADR or GDR programmes.

Sanctions And/Or Penalties

There were no sanctions and/or penalties imposed on the Group and its subsidiaries, Directors, or management by any regulatory bodies.

Non-Audit Fees

The non-audit fees of RM22,300 paid to the external auditors by the Group for the current financial year ended 31 December, 2007.

Variation in Results

There were no variances of 10% or more between the audited results and the unaudited results of the Group for the financial year ended 31 December, 2007.

Profit Guarantee

During the year, the Company did not provide any profit guarantees.

Material Contracts

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

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS (Cont'd)

Other Information (Cont'd)

Revaluation Policy on Landed Properties

The Company has adopted a regular revaluation policy on landed properties. Revaluation is made at least once in every five (5) years based on a valuation by an independent valuer on an open market value basis. The last revaluation was done in the financial year ended 31 December, 2004.

Recurrent Related Party Transaction of a Revenue Nature

There were no material recurrent related party transaction of a revenue nature during the year other than those disclosed in the financial statements.

Conviction for Offences

None of the Directors has been convicted for any offences within the past ten (10) years other than traffic offences, if any.

Conflict of Interests

Save as disclosed below, none of directors and substantial shareholders of the Company are engaged in any existing and potential related party transactions and conflict of interest in relation to the corporation and its related parties. The related party transactions, which may or may not result in conflicts of interest, are transactions entered into by the Company and its subsidiaries which involve the interest, direct or indirect, of a related party:-

- a) During the financial year ended 31 December, 2007, BP Plastics Sdn Bhd, the subsidiary of the Company purchased printing materials amounting to approximately RM5,800.00 from Libraprint & Advertising, a company in which Mr. Hey Shioh Hoe's brother has an interest.
- b) Pursuant to a written agreement dated 1 September, 2004 between BP Plastics Sdn Bhd and Madam Hey Sio Tong ("HST"), the spouse of Mr. Tan See Khim, BP Plastics Sdn Bhd had paid a monthly rental of RM1,100.00 to HST for the purposes of renting an apartment bearing the postal address A-05-04, Vista Komanwel, Bukit Jalil, 57000 Kuala Lumpur and measuring approximately 1,422 square feet.

Shareholdings in the Company

The direct and indirect interests in shares in the Company for those who were directors at the end of the financial year according to the Register of Directors' shareholdings are set out in the Directors' Report, pages 62 to 64 of the Annual Report.

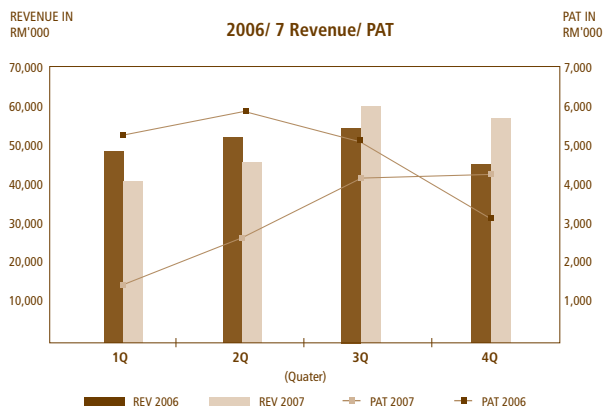
CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 2007 Annual Report and Audited Financial Statements of **BP Plastics Holding Bhd (BPPLAS)** and its Group of Companies for the financial year ended 31 December, 2007.

FINANCIAL PERFORMANCE

After first two quarters of consolidation coupled with the realigning of manufacturing efficiency and market expansion strategy, BPPLAS has rejuvenated its' competitiveness to chalk up higher sales and higher profit in the 2 H of 2007. This has set a strong foundation and momentum to achieve a targeted double-digit growth and better financial performance for 2008.

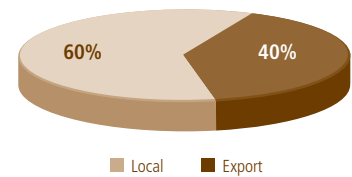


For the financial year 2007, BPPLAS achieved a revenue turnover of RM204.8 million as compared to RM200.2 million in 2006. The marginal 2.3 % higher revenue increased in 2007 was due to the 12.8% lower sales revenue in the 1st half of 2007 as compared to the corresponding period in 2006, mainly due to dampened domestic manufacturing sector demand and weakening polyethylene film export sales to Japan. To strengthen the Group's businesses, BPPLAS has initiated measures to further improve the manufacturing efficiency that will enhance our product competitiveness and broaden the sales distribution channel to focus on Europe and Asean countries. Our strategy augurs well and we achieved an even stronger revenue of 17.8% and achieved consistently higher profit in 2 H of 2007 as compared to corresponding period in 2006.

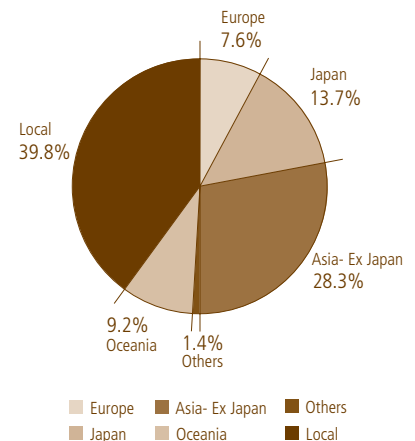
For financial year 2007, BPPLAS achieved Profit Before Tax of RM14.03 million, albeit lower amount as compared to RM20.96 million in 2006. The lower profit achieved was due to weakening sales and higher raw material cost consumed in 1 H of 2007 arising from unabatedly higher polyethylene prices triggered by stronger emerging markets consumption and tight global resin supply. In addition, higher overhead costs such as higher electricity tariff hike, higher sales and marketing promotional expenses incurred for new markets development as well as additional depreciation cost from the newly invested 3-layer co-extrusion blown film equipment from Germany also marginally reduced the group operating profit in 2007. Owing to the lower profit before tax, BPPLAS delivered Profit After Tax of RM11.84 million as compared to RM19.05 million in 2006.

EPS in 2007 is 9.9 sen as compared to 15.8 sen in 2006.

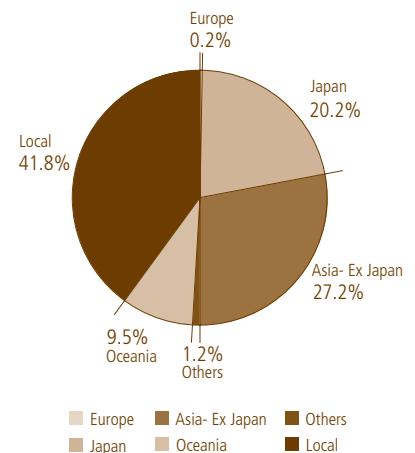
2007 Revenue Local vs Export



2007 Revenue by Region



2006 Revenue by Region



CHAIRMAN'S STATEMENT (Cont'd)

DIVIDEND

In appreciation to shareholders support, the board is pleased to propose a first and final tax exempt dividend of 3 sen per share totalling RM3,602,415 or 6% per share for financial year 2007 (5 sen per share totalling RM6,004,025 or 10% per share for FY2006) subject to approval of the shareholders in the forthcoming 4th Annual General Meeting.

CORPORATE GOVERNANCE

The group regards transparency, integrity and corporate governance as vital to its' business success and continuation. The board of directors will continue to exercise the pivotal roles in guiding the management teams to proactively implement, regularly review and upgrade the appropriate business policies and procedures to ensure that BPPLAS always adheres to the highest standard level of corporate governance, transparency and professionalism in carrying out business practices that protect and create long-term beneficial interest and value to our shareholders.

OUTLOOK AND PROSPECTS

Despite many global uncertainties such as high food and crude oil prices, highly probable economic recession in USA, unabatedly challenging global credit crunch and continuous weakening of US currency against world currencies could potentially moderate global growth and consumption, BPPLAS shall continue to pursue new products innovation, continuation of efficient manufacturing practices, understand our existing and potential customers' needs and requirements and improvement on distribution as well as the marketing efficiency to further improve our competitiveness and business presence in the domestic and international markets.

Based on Bank Negara 2008 Economic Report, the overall global economic outlook in 2008 shall remain positive, mainly driven by broad based and balance economic expansion across the regions, particularly driven by newly emerging market economy countries like Brazil, Russia, India and China. In addition, continue globalization, outsourcing activities and increasing regional trades should underpin the strong Asian economy performance and sustain the versatile shrink and stretch film logistic and packaging product demand at 1.5x to 2x of GDP in Asia for next few years.

Since high energy, commodities and polyethylene resin prices have become the realities for all business operation worldwide and they could potentially sustain for next few years. To improve on our performance, BPPLAS shall leverage on our cutting edge equipment to innovate with advance polyolefin resins to supply thin but stronger down gauging polyethylene film which could potentially provide sustainable credit for lesser packaging material consumption vis a vis improve better corporate branding and achieve ultimate total cost saving and better profit to our worldwide distributors.

To sustain growth and excel in today's competitive business environment, BPPLAS shall continue to attract talent, nurture, train and develop our human resources as an important initiative integral to our business growth strategy. In cognizant of this requirement, many structures on job and class room training were carried out with the organization to improve on our people

performance. In additional, BPPLAS shall introduce performance measurement system within the organization and cascade down the key performance indicator to all employees within the organization by 2 H 2008 to achieve and improve upon the overall company's performance.

To improve the group communication and provide better customer services, the group had in place a RM2 million investment on enhanced version of Enterprise Resource Planning system. Upon migration to new ERP system by the end of 2nd quarter in 2008, this initiative shall improve the group capability to achieve a transparent costing, fast and accurate information for the employees to improve the business efficiency among the organization.

Despite Bank Negara underweighted overall Malaysia manufacturing growth for 2008 at 1.8% (3.1% in 2007), BPPLAS will mitigate against the risk by exporting more products to emerging markets internationally and focus on financially sound domestic resources based industries and fast growing food related manufacturing products which are inelastic to demand. BPPLAS envisage that the group would achieve the targeted double digit growth both in top and bottom line for financial year ending 31 December 2008 given the group healthy financial position, efficient integrated operation and dedicated simpler business model. Overall, BPPLAS shall focus on strategy execution and human capability development to fulfil our Vision: To Be The Plastics Packaging Specialist of Choice in the Asian Region.

CORPORATE DEVELOPMENT

BPPLAS has proposed to implement the following corporate proposals subject to the approvals of the relevant authority and shareholders of BPPLAS at an extraordinary general meeting to be convened:-

- 1) proposed to increase the Authorized Capital of BPPLAS from RM100 million comprising 200 million ordinary shares of RM0.50 each ("BPPLAS shares") to RM200 million comprising 400 million BPPLAS shares of RM0.50 each.
- 2) proposed a bonus issue of up to 63,449,750 new ordinary shares of RM0.50 each in BPPLAS to be issued and credited as fully paid-up on the basis of One (1) new BPPLAS share for Two (2) existing BPPLAS shares held at an entitlement date to be determined,
- 3) proposed authority for the purchase by BPPLAS of its own share ("Proposed Share Buy-Back");
- 4) proposed exemption under Practice Note 2.9.10 of the Malaysian Code on Take-overs and Mergers, 1998 to LG Capital Sdn Bhd and person acting in concert from the obligation to undertake a mandatory take-over offer for all the remaining shares in BPPLAS pursuant to the Proposed Share Buy-Back.

CHAIRMAN'S STATEMENT(Cont'd)

CORPORATE DEVELOPMENT (Cont'd)

SHAREHOLDER VALUE

BPPLAS is fully committed to deliver superior shareholder value. The group's unbroken and consistent profit record of accomplishment and the board of directors' strong commitment for the corporate governance shall underpin the performance and deliver superior long-term shareholders value. From the proposed first and final dividend, the group proposes to distribute approximately 31% of profit after tax to reward the continuous support of the shareholders.

Since listing on Bursa Malaysia on 23 February, 2005, BPPLAS has achieved the net tangible asset per share improvement from RM0.56 to the current RM0.91 and the group had also distributed a total of 12 sen tax exempt dividend to our shareholders for the last 2 years (2005/6). The group shall allocate approximately 20% to 40% of its net profit to reward the shareholders subject to the group's free cash flow and capital expenditure requirements.

ACKNOWLEDGEMENTS

I wish to welcome Mr. Lim Kim Hock on board to join us as the independent director. Mr. K. H. Lim's extensive accounting and corporate experience shall bring with him tremendous valuable experience and contribution to group for future development.

I wish to express my sincere appreciation to all customers, suppliers and shareholders for their continued support and confidence in BPPLAS.

I also wish to thank the Board of Directors, management team and members of the staff of BPPLAS for their untiring commitment, dedication and loyalty in contributing to the group's continued success. The group cannot achieve today's milestone without your excellent performance. Lastly, the Board and management would like to thank the relevant authorities, advisors, business associates, investment analysts and fund managers for their valuable advice, guidance and support they have given to the Group through out the year.

Lim Chun Yow

Chairman/Managing Director

Date : 16 May, 2008

Corporate Social Responsibility

BPPLAS is determined to build a sustainability Polyethylene Film packaging business with the balancing due care on key focus on economic, social and environment.

Environment

Polyethylene film is a versatile, light weight and economical fully recyclable product. It not only helps to improve product handling but also provide safety and protection to both human and goods. In addition, polyethylene film can enhance product shelf life while achieving overall packaging cost saving. BPPLAS believes that recycling is the best option to sustain and conserve the resources for our future generation. BPPLAS' responsible corporate philosophy to adhere to the 3R concepts of Reduce, Reuse and Recycle to reprocess and reclaim our internal generated scrap to reuse it for other suitable industrial packaging film application is a good example for contributing to the environmental protection. In addition, BPPLAS's fast respond to fulfill the sustainable credit for the market demand of ultra thin 12 microns stretch film is also helping the consumer to achieve at least 20% total packaging usage and consumption. Another meaningful environmental protection initiative which BPPLAS currently pursuit is the application for ISO 14001 certification by 2 Quarter 2008, BPPLAS is committed to operate under stringent international environmental frame work to ensure that all residual schedule wastes consumed are properly stored and disposed by responsible licensed contractors to mitigate the environmental contamination.

Workplace

Safety is our top priority at work. We strive to improve our workplace to ensure that all our employees and stakeholders safety and health are duly protected at work. Further, BPPLAS has applied for ISO 18001 certification and strive to achieve the certification by 2 Quarter 2008. Further, company-wide survey is conducted yearly to improve the employee welfares, on-job

training and coaching and open communication are practiced within the organization for continuous improvement. BPSB also has signed an MOU with Malaysia Productivity Corporation (previously known as National Productivity Corporation or "NPC") to implement the Productivity Link Wages System in 2008.

Community

BPPLAS outline education as the key focus on the community services. Over the years, BPPLAS has provided co-op for the industrial training practice to university students. In addition, we have regularly made donations to local schools for purchase of computers, building fund, and provide monetary assistance for underprivileged student. In additional, BPPLAS also supported MPMA for various activities for the industry.

Marketplace

BPPLAS is committed to uphold the tradition of transparency, integrity and accountability to all our investors, shareholders and stakeholders. Our commitment to improve the internal communication and RM2 millions investment into the advance enterprise resources planning shall translate BPPLAS to an open, agile and transparent organization to further enhance the value creation to improve the operation, production and market efficiency to achieve a sustainable organization.

Our CSR activities are still at its infancy stage, we envision that our initiatives and efforts will be evident across the company and industry in the coming year. We want to be seen as a group that leads the plastic manufacturing industry as well as a group that engages effectively with our stakeholders and the less fortunate community.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors ("Board") of BP Plastics Holding Bhd (BPPLAS) is committed to institute appropriate framework and structure to develop good corporate governance in the BP Plastics Holding Bhd Group. The Directors have been unequivocal in their commitment to ensuring robust governance system and responsible corporate conduct, founded on core values such as accountability, transparency, integrity and efficiency.

Set out below is a statement of how the Group has applied the Principles, and the extent of its compliance with Best Practices of the Malaysia Code on Corporate Governance ("the Code") pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ("the Listing Requirements").

A. Board of Directors

1. Board Composition and Board Balance

The Board is composed, as at the date of this Statement, of six (6) Directors, three (3) of whom are Non-Executives Directors. The three (3) Non-Executive Directors are independent. Mr. Lim Kim Hock was appointed as the Independent Non-Executive Director of the Company on 22 February, 2008. More than one-third of the Board comprises Independent Non-Executive Directors, thereby bringing independent objective and judgment to facilitate a balanced leadership in the Group as well as to safeguard the interest of the minority shareholders and other stakeholders in ensuring that the highest standard of conduct and integrity are maintained. Whilst Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shioh Hoe represents the interests of the largest shareholders of the Company, the investment of remaining shareholders were fairly reflected in the Boards representation. The mix would represent appropriately the respective size of investment by shareholders.

Mr. Lim Chun Yow who is the Chairman and Managing Director, and the two (2) Executive Directors namely Mr. Tan See Khim and Mr. Hey Shioh Hoe who have more than 15 years of expertise and experience in the plastic packaging business, particularly the bags, sacks and film section. The three (3) Independent Non-Executive Directors through their varied experiences and qualifications provide effective contribution and support to the functions of the Board. The profiles of each member of the Board are set out on pages 5 to 7 of this Annual Report.

2. Board Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control of management in the Company and its overall responsibilities, as stated in the Company's board manual, for more strategic directions, planning and execution of the Company objectives. It is the responsibility of the Board, in all decisions, to conscientiously weigh the interests of shareholders and to consider the effects of decisions in the interests of all shareholders. In leading the Company and Group, the Board also has the duty to act in the best interest of the Company and the Group at all times.

Mr. Lim Chun Yow, who is the Chairman/Managing Director of the Company, leads the Board assisted by two (2) Executive Directors of the Company. However, the roles of the Chairman and Managing Director are separated and each has a clear accepted division of responsibilities. There is also a clear demarcation of responsibilities between the roles of the Managing Director and the Executive Director to ensure a balance in both authority and power. The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct and performance of the Company. The Managing Director, together with the Executive Directors of the Company, oversees the running of the Group and the implementation of the Board's decisions, business strategies, and policies.

Due to the relatively small size of the Group, the size and composition of the Board is optimum and well balanced, and caters effectively to the scope of the Group's operation. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Board does not intend to appoint an Independent Chairman to the Board. It has appointed Mr. Boo Chin Liong as a senior Independent Non-Executive Director to facilitate communications of any stakeholders concerns where it would not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (see Report on Audit Committee set out on pages 21 to 25, the Remuneration Committee, the Nomination Committee, and the Employees' Share Option Scheme ("ESOS") Committee.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

A. Board of Directors (Cont'd)

3. Attendance of Board Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year so as to enable Directors to plan ahead and fit the year's Board meetings into their own schedule. Board meetings are scheduled at quarterly intervals with additional meetings held when necessary. Board meetings are governed by a structured formal agenda. The Meeting's agenda include reviews on various aspects of the Group's operation, financial performance, and other significant matters. Special Board meetings are convened on an ad-hoc basis to deliberate on urgent matters that require the Board's immediate decision.

The commitment and dedication of the Board of Directors are reflected by the full attendance of all Directors at Board meetings held during the financial year ended 31 December, 2007. A total of five (5) Board meetings were held during the financial year ended 31 December, 2007. The details of the Directors' attendance at these Board Meetings in 2007 were as follows:-

Board of Director	Total no. of meetings held during the director's tenure in office	No. of Meetings Attended
Lim Chun Yow	5	5
Tan See Khim	5	5
Hey Shiow Hoe	5	5
Boo Chin Liong	5	5
Koh Chin Koon	5	5
Lim Kim Hock (Appointed wef 22/2/2008)	0	0

4. Supply of Information and Access to Advice

All Board members are provided with relevant information of the Company and the Group to enable them to carry out their duties effectively as Directors. A full set of Board papers for each agenda including financial reports and notices are promptly communicated prior to the Board Meetings to allow for sufficient understanding of the proceedings. The Board also notes the decisions and salient issues deliberated by Board Committees through minutes of these committees.

Senior Management staff may be invited to attend any Board meetings to provide views and explanations on certain agenda being tabled to the Board, and to furnish clarification on issues that may be raised by the Directors. The Directors have direct access to Senior Management and has complete and unimpeded access information relating to the Group in the discharge of their duties. The Directors also have the liberty to engage independent professional advice if necessary at the Company's expense. Every Board member has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements, and the impact and implication to the Company and Directors in carrying out their fiduciary duties and responsibilities. The Company Secretary organises and attends all Board meetings and ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

5. Appointment to the Board

The Nomination Committee will review and assess the proposed re-appointment of Directors, and thereupon recommend to the Board for approval. However, the Board makes all decisions on appointments after considering those recommendations. Nomination Committee would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the effectiveness of the Board as a whole and the contribution of each individual director on an on-going basis.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

A. Board of Directors (Cont'd)

5. Appointment to the Board (Cont'd)

Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee. The Nomination Committee comprises entirely of Independent Non-Executive Directors; all the three (3) Independent Non-Executive Directors are members of the Nomination Committee and its composition is as follows:-

Members	Designation	Responsibility
Mr. Boo Chin Liong	Independent Non-Executive Director	Chairman
Mr. Koh Chin Koon	Independent Non-Executive Director	Member
Mr. Lim Kim Hock (Appointed wef 22/2/2008)	Independent Non-Executive Director	Member

The Directors have direct access to the advice and the services of the Company Secretary who ensures that all the appointments are properly made and all the necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligation arising from the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

6. Directors' Training

There is a familiarization programme in place for new Directors, including visits to the Group's business and meetings with senior management where appropriate to facilitate their understanding of the Group's businesses and operations.

The Board acknowledged that the directors of the Company were through varied experience and qualifications provide effective contribution and support to the functions of the Board for the year ended 2007. The Board has empowered the directors of the Company to determine their own training requirements as they consider necessary or deem fit expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place. During the year, all the board members have attended seminars and briefings to keep abreast with current market developments. The Board will evaluate and determine the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities.

The following are training programmes, seminars and briefing attended by Directors of the Company in 2007:-

- i) Improving Board Directors' Performance Leadership and Governance;
- ii) Updates on Listing Requirements: Issues and Challenges;
- iii) Action Management;
- iv) Value engineering and cost reduction;
- v) Excellence in Manufacturing;
- vi) Investor Relations: A Practical Approach;
- vii) Identification & Documentation of ISO14001:2004 EMS and OHSAS18001:1999 Management System
- viii) Latest update on the Companies Act, 1965; and
- ix) Hasil Tax Seminar 2007

7. Re-election of Directors

In accordance with the Company's Articles of Association, all Directors are required to retire from office once every three (3) years.

Directors who are appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting ("AGM").

Detail of Directors seeking re-election at the forthcoming AGM are disclosed in the Statement Accompanying the Notice of AGM as set out on page 69 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

B. Board Committees

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These committees are:-

a) The Audit Committee

The Audit Committee consist of three (3) directors, three (3) of whom including the Chairman are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, and independence of the Group's external and internal auditors.

The Audit Committee met five (5) times during the financial year, the Audit Committee Report is presented on pages 21 to 25 of this Annual Report.

b) The Nomination Committee

In compliance with the Code, the Board established the Nomination Committee on 4 May, 2005. The Nomination Committee consists of three (3) Independent Non-Executive Directors.

The Nomination Committee met two times during the financial year where all members except for Mr. Lim Kim Hock (only appointed on 22 February, 2008) were present. The Nomination Committee met to:-

- i) Oversee and review the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and adequacy of balance between Executive Directors and Independent Non-Executive Directors.
- ii) annually assesses the effectiveness of the current board as a whole, the effectiveness of the Committees of the Board, and the contributions of each individual director;
- iii) assess and recommend to the Board, the appointment of Mr. Lim Kim Hock as the Independent Non-Executive Director of the Company and also as the member of the Audit and, the Nomination Committees of the Company as well as the Chairman of the Remuneration Committee of the Company;
- iv) annually assesses and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees of the Company.

The Nomination Committee upon its recent annual review carried out, is satisfied that the size of the Board of the Company is optimum and that there is appropriate mix of knowledge, aptitude and core competencies in the composition of the Board. The Nomination Committee is satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, experience and qualities.

The Nomination Committee has also upon its recent annual review carried out, to recommend the revision of the structure of the following board committees:-

1) The Audit Committee

- a) Re-designated Mr. Koh Chin Koon as the Chairman;
- b) Re-designated Mr. Boo Chin Liong as the member;
- c) Appointment of Mr. Lim Kim Hock as the member; and
- d) Retirement of Mr. Lim Chun Yow as the member to comply with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and revised Malaysia Code on Corporate Governance.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

B. Board Committees (Cont'd)

b) The Nomination Committee (Cont'd)

2) The Nomination Committee

- a) Appointment of Mr. Lim Kim Hock as the member.

3) The Remuneration Committee

- a) Appointment of Mr. Lim Kim Hock as the Chairman;
- b) Re-designated Mr. Koh Chin Koon as the member;
- c) Appointment of Mr. Hey Shioh Hoe as the member; and
- d) Retirement of Mr. Lim Chun Yow as the member.

Meetings of the Nomination Committee are held as and when required, and at least once a year. The members except for Mr. Lim Kim Hock (only appointed on 22 February, 2008) registered full attendance at all two meetings held by the Nomination Committee in 2007.

c) The Remuneration Committee

In compliance with the Code, the Board established the Remuneration Committee on 4 May, 2005. The Remuneration Committee comprises majority of Independent Non-Executive Directors.

The Remuneration Committee of the Company is in the process of setting up policy framework and making recommendations to the Board on the remuneration and other terms of employment for the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined to its member.

The Remuneration Committee has met once during the financial year ended 31 December, 2007. During the meeting, the results of the Directors' evaluation conducted and rating by the Nomination Committee were presented to the Remuneration Committee. The Remuneration Committee strives to reward the Directors based on accountability, fairness, and competitiveness, as prescribed in the Code. Thus, there is a formal and transparent procedure for rewarding and fixing the remuneration packages of Directors.

d) The Employees' Share Options Scheme ("ESOS") Committee

The ESOS Committee was formed on 22 September, 2004 to administer the Group's Employees' Share Options Scheme ("Scheme"). The ESOS Committee will ensure that the Scheme is administered in accordance with the by-laws approved by the shareholders of the Company.

The members of the ESOS Committee as at the date of this Statement are as follows:-

No.	Members	Designation	Responsibility
1.	Lim Chun Yow	Managing Director/Chairman	Chairman
2.	Hey Shioh Hoe	Executive Director	Member
3.	Tan See Khim	Executive Director	Member
4.	Kelly Tan Eng Seng	Administration Manager	Member

The ESOS Committee has not met during the financial year as no allocation and allotment of new shares in the share capital of the Company to the eligible employees of the Group during the year under review.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

C. Directors' Remuneration

The Remuneration Committee was set up on 4 May, 2005. The members of the Remuneration Committee are as follows:-

No.	Members	Designation	Responsibility
1.	Lim Kim Hock (Appointed wef 22/2/2008)	Independent Non-Executive Director	Chairman
2.	Koh Chin Koon (Re-designated as member wef 22/2/2008)	Independent Non-Executive Director	Member
3.	Boo Chin Liong	Independent Non-Executive Director	Member
4.	Hey Shiow Hoe (Appointed wef 22/2/2008)	Executive Director	Member
5.	Lim Chun Yow (Retired wef 22/2/2008)	Chairman/Managing Director	Member

The component parts of remuneration of the directors of the Company are structured so as link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the levels of remuneration are reflected by the experience and level of responsibilities. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned has abstained from discussion and decision of his own remuneration.

The remuneration of Non-Executive Directors comprises fees and participation in the Employees Share Option Scheme ("ESOS") while the remuneration package of Executive Directors comprises basic salary, fees, bonus, and participation in the ESOS.

The Remuneration Committee of the Company has via the Fourth Remuneration Committee Meeting review annually the performance of all Executive Directors and the Chairman/Managing Director of the Company and recommends to the Board specific adjustments in remuneration that includes the reward payments which commensurate with their contributions during the year. The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2007 is as follows:-

	Executive Directors (RM'000)	Non- Executive Directors (RM'000)	Total (RM'000)
Total Remuneration			
Fees	150	48	198
Salary and Bonus	1,350	0	1,350
Allowances	0	5	5
Employees Provident Fund	256.5	0	256.5
	1,756.5	53	1,809.5

Number of Directors whose remuneration falls within the following bands:-

	Executive Directors	Non- Executive Directors	Total
RM50,000 and below	-	2	2
RM50,001 to RM150,000	-	-	-
RM150,001 to RM250,000	-	-	-
RM250,001 to RM350,000	-	-	-
RM350,001 to RM450,000	-	-	-
RM450,001 to RM550,000	1	-	1
RM550,001 to RM650,000	1	-	1
RM650,001 to RM750,000	1	-	1
	3	2	5

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

D. Relationship with Shareholders and Investors

A key element of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

1. Dialogue between the Company and Investors

The Group values its dialogues with investors. The annual report of the Company is a key channel of communication with shareholders and investors. The shareholders and investors of the Company are kept informed of the Groups' performance, and major developments of the Group through annual report and announcements via BURSA LINK. Apart from this, financial results and other corporate information materials in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have an overview of the Group's business activities and performance. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the Bursa Malaysia Securities Berhad. The Group has also participated in the Capital Market Development Fund-Bursa Research Scheme (CMDF-Bursa Research Scheme) to enable investors to view Researchers Reports generated under the Scheme which is available free of charge to the public on the Bursa Malaysia Securities Berhad's website.

2. Annual General Meeting

The main forum for dialogue with shareholders of the Company is the Company's general meeting. Shareholders who attend the general meetings are encouraged to raise questions pertaining to the agenda at the general meeting. Adequate notice of the Annual General Meeting of not less than 21 days are communicated to those concerned. All Directors are available to provide feedback to questions from any shareholders during the Annual General Meeting.

An explanatory note or statement to facilitate full understanding and evaluation of issued involved will accompany items of special business included in the notice of the meeting.

3. Extraordinary General Meeting

The Board will convene an Extraordinary General Meeting if a situation arises for reasons that require shareholders to meet in between Annual General Meeting. An appropriate notice of a meeting would be communicated to shareholders in providing explanation of the intended agenda to facilitate understanding and evaluation.

E. Accountability and Audit

1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company and the Group's financial positions and prospects in all their reports to shareholders, investors, and relevant Regulatory Authorities.

Timely releases of announcements on the quarterly financial statements reflect the Board's commitment to provide transparent and up-to-date disclosures of the Group's performance.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of financial reporting. The Audit Committee reviews and monitors the integrity of the Company's and the Group's annual and interim financial statements. It also reviews the appropriateness of the Company's and the Group's accounting policies and the changes of these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and its Group pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad is set out on page 28.

CORPORATE GOVERNANCE STATEMENT(Cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

E. Accountability and Audit (Cont'd)

2. Internal Controls

The Board acknowledges its responsibilities for maintaining a sound and reliable system of internal control within the Group, covering the financial controls, the operational and compliance controls, and risk management. The internal control system involves each business unit and its key management, including the Board, and is designed to meet the Group's needs and to manage risks to which it is exposed. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on all companies in the Group. The purpose of this continuous process is to ensure that the Group's assets are safeguarded in the interest of preserving the investment of Shareholders.

The system of internal controls, by its nature, can only provide reasonable but not absolute assurance against misstatement, fraud, or loss.

The Board has reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement of Internal Control are on pages 26 to 27 of this Annual reports.

3. Relationships with the Auditors

The Group's independent external auditors are essential for all shareholders by ensuring the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. From time to time, the external auditors will bring attention to the Audit Committee of any significant deficiency in the Group's control system.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. The Audit Committee meets with the external auditor whenever necessary to discuss the audit plan, annual financial statements, and audit findings. A full Audit Committee Report and its Terms of Reference detailing its role in relation to the auditors, is set out in pages 21 to 25 of this Annual Report.

F. Statement of Compliance with the Code

The Board has to the best of its ability and knowledge complied with the Best Practices on Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance.

AUDIT COMMITTEE REPORT

The Audit Committee for the financial year ended 31 December, 2007 comprises the following members:-

1. Memberships

The Board has up an Audit Committee, which comprises the following:-

Chairman

Koh Chin Koon Independent Non-Executive Director
(Redesignated as Chairman wef 22/2/2008)

Members

Boo Chin Liong Independent Non-Executive Director
(Redesignated as Member wef 22/2/2008)
Lim Kim Hock Independent Non-Executive Director
(Appointed as member wef 22/2/2008)
Lim Chun Yow Chairman/Managing Director
(Retired as the member wef 22/2/2008)

Mr. Koh Chin Koon and Mr. Lim Kim Hock are the members of the Malaysian Institute of Accountants.

2. Secretary

Teo Soon Mei (MAICSA No. 7018590)

3. Terms of Reference

The revised terms of reference of the Audit Committee are as follows:-

MEMBERSHIP

The Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors. All members of the audit committee shall be Non-Executive Directors. No Alternate Director is appointed as a member of the Committee and at least one (1) member of the Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (c) shall be a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
- (d) shall be at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- (e) shall be persons who are members of professional accountancy organisations which have been admitted as full members of the International Federation of Accountants and who at least three (3) years' post qualification experience in accounting or finance; or
- (f) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within three (3) months.

AUDIT COMMITTEE REPORT (Cont'd)

3. Terms of Reference (Cont'd)

MEETING AND MINUTES

The Audit committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Meetings shall be held not less than four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Committee members and to other members of the Board of Directors. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene a meeting of the audit committee to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Finance Director, Financial Controller, the Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Committee shall meet the external auditors without any executive directors present.

QUORUM

A quorum shall consist of a majority of members present who must be independent directors.

AUTHORITY

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

- (a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- (b) to have the resources in order to perform its duties as set out in its terms of reference;
- (c) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) to have direct communication channels with the external auditors and internal auditors (if any);
- (e) to obtain external legal or other independent professional advice where necessary;
- (f) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and
- (g) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

DUTIES

The duties of the Audit Committee are as follow:-

- (a) To consider the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);

AUDIT COMMITTEE REPORT (Cont'd)

3. Terms of Reference (Cont'd)

DUTIES (Cont'd)

The duties of the Audit Committee are as follow:- (Cont'd)

- (d) To do the following, in relation to the internal audit function:-
- 1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work;
 - 2) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function;
 - 3) review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
 - 4) approve any appointment or termination of senior staff members of the internal audit function; and
 - 5) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (e) To review the effectiveness of the management information system
- (f) To review the quarterly and annual financial statements of the Company and the Group with both the external auditors and management, focusing particularly on:-
- 1) any change in accounting policies and practices;
 - 2) significant adjustment arising from the audit;
 - 3) the going concern assumption; and
 - 4) compliance with accounting standards and other legal requirements.
- (g) To review the external auditors' report;
- (h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- (i) To review assistance given by the employees of the Company and the Group to the external and internal auditors;
- (j) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- (k) To review all areas if significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- (l) To consider and review all related-party transactions entered into by the Group and the Company and potential conflict of interest situations;
- (m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;
- (n) Any such other functions as may be agreed by the Committee and the Board.

RESPONSIBILITY

Where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

AUDIT COMMITTEE REPORT (Cont'd)

3. Terms of Reference (Cont'd)

REVIEW OF THE COMPOSITION OF THE COMMITTEE

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

4. Summary of Audit Committee Activities During the Year

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December, 2007. The Finance Manager, departmental head and a representative of the external and internal auditor normally attend the Committee meetings. Other Board members may attend meetings upon invitation by the Committee. The Minutes of the Audit Committee meetings have been extended to all members of the Board of Directors and significant issues were discussed at the Board Meetings.

The details of the attendance of each Audit Committee member was as follows:-

Audit Committee Member	Total no. of Meetings Held During the Year	Meetings Attended
Mr. Boo Chin Liong	5	5
Mr. Lim Chun Yow	5	5
Mr. Koh Chin Koon	5	5
Mr. Lim Kim Hock (Appointed wef 22/2/2008)	0	0

During the financial year, the activities undertaken by the Audit Committee included:-

- a. review of the quarterly unaudited financial statements of the Group and the Company prior making the recommendations to the Board of Directors for approval;
- b. review of inter-company transactions and/or any related party transaction or conflict of interest situations that arose within the Group or the Company;
- c. discussion on the Company's Corporate Governance process and the application of the key principles and revised best practices of Corporate Governance and the compliance with the Listing Requirement of the Bursa Malaysia Securities Berhad;
- d. discussion and review of the semi-annual returns pursuant to the Paragraph 8.02 of Chapter 8 of the Listing Requirements of the Bursa Malaysia Securities Berhad;
- e. discussion and review of the amendments to the Listing Requirements of the Bursa Malaysia Securities Berhad;
- f. discussion and review of the annual audited financial statements of the Group and the Company for the financial year ended 31 December, 2006 and made recommendations to the Board of Directors for approval;
- g. discussion and review of the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2007;
- h. discussion and review of the internal auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2007;
- i. discussion and review of the interim audit findings from the Internal Auditors for the financial year ending 31 December, 2007;
- j. discussion and review of the risk management report from Risk Management Committee;
- k. review of the previous allocation of options pursuant to the Employees' Share Option Scheme of the Company; and
- l. discussion and review the corporate social responsibility of the Company.

5. Review of Employees' Share Option Scheme ("ESOS")

During the year, no options pursuant to ESOS being offered to the eligible employees and Independent Directors of the Group pursuant to the ESOS of the Company. The Audit Committee reviewed the previous allocation of options pursuant to ESOS on 19 November, 2007.

AUDIT COMMITTEE REPORT (Cont'd)

6. Internal Audit Function

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The Company engaged Messrs Deloitte KassimChan to carry out the internal audit function of the Group for the financial year ended 31 December, 2007 to assist the Audit Committee to properly discharge its duties and responsibilities. The primary function of the internal audit was to independently carry out a review of the existing systems, controls and procedures and thereafter provides such recommendations that would assist to further enhance the existing internal control. During the year, the Company managed to conduct the risk assessment review with the assistance of the Risk Management Committee. This includes evaluation of processes where significant risks are identified, assessed and managed to ensure that the balance scorecard of the Company to be finalized and instituted controls are appropriate and effectively applied according to the Group's risk management policies. The Company has set up a Risk Management Committee since 2006 to carry out the ongoing process of monitoring the effectiveness of application of policies, processes and activities related to risk management and corporate governance processes. The Audit Committee will report to the Board on significant findings and results.

Further details of the activities of the internal audit are set out in the Statement on Internal Control.

INTERNAL CONTROL STATEMENT

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad Paragraph 15.27(b), directors of listed companies are to include a statement on the state of their internal controls in annual reports. Bursa Malaysia Securities Berhad's *Statement on Internal Control: Guidance for Directors of Public Listed Companies* ("Internal Control Guidance") provides guidance for compliance with these requirements.

In view of the above, the Board of Directors ("the Board") of BP Plastics Holding Bhd ("the Company") is pleased to set out below its Statement of Internal Control, which has been prepared in accordance with the Guidance.

BOARD RESPONSIBILITY

The Board recognizes that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, the system of internal control of the Group can only serve to provide reasonable and not absolute assurance that material misstatement or loss are managed appropriately and communicated to the Board on a timely basis.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director and his management team. The Managing Director and his management team receive timely information pertaining to performance and profitability of the Group through timely reports which include quantitative and qualitative trends and analyses through its fully computerized computerised information system.

The Managing Director plays a pivotal role in communicating the Board's expectations of an internal control system to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as his attendance at various scheduled management committee meetings. The management committee comprises of Heads of Departments meet timely to discuss on Production, Operational, Sales and Human Resource issues. These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The Managing Director monitors the progress of these issues through daily interaction with the management and the reviews of the management committee minutes.

The Group practices an "open door" policy whereby Executive Directors, Senior Management and Executives are encouraged to voice out any matters to the Managing Director for prompt response. This culture provides opportunity for every employees of the Group to solve matters quickly and efficiently by drawing experience and knowledge from all levels of staffs within the Group.

Internal Audit

The Group has outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by:-

- Ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- Ensuring the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- Promoting risk awareness and the value and nature of an effective internal control system;
- Ensuring compliance with laws, regulations, corporate policies and procedures; and
- Assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes with the Group's operations.

INTERNAL CONTROL STATEMENT (Cont'd)

THE GROUP'S SYSTEM OF INTERNAL CONTROL (Cont'd)

Internal Audit (Cont'd)

The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee.

In addition, as part of the requirements of the ISO 9001:2000 certification accredited to the Group, a scheduled internal quality audit is conducted each year. Results of the audit are reported to the Managing Director.

Risk Management Framework

The Board recognizes that effective risk management is part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which will allow the Group to identify, evaluate, and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

During the year, the Company has implemented a formal approach to develop a risk management framework whereby a systematic and logical methodology risk management model was adopted to ensure key risks are identified, evaluated, properly prioritized, owners identified with proper response time set and allowed for continuous improvement. To carry out an effective risk management framework, the Board has established a Risk Advisory Committee, which is chaired by an Executive Director. The Risk Advisory Committee will meet with the audit committee on a half yearly basis to report on the processes, findings and actions taken by management. The Risk Advisory Committee will continuously identify new risks by taking into consideration the Groups' business objective, strategies and targets and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the internal control systems. The Audit Committee or Risk Advisory Committee then reports to the Board any significant changes in the business and the external environment.

Other Internal Control Processes

Apart from risk management and internal audit, the Group's system of internal controls comprises the following key elements :-

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organization structure. Besides the predominantly non-executive standing committees, such as, the Audit, the Remuneration, the Nomination and the Option Committees, the Executive and Management Committees will support the Board. These committees convene regular board and management meetings to assess performance and controls in all facets of operations;
- The ISO 9001:2000 Quality Management System is in place to monitor and ensure the quality of the Group's products and services meet customers' expectations;
- Training and development programmes are conducted to enhance staff competencies;
- The public release of quarterly reports is made on time after the review by the Audit Committee and the approval of the Board;
- Monthly monitoring of results against budget with major variances being followed up and action taken by management, where necessary; and
- Monitoring mechanism in the form of scheduled Management Committee meetings on reviewing the Group's operations, financial performance and human resource matters.

THE BOARD'S COMMITMENT

To ensure that the Group will achieve its corporate objectives successfully, the Board is determined to establish proactive internal controls and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognizant of this fact, the Board, in striving for continuous improvement, will put in place appropriate measures, when necessary, to further enhance the Group's system of internal control.

STATEMENT OF DIRECTOR'S RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Companies Act, 1965 requires the Directors to prepare financial statements which give a true and fair view of the financial position of the Company and the Group for each financial year. In preparing those statements, the directors have:-

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue its business; and
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group thus enabling to ensure that the financial statements comply with the Companies Act, 1965. They are also responsible for taking reasonable steps to safeguard the assets of the Group through prevention of fraud and other irregularities.

The Directors confirmed that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operation for the future and will continue to adopt a going concern basis in preparing the financial statements.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December, 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are manufacturing and trading of plastic products.

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	11,838,920	35,748,505

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December, 2006 were as follows:

	RM
In respect of financial year ended 31 December, 2006 as reported in the directors' report of that year:	
Final tax exempt dividend of 10% on every ordinary share of RM0.50 each paid on 3 July, 2007	6,004,025

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December, 2007 of 6% on 120,080,500 ordinary shares, amounting to a total dividend payable of RM3,602,415 (3 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December, 2008.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Lim Chun Yow
 Tan See Khim
 Hey Shiow Hoe
 Boo Chin Liong
 Koh Chin Koon
 Lim Kim Hock (appointed wef 22 February, 2008)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares options granted under the Employee Share Option Scheme ("ESOS").

Since the end of previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 Each			
	1.1.2007	Acquired		Sold 31.12.2007
Direct interest				
Lim Chun Yow	7,000,002	-	-	7,000,002
Tan See Khim	6,999,999	-	-	6,999,999
Hey Shiow Hoe	6,999,999	-	-	6,999,999
Boo Chin Liong	18,000	-	-	18,000
Koh Chin Koon	18,000	-	-	18,000
Indirect interest				
Lim Chun Yow	54,000,000	110,000*	-	54,110,000
Tan See Khim	54,000,000	110,000*	-	54,110,000
Hey Shiow Hoe	54,000,000	110,000*	-	54,110,000
	Number of Options over Ordinary Shares of RM0.50 each			
	1.1.2007	Granted	Exercised	31.12.2007
Lim Chun Yow	980,000	-	-	980,000
Tan See Khim	980,000	-	-	980,000
Hey Shiow Hoe	980,000	-	-	980,000
Boo Chin Liong	100,000	-	-	100,000
Koh Chin Koon	100,000	-	-	100,000

Lim Chun Yow, Tan See Khim and Hey Shiow Hoe by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

* Deemed interested by virtue of Section 134(12) of the Companies Act, 1965.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January, 2005. The ESOS was implemented on 15 February, 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 19 to the financial statements.

There were no options being granted during the financial year, thus no disclosure on the names of option holders is required.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:-
- (i) it necessary to make any provision for doubtful debts or the amount written off for bad debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:-
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:-
- (i) 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 will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
 - (ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April, 2008

LIM CHUN YOW

TAN SEE KHIM

STATEMENT BY DIRECTORS

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

We, **LIM CHUN YOW** and **TAN SEE KHIM**, being two of the directors of **BP PLASTICS HOLDING BHD.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 35 to 61 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December, 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April, 2008

LIM CHUN YOW

TAN SEE KHIM

STATUTORY DECLARATION

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

I, **LIM CHUN YOW**, being the director primarily responsible for the financial management of **BP PLASTICS HOLDING BHD.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 61 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.

Subscribed and solemnly declared by the)
 abovenamed **LIM CHUN YOW** at)
 Melaka in the State of Melaka)
 on 7 April, 2008)

LIM CHUN YOW

Before me,
CHOO YONG CHUAN
 No. M. 031

REPORT OF THE AUDITORS

TO THE MEMBERS OF BP PLASTICS HOLDING BHD. (Incorporated in Malaysia)

We have audited the financial statements set out on pages 35 to 61. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December, 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Melaka, Malaysia
Date: 7 April, 2008

ABRAHAM VERGHESE A/L T.V.ABRAHAM
1664/10/08(J)
Partner

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	3	204,789,265	200,154,081	43,000,000	8,900,000
Cost of sales		(177,474,535)	(165,714,919)	-	-
Gross profit		27,314,730	34,439,162	43,000,000	8,900,000
Other income	4	1,126,546	855,521	377	4,372
Administrative and general expenses		(8,549,140)	(8,138,700)	(366,872)	(375,105)
Selling expenses		(5,593,945)	(5,838,744)	-	-
Operating profit		14,298,191	21,317,239	42,633,505	8,529,267
Finance costs		(267,145)	(354,954)	-	-
Profit before tax	5	14,031,046	20,962,285	42,633,505	8,529,267
Income tax expense	8	(2,192,126)	(1,917,404)	(6,885,000)	(70,393)
Profit for the year		11,838,920	19,044,881	35,748,505	8,458,874
Earnings per share					
attributable to equity holders of the Company (sen):	9	9.86	15.86		

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

BALANCE SHEETS

AS AT 31 DECEMBER, 2007

	Note	Group		Company	
		2007 RM	2006 RM (restated)	2007 RM	2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	66,010,319	61,401,062	-	-
Prepaid land lease payments	12	6,063,408	6,197,364	-	-
Investment in subsidiaries	13	-	-	38,279,169	38,279,169
		72,073,727	67,598,426	38,279,169	38,279,169
Current assets					
Inventories	14	35,733,477	30,787,277	-	-
Trade receivables	15	32,768,049	29,728,743	-	-
Other receivables	16	214,086	258,337	61,182,454	31,497,746
Cash and bank balances	17	15,277,665	9,844,202	126,942	109,774
Tax recoverable		1,520,189	1,005,823	103,595	70,125
		85,513,466	71,624,382	61,412,991	31,677,645
TOTAL ASSETS		157,587,193	139,222,808	99,692,160	69,956,814
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	60,040,250	60,040,250	60,040,250	60,040,250
Reserves		48,651,893	42,816,998	39,403,287	9,658,807
Total equity		108,692,143	102,857,248	99,443,537	69,699,057
Non-current liabilities					
Term loans	20	1,606,675	3,524,971	-	-
Deferred taxation	21	9,259,426	8,141,000	-	-
		10,866,101	11,665,971	-	-
Current liabilities					
Term loans	20	1,654,351	1,536,297	-	-
Trade payables	22	33,101,249	19,279,219	-	-
Other payables	23	3,273,349	3,884,073	248,623	257,757
		38,028,949	24,699,589	248,623	257,757
Total liabilities		48,895,050	36,365,560	248,623	257,757
TOTAL EQUITY AND LIABILITIES		157,587,193	139,222,808	99,692,160	69,956,814

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

SATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2007

	Note	Share Capital RM	Non- distributable Share Premium RM	Distributable Retained Earnings (Note 24) RM	Total RM
Group					
At 1 January, 2006		60,000,000	3,436,412	20,436,254	83,872,666
Effects of adopting FRS 3		-	-	2,243,101	2,243,101
Issue of ordinary shares pursuant to ESOS		40,250	56,350	-	96,600
Profit for the year, representing total					
recognised income and expense for the year		-	-	19,044,881	19,044,881
Dividends	10	-	-	(2,400,000)	(2,400,000)
At 31 December, 2006		60,040,250	3,492,762	39,324,236	102,857,248
Profit for the year, representing total					
recognised income and expense for the year		-	-	11,838,920	11,838,920
Dividends	10	-	-	(6,004,025)	(6,004,025)
At 31 December, 2007		60,040,250	3,492,762	45,159,131	108,692,143
Company					
At 1 January, 2006		60,000,000	3,436,412	107,171	63,543,583
Issue of ordinary shares pursuant to ESOS		40,250	56,350	-	96,600
Profit for the year, representing total					
recognised income and expense for the year		-	-	8,458,874	8,458,874
Dividends	10	-	-	(2,400,000)	(2,400,000)
At 31 December, 2006		60,040,250	3,492,762	6,166,045	69,699,057
Profit for the year, representing total					
recognised income and expense for the year		-	-	35,748,505	35,748,505
Dividends	10	-	-	(6,004,025)	(6,004,025)
At 31 December, 2007		60,040,250	3,492,762	35,910,525	99,443,537

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	14,031,046	20,962,285	42,633,505	8,529,267
Adjustments for:				
Depreciation of property, plant equipment	5,456,061	5,131,128	-	-
Amortisation of prepaid land lease payments	133,956	133,958	-	-
Gain on disposal of property, plant and equipment	(11,155)	(63,500)	-	-
Bad debts written off	215,641	250,455	-	-
Dividend income	-	-	(43,000,000)	(8,900,000)
Interest expense	267,415	354,954	-	-
Interest income	(400,300)	(449,221)	(377)	(4,372)
Operating profit/(loss) before working capital changes	19,692,664	26,320,059	(366,872)	(375,105)
Increase in receivables	(3,210,695)	(9,050,952)	(15,000)	(4,996)
Increase in inventories	(4,946,200)	(8,041,480)	-	-
Increase/(decrease) in payables	14,275,793	(2,074,482)	(9,134)	5,013
Cash generated from/(used in) operations	25,811,562	7,153,145	(391,006)	(375,088)
Interest paid	(267,415)	(354,954)	-	-
Taxes refund	-	10,464	-	-
Taxes paid	(1,588,066)	(2,449,294)	(33,470)	(97,684)
Net cash generated from/(used in) operating activities	23,956,081	4,359,361	(424,476)	(472,772)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	400,300	449,221	377	4,372
Proceeds from disposal of property, plant and equipment	23,000	63,500	-	-
Purchase of property, plant and equipment	(11,141,651)	(12,599,022)	-	-
Dividends received	-	-	36,115,000	8,830,000
Net cash (used in)/generated from investing activities	(10,718,351)	(12,086,301)	36,115,377	8,834,372
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares	-	96,600	-	96,600
Repayment of term loans	(1,800,242)	(1,562,432)	-	-
Dividends paid	(6,004,025)	(2,400,000)	(6,004,025)	(2,400,000)
Advances to a subsidiary	-	-	(29,669,708)	(6,406,385)
Net cash used in financial activities	(7,804,267)	(3,865,832)	(35,673,733)	(8,709,785)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	5,433,463	(11,592,772)	17,168	(348,185)
CASH AND BANK BALANCES AT BEGINNING OF YEAR	9,844,202	21,436,974	109,774	457,959
CASH AND BANK BALANCES AT END OF YEAR	15,277,665	9,844,202	126,942	109,774

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are manufacturing and trading of plastic products. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January, 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation (Cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. 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 economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory buildings	2%
Plant and machinery	6.67% to 10%
Tools and equipment	10%
Office equipment, furniture and fittings	10% to 50%
Motor vehicles	20%

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

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

(c) Impairment of Non-Financial Assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Impairment of Non-Financial Assets (Cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

(e) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Financial Instruments (Cont'd)

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(vi) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements.

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

(ii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Share-based Compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(j) Foreign Currency Transactions

Transactions in foreign currencies are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised net of sales taxes, discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend income

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

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January, 2007, the Group and the Company adopted the following revised FRS:

FRS 117: Leases

FRS 124: Related Party Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119₂₀₀₄: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures, which will be effective for annual periods beginning on or after 1 January, 2007. These FRSs are, however, not applicable to the Group or the Company.

The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) Leasehold land held for own use

Prior to 1 January, 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(a) Leasehold land held for own use (Cont'd)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January, 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the consolidated balance sheet as at 31 December, 2007 are set out below:

	2007 RM
Decrease in property, plant and equipment	(6,063,408)
Increase in prepaid land lease payments	6,063,408

There were no effects on the consolidated income statement for the year ended 31 December, 2007 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

	Previously Stated RM	Increase/ (Decrease) FRS 117 RM	Restated RM
Group			
Property, plant and equipment	67,598,426	(6,197,364)	61,401,062
Prepaid land lease payments	-	6,197,364	6,197,364

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 107: Cash Flow Statements	1 July, 2007
FRS 111: Construction Contracts	1 July, 2007
FRS 112: Income Taxes	1 July, 2007
FRS 118: Revenue	1 July, 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July, 2007
FRS 134: Interim Financial Reporting	1 July, 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July, 2007
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July, 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July, 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July, 2007

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Standards and Interpretations Issued but Not Yet Effective (Cont'd)

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July, 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July, 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies	1 July, 2007
IC Interpretation 8: Scope of FRS 2	1 July, 2007

The above new and revised FRS, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following are the judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Inventories valuation

The Group reviews the adequacy of provision for slow moving inventories as at the balance sheet date to ensure that inventories are stated at the lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business. The carrying amount of inventories of the Group which are slow moving amounts to RM1,689,338 (2006: RM1,425,870).

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of plastic products is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 15 years. These are common life expectancies applied in the plastic products industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

3. REVENUE

Revenue of the Group and of the Company represents the following:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Dividends from a subsidiary	-	-	43,000,000	8,900,000
Sale of goods	204,789,265	200,154,081	-	-
	204,789,265	200,154,081	43,000,000	8,900,000

4. OTHER INCOME

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Interest income	400,300	449,221	377	4,372
Gain on foreign currency exchange	642,252	299,118	-	-
Gain on disposal of property, plant and equipment	11,155	63,500	-	-
Miscellaneous	72,839	43,682	-	-
	1,126,546	855,521	377	4,372

5. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory audits	46,000	44,000	21,000	20,000
- Other services	22,300	17,800	7,000	6,800
Depreciation of property, plant and equipment	5,456,061	5,131,128	-	-
Amortisation of prepaid land lease payments	133,956	133,958	-	-
Non-executive directors' fees (Note 7)	53,000	52,000	53,000	52,000
Bad debts written off	215,641	250,455	-	-
Operating leases:				
- minimum lease payments for buildings	86,400	65,710	-	-
Employee benefits expense (Note 6)	9,268,047	8,905,346	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2007 RM	2006 RM
Wages and salaries	7,532,423	7,098,338
Bonus	673,065	666,424
Social security contribution	70,981	65,566
Contributions to defined contribution plan	755,574	703,420
Other staff related expenses	236,004	371,598
	9,268,047	8,905,346

Included in the staff costs of the Group are executives directors' remuneration amounting to RM1,756,500 (2006 : RM1,774,350) as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group	
	2007 RM	2006 RM
Directors of the Company		
Executive directors' remuneration (Note 6):		
Salaries and other emoluments	1,260,000	1,260,000
Fees	150,000	150,000
Bonus	90,000	105,000
Defined contribution plan	256,500	259,350
Estimated money value of benefits-in-kind	57,221	60,550
	1,813,721	1,834,900
Non-executive directors' remuneration (Note 5):		
Fees	48,000	48,000
Allowances	5,000	4,000
	53,000	52,000
Analysis excluding benefits-in-kind:		
Total executive directors' remuneration	1,756,500	1,774,350
Total non-executive directors' remuneration	53,000	52,000
Total directors' remuneration	1,809,500	1,826,350

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

8. INCOME TAX EXPENSE

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current income tax:				
Tax expense for the year	1,073,700	1,450,000	6,885,000	70,000
Underprovision in prior years	-	393	-	393
	1,073,700	1,450,393	6,885,000	70,393
Deferred tax (Note 21):				
Relating to origination of temporary differences	1,414,474	1,098,923	-	-
Relating to changes in tax rates	(761,365)	(650,958)	-	-
Underprovision in prior years	465,317	19,046	-	-
	1,118,426	467,011	-	-
	2,192,126	1,917,404	6,885,000	70,393

Income tax is calculated at the Malaysian statutory tax rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December, 2007 have reflected these changes.

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Profit before tax	14,031,046	20,962,285	42,633,505	8,529,267
Taxation at Malaysian statutory tax rate of 27% (2006 : 28%)	3,788,382	5,869,440	11,511,046	2,388,195
Effect of income subject to tax rate of 20%	(36,100)	(42,214)	-	-
Effect on changes in tax rates on opening				
balance of deferred tax	(371,140)	(313,635)	-	-
Deferred tax recognised at different tax rates	(390,225)	(337,323)	-	-
Effect of income not subject to tax	-	-	(4,725,000)	(2,422,000)
Effect of expenses not deductible for tax purposes	225,525	265,984	98,954	103,805
Effect of utilisation of current year's reinvestment allowance	(1,287,158)	(1,028,277)	-	-
Effect of utilisation of previously unrecognised unutilised				
reinvestment allowance	(202,475)	(2,516,010)	-	-
Underprovision of tax expense in prior years	-	393	-	393
Underprovision of deferred tax in prior years	465,317	19,046	-	-
Tax expense for the year	2,192,126	1,917,404	6,885,000	70,393

9. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the profit for the year attributable to ordinary equity holders of RM11,838,920 (2006 : RM19,044,881) by the weighted average number of ordinary shares of 120,080,500 (2006 : 120,048,741) in issue during the financial year.

Fully diluted earnings per share on the basis of assumed exercised of share options has not been disclosed as the effect is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

10. DIVIDENDS

	Dividends in respect of Year			Dividends Recognised in Year	
	2007 RM	2006 RM	2005 RM	2007 RM	2006 RM
Proposed for approval at AGM (not recognised as at 31 December):					
Final tax exempt dividend of 4% on 120,000,000 ordinary shares (2 sen per ordinary share)	-	-	2,400,000	-	2,400,000
Final tax exempt dividend of 10% on 120,080,500 ordinary shares (5 sen per ordinary share)	-	6,004,025	-	6,004,025	-
Final tax exempt dividend of 6% on 120,080,500 ordinary shares (3 sen per ordinary share)	3,602,415	-	-	-	-
	3,602,415	6,004,025	2,400,000	6,004,025	2,400,000

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December, 2007 of 6% on 120,080,500 ordinary shares, amounting to a total dividend payable of RM3,602,415 (3 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December, 2008.

11. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in progress RM	Total RM
Group					
At 31 December, 2007					
Cost					
At 1 January, 2007	13,309,503	64,284,445	4,126,280	466,086	82,186,314
Additions	56,501	8,229,717	200,719	1,590,226	10,077,163
Reclassification	211,362	69,055	414,379	(694,796)	-
Disposals	-	-	(35,555)	-	(35,555)
At 31 December, 2007	13,577,366	72,583,217	4,705,823	1,361,516	92,227,922

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in progress RM	Total RM
Accumulated Depreciation					
At 1 January, 2007	989,451	17,477,174	2,318,627	-	20,785,252
Charge for the year	261,724	4,707,524	486,813	-	5,456,061
Disposals	-	-	(23,710)	-	(23,710)
At 31 December, 2007	1,251,175	22,184,698	2,781,730	-	26,217,603
Net Carrying Amount	12,326,191	50,398,519	1,924,093	1,361,516	66,010,319
At 31 December, 2006					
Cost					
At 1 January, 2006	13,054,773	57,111,085	3,515,037	76,373	73,757,268
Additions	254,730	7,096,987	596,792	756,626	8,705,135
Reclassification	-	76,373	290,540	(366,913)	-
Disposals	-	-	(276,089)	-	(276,089)
At 31 December, 2006	13,309,503	64,284,445	4,126,280	466,086	82,186,314
Accumulated Depreciation					
At 1 January, 2006	732,755	13,205,941	1,991,517	-	15,930,213
Charge for the year	256,696	4,271,233	603,199	-	5,131,128
Disposals	-	-	(276,089)	-	(276,089)
At 31 December, 2006	989,451	17,477,174	2,318,627	-	20,785,252
Net Carrying Amount	12,320,052	46,807,271	1,807,653	466,086	61,401,062
* Land and buildings					
			Freehold agriculture land RM	Factory buildings RM	Total RM
At 31 December, 2007					
Cost					
At 1 January, 2007			340,000	12,969,503	13,309,503
Additions			-	56,501	56,501
Reclassification			-	211,362	211,362
At 31 December, 2007			340,000	13,237,366	13,577,366

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold agriculture land RM	Factory buildings RM	Total RM
Accumulated Depreciation			
At 1 January, 2007	-	989,451	989,451
Additions	-	261,724	261,724
At 31 December, 2007	-	1,251,175	1,251,175
Net Carrying Amount	340,000	11,986,191	12,326,191
At 31 December, 2006			
Cost			
At 1 January, 2006	340,000	12,714,773	13,054,773
Additions	-	254,730	254,730
At 31 December, 2006	340,000	12,969,503	13,309,503
Accumulated Depreciation			
At 1 January, 2006	-	732,755	732,755
Additions	-	256,696	256,696
At 31 December, 2006	-	989,451	989,451
Net Carrying Amount	340,000	11,980,052	12,320,052

- (a) All the assets of the Group have been charged to banks for banking facilities granted to a subsidiary as referred to in Note 20.
- (b) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM4,740,853 (2006 : RM3,020,176).

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2007 RM	2006 RM
At cost:		
At 1 January	6,197,364	6,331,322
Amortisation for the year	(133,956)	(133,958)
At 31 December	6,063,408	6,197,364
Analysed as:		
Long term leasehold land	666,312	679,740
Short term leasehold land	5,397,096	5,517,624
	6,063,408	6,197,364

Prepaid land lease payments are charged to banks for bank borrowings granted to a subsidiary as referred to in Note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares at cost	38,279,169	38,279,169

Details of the subsidiaries are as follows :

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest (%)		Principal Activities
		2007	2006	
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products

14. INVENTORIES

	Group	
	2007 RM	2006 RM
At cost:		
Raw materials	24,694,922	22,081,425
Work-in-progress	1,969,517	1,710,280
Spare parts	391,144	344,025
Finished goods	6,988,556	5,225,677
	34,044,139	29,361,407
At net realisable value:		
Raw materials	921,264	1,257,990
Work-in-progress	400,182	-
Finished goods	367,892	167,880
	35,733,477	30,787,277

15. TRADE RECEIVABLES

The Group's normal credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

16. OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits	65,792	66,764	2,000	2,000
Prepayment	142,161	179,429	25,000	10,000
Sundry receivables	6,133	12,144	-	-
Due from a subsidiary	-	-	61,155,454	31,485,746
	214,086	258,337	61,182,454	31,497,746

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

17. CASH AND BANK BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	4,650,795	9,811,210	126,942	109,774
Repository deposits with a licensed bank	700,000	-	-	-
Short term deposit with other financial institutions	9,926,870	32,992	-	-
	15,277,665	9,844,202	126,942	109,774

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group and Company	
	2007 %	2006 %
Repository deposits with a licensed bank	2.60	-
Short term deposit with other financial institutions	3.19	2.73

The average maturities of deposits as at the end of the financial year were as follows:

	Group and Company	
	2007 days	2006 days
Repository deposits with a licensed bank	2	-
Short term deposit with other financial institutions	50	11

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

18. SHARE CAPITAL

	Number of Shares of RM0.50 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January	120,080,500	120,000,000	60,040,250	60,000,000
Ordinary shares issued during the year pursuant to ESOS	-	80,500	-	40,250
At 31 December	120,080,500	120,080,500	60,040,250	60,040,250

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

19. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January, 2005. The ESOS was implemented on 15 February, 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of five (5) years and the Company may, if the Board deems fit upon the recommendation of the ESOS Committee, renew the ESOS for a further five (5) years.
- (b) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (c) The total number of shares to be issued under the ESOS shall not exceed 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the Group. In addition, not more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (d) The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with a discount of not more than ten percent (10%) if deemed appropriate, or the par value of the ordinary shares of the Company of RM0.50, whichever is the higher.
- (e) No option shall be granted for less than 100 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (h) The options shall not carry any right to vote at a general meeting of the Company.
- (i) The persons to whom the options have been granted have no rights to participate by virtue of the options in any share issue of any other company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

19. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (Cont'd)

The following table illustrates the number of and weighted average exercise price (WAEP) of, and movements in, share options during the year:

	Number of Share Options		Weighted Average Exercise Price	
	2007	2006	2007 RM	2006 RM
Outstanding at 1 January	7,374,000	9,640,000	1.20	1.20
Granted during the year	-	-	-	-
Exercised during the year	-	(80,500)	-	1.20
Forfeited during the year	(555,000)	(2,185,500)	1.20	1.20
Outstanding at 31 December	6,819,000	7,374,000	1.20	1.20
Exercisable at 31 December	6,819,000	7,374,000	1.20	1.20

The options outstanding at the end of the year have a weighted average remaining contractual life of 2.2 years (2006 : 3.2 years).

20. TERM LOANS

	Group	
	2007 RM	2006 RM
Term loans, secured:		
Due within 12 months	1,654,351	1,536,297
Due after 12 months	1,606,675	3,524,971
	3,261,026	5,061,268
Maturity of borrowings:		
Within one year	1,654,351	1,536,297
More than 1 year and less than 2 years	1,606,675	1,634,291
More than 2 years and less than 5 years	-	1,890,680
	3,261,026	5,061,268

The weighted average interest rates during the financial year for term loans is 6.08% (2006 : 5.13%) per annum.

The term loans are secured by way of debentures incorporating fixed and floating charge over all assets of the Group as referred to in Note 11 and Note 12.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

21. DEFERRED TAXATION

	Group	
	2007 RM	2006 RM
At 1 January	8,141,000	7,673,989
Recognised in the income statement (Note 8)	1,118,426	467,011
At 31 December	9,259,426	8,141,000

The component and movement of deferred tax liability and asset during the financial year are as follows:

	Property, plant and equipment	Others	Total
	RM	RM	RM
At 1 January, 2006	7,673,989	-	7,673,989
Recognised in the income statement	531,481	(64,470)	467,011
At 31 December, 2006	8,205,470	(64,470)	8,141,000
Recognised in the income statement	1,003,758	114,668	1,118,426
At 31 December, 2007	9,209,228	50,198	9,259,426

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

23. OTHER PAYABLES

Included in other payables of the Group is an amount of RM200,550 (2006 : RM1,265,038) due to suppliers of property, plant and equipment.

24. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December, 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six (6) years, expiring on 31 December, 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December, 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December, 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December, 2007, the Company has tax exempt profits available for distribution and sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

25. COMMITMENT

	Group	
	2007 RM	2006 RM
Capital expenditure:		
Approved and contracted for property, plant and equipment	430,310	854,828

26. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with a related party during the financial year.

	Company	
	2007 RM	2006 RM
Dividends received from BP Plastics Sdn. Bhd., a subsidiary	43,000,000	8,900,000

Information regarding outstanding balances arising from related party transactions as at 31 December, 2007 are disclosed in Note 16.

- (b) Compensation of key management personnel.

The remuneration of executive directors during the year was as follows:

	Group	
	2007 RM	2006 RM
Salaries and other emoluments	1,260,000	1,260,000
Fees	150,000	150,000
Bonus	90,000	105,000
Defined contribution plan	256,500	259,350
	1,756,500	1,774,350

Executive directors of the Group and the Company have been granted the following number of options under the Employee Share Options Scheme ("ESOS").

	Group and Company	
	2007 RM	2006 RM
At 1 January/31 December	2,940,000	2,940,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 19).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

27. SUBSEQUENT EVENTS

Subsequent to the financial year, the Board of Directors proposed the following corporate proposals which are subject to approvals from the relevant authorities:

- (a) proposed increase in authorised share capital from RM100,000,000 to RM200,000,000 through the creation of 200,000,000 ordinary shares of RM0.50 each;
- (b) proposed bonus issue of up to 63,449,750 new ordinary shares of RM0.50 each in the Company, credited as fully paid-up on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the Company; and
- (c) proposed purchase of own ordinary shares of up to 10% of the issued and paid-up share capital of the Company.

28. SEGMENT INFORMATION

The segmental information is not prepared as the Group is principally involved in manufacturing and trading of plastic products which is predominantly carried out in Malaysia.

29. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December, 2007. The investment in financial assets are short term in nature and they are not held for speculative purposes but have been mostly placed in short term highly liquid investments which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar and Japanese Yen. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies are kept to an acceptable level.

The net unhedged financial assets/(financial liabilities) of the Group that are not denominated in their functional currencies are as follows:

	2007 RM	2006 RM
United States Dollar	(21,578,352)	(14,376,774)
Singapore Dollar	5,859,537	4,713,107
Japanese Yen	1,394,892	9,069,925
	(14,323,923)	(593,742)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER, 2007

29. FINANCIAL INSTRUMENTS (Cont'd)

(c) Foreign Exchange Risk (Cont'd)

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Maturity	Notional Amount	
		2007 RM	2006 RM
Forwards used to hedge anticipated sales			
- Singapore Dollar	Within 1 month	233,100	-

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Fair Values

The carrying amounts of term loans approximate fair values as the interest rates charged are close to market interest rates for loans of similar risk profile as at balance sheet date.

The carrying amounts of other financial assets and liabilities approximate their fair values due to their relatively short maturity period.

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL, 2008

Authorized Capital	: RM100,000,000 divided into 200,000,000 shares of RM0.50 each
Issued and fully paid-up	: 120,080,500 ordinary shares of RM0.50 each
Class of shares	: RM0.50 ordinary Share
Voting Rights	: 1 vote per ordinary shares
Number of Shareholders as at 15 April, 2008	: 1,907

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	1	0.05	50	0.00
100 - 1,000	507	26.59	479,900	0.40
1,001 - 10,000	952	49.92	4,469,250	3.72
10,001 - 100,000	395	20.71	11,709,800	9.75
100,001 - 6,004,024*	48	2.52	28,421,500	23.67
6,004,025 and above **	4	0.21	75,000,000	62.46
Total	1,907	100.00	120,080,500	100.00

Note: (*) means less than 5% of issued and paid-up share capital

(**) means 5% and above of issued and paid-up share capital

Substantial Shareholders as at 15 April, 2008

The Substantial shareholders of BP Plastics Holding Bhd (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows:-

Name of Directors	Direct Interest		Indirect Interest	
	No of shares held	%	No of Shares held	%
LG Capital Sdn Bhd	54,000,000	44.97	0	0
Hey Shiow Hoe	6,999,999	5.83	54,000,000*	44.97
Lim Chun Yow	7,000,002	5.83	54,000,000*	44.97
Tan See Khim	6,999,999	5.83	54,000,000*	44.97

Note:

(*) Deemed interested by virtue of :-

i) His shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965; and

Directors' Interests in Related Corporations as at 15 April, 2008

By virtue of their interests in the shares of the Company, Mr. Hey Shiow Hoe, Mr. Lim Chun Yow and Mr. Tan See Khim are deemed interested in shares of all Company's subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 15 APRIL, 2008

Directors' Shareholdings as at 15 April, 2008

The Directors of BP Plastics Holding Bhd based in Register of Directors' shareholding and their respective shareholdings are as follows :-

Name of Directors	No of Option Granted Over Shares of RM0.50 each±	No of Options Exercised	Direct Interest		Indirect Interest	
			No of Shares Held	%	No of Shares Held	%
Hey Shioh Hoe	980,000	0	6,999,999	5.83	54,110,000*	45.06
Lim Chun Yow	980,000	0	7,000,002	5.83	54,110,000*	45.06
Tan See Khim	980,000	0	6,999,999	5.83	54,110,000*	45.06
Boo Chin Liong	100,000	0	18,000	0.01	-	-
Koh Chin Koon	100,000	0	18,000	0.01	-	-
Lim Kim Hock	0	0	0	0	-	-

Note:

(*) Deemed interested by virtue of :-

- i) His shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965; and
- ii) His shareholding via his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

Thirty Largest Shareholders as at 15 April, 2008

No	Shareholders	No. of Shares	%
1	LG CAPITAL SDN BHD	54,000,000	44.97
2	LIM CHUN YOW	7,000,002	5.83
3	TAN SEE KHIM	6,999,999	5.83
4	HEY SHIOH HOE	6,999,999	5.83
5	GOH SUU HOK	5,000,000	4.16
6	LEE WEI JANG	5,000,000	4.16
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JAMALUDIN BIN CHE MURAD</i>	4,110,600	3.42
8	TAY KHIANG PUANG	3,695,500	3.08
9	CHENG WEE KIONG	1,784,100	1.49
10	GAN HONG LIANG	797,500	0.66
11	LIM CHIN SIONG	544,800	0.45
12	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SAI LIM</i>	468,000	0.39
13	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	391,800	0.33
14	LIM KEW SENG	358,700	0.30
15	CHENG ENG LEONG	350,000	0.29
16	LEE YU YONG @ LEE YUEN YING	325,700	0.27
17	ELITE VENTURES SDN BHD	314,500	0.26
18	ABD. HAMID BIN IBRAHIM	300,000	0.25
19	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HONG KIM FOOK</i>	271,000	0.23

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 15 APRIL, 2008

Thirty Largest Shareholders as at 15 April, 2008 (Cont'd)

No	Shareholders	No. of Shares	%
20	PERMODALAN PELADANG BERHAD	250,000	0.21
21	MD RASID BIN MOHAMAD	230,100	0.19
22	FU AH GOH @ FOO SEK CHENG	200,900	0.17
23	HADIAN BIN HASHIM	200,000	0.17
24	SEE LEONG CHYE @ SZE LEONG CHYE	195,000	0.16
25	SEE EWE BENG	170,000	0.14
26	CHEAH CHIP FUN	170,000	0.14
27	LIM BOON LIAT	165,000	0.14
28	NG MING TIONG	164,000	0.14
29	OOI CHOI KIAT	154,800	0.13
30	HEY SIOW KIAT	151,600	0.13

LIST OF GROUP PROPERTIES

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built up area	Description/ Existing Use	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The Date of Last Revaluation
No P.T.D.: 30911 No H.S.(D): 32035 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 10, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 21,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Warehouse)	4	19.11.2003	1,590	26/01/2004
No P.T.D.: 31030 No H.S.(D): 32034 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 26,120 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory and Double-Storey Office Building (Office)	Single-Storey Detached Factory - 13 years	08.06.1994 28.08.1996	1,837	26/01/2004
No P.T.D.: 31039 No H.S.(D): 32031 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor 5, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 15,000 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory an-annex with Double-Storey Office and Single-Storey Detached Factory (Factory)	10	29.04.1997	1,692	26/01/2004

LIST OF GROUP PROPERTIES (Cont'd)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built up area	Description/ Existing Use	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The Date of Last Revaluation
No P.T.D.: 31031 No H.S.(D) : 32033 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 23,100 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	4	28.05.2003	2,040	26/01/2004
5B, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.							
No P.T.D.: 35099 No H.S.(D): 38296 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor	Leasehold 60 years/ 05.10.2057	1.5 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	6	07.11.2001	2,802	26/01/2004
8, Jalan Wawasan 4, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.							
No Hakmilik: GM 1359 Lot No.: 2408 Daerah: Batu Pahat Mukim: Linau Negeri: Johor	Freehold	3.2687 Acres	A parcel of Agricultural Land (Vacant)	NA	NA	340	26/01/2004
No P.T.D.: 29032 No H.S.(D): 28431 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor	Leasehold 60 years/ 21.09.2052	10 Acres/ 115,200 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	2	07.04.2006	8,089	26/01/2004
Lot PTD 29032, Jln Wawasan 3, Kaw. Perindustrian Sri Gading, Batu Pahat, Johor.							

NOTICE OF ANNUAL GENERAL MEETING

NOTICE BE AND IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at Meeting Room 3, Level 3, PNB Darby Park Executive Suites Kuala Lumpur, 10 Jalan Binjal, 50450 Kuala Lumpur on Tuesday, 10 June, 2008 at 10 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December, 2007 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)
2. To declare a First and Final Tax Exempt Dividend of 6% (3 sen per share) in respect of the financial year ended 31 December, 2007 as recommended by the Directors. (Ordinary Resolution 2)
3. To approve the payment of Directors' fee for the financial year ended 31 December, 2007. (Ordinary Resolution 3)
4. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association:-
 - i) Mr. Lim Chun Yow (Ordinary Resolution 4)
 - ii) Mr. Hey Shiow Hoe (Ordinary Resolution 5)
5. To re-elect Mr. Lim Kim Hock, the retiring Director, who retires and being eligible, offer himself for re-election in accordance with the Article 98 of the Company's Articles of Association. (Ordinary Resolution 6)
6. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2008 and to authorize the Directors to fix the Auditors' remuneration. (Ordinary Resolution 7)

AS SPECIAL BUSINESS :-

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

7. **Authority To Issue Share Pursuant To Section 132D of the Companies Act, 1965.**
 "That subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government/ regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued." (Ordinary Resolution 8)
8. **Proposed Amendments to the Articles of Association of the Company ("Proposed Amendments")**
 "That, the Articles of Association of the Company be and are hereby amended in the manner as set out in Appendix 1 attached to the 2007 Annual Report of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts, deeds and things as are necessary and/or expedient to give full effect to the Proposed Amendments with full powers to assent to any conditions, amendments, alteration and modification as may be required by any relevant authorities." (Special Resolution)

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AGENDA (Cont'd)

9. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

NOTICE OF FINAL DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of the Company at the Fourth Annual General Meeting, a first and final tax exempt dividend of 6% (3 sen per share) in respect of the financial year ended 31 December, 2007 will be paid on 10 July, 2008 to members appearing in the Register at the close of business on 24 June, 2008.

A depositor shall qualify for entitlement only in respect of:-

- a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 24 June, 2008 in respect of transfers;
- b) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 24 June, 2008 in respect of the securities exempted from mandatory deposit; and
- c) Securities bought on the Bursa Malaysia Securities Berhad on a sum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TEO SOON MEI
(MAICSA 7018590)
Company Secretary

Melaka
Dated: 16 May, 2008

Explanatory Notes on Special Business

1. The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors may consider to be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.
2. The proposed Special Resolution, if passed, will bring the Articles of Association of the Company in line with the recent amendments of the Listing Requirements of Bursa Malaysia Securities Berhad as well as for better clarity and enhancement.

Detailed information on the proposed amendments to the Articles of Association of the Company is set out in Appendix 1 attached to the 2007 Annual Report of the Company.

NOTES:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
5. The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
6. In respect of deposited securities, only Member whose names appear in the Record of Depositors on 2 June, 2008 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Details of the retiring Directors namely, Mr. Lim Chun Yow, Mr. Hey Shiow Hoe and Mr. Lim Kim Hock are set out in pages 5 to 7 of the Annual Report of the Company for the financial year ended 31 December, 2007.

DIRECTORS STANDING FOR RE-ELECTION

Directors who are standing for re-election at the Fourth Annual General Meeting of the Company to be held at Meeting Room 3, Level 3, PNB Darby Park Executive Suites Kuala Lumpur, 10 Jalan Binjal, 50450 Kuala Lumpur on Tuesday, 10 June, 2008 at 10 a.m.:-

1. Directors who are retiring by rotation and standing for re-election in accordance to Article 92 of the Company's Articles of Association:-
 - a) Mr. Lim Chun Yow; and
 - b) Mr. Hey Shiow Hoe

2. Director who is retiring and standing for re-election in accordance to Article 98 of the Company's Articles of Association:-
 - a) Mr. Lim Kim Hock.

A total of five (5) Board of Directors' Meeting were held during the financial year ended 31 December, 2007 and all the Board of Directors' Meeting held at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor except the Board of Directors' Meeting held on 21 May, 2007, which was held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor. The date and time of the Board of Directors' Meeting were as follows:-

Date of the Board Meeting	Time
12 February, 2007	1100
11 April, 2007	1100
21 May, 2007	1100
16 August, 2007	0900
19 November, 2007	1200

Attendance record of directors for the board meetings held during the financial year ended 31 December, 2007 is as follows:-

Name of Director	Date of Appointment	No. of Meetings Attended
Mr. Lim Chun Yow	3 September, 2004	5
Mr. Hey Shiow Hoe	3 September, 2004	5
Mr. Lim Kim Hock	22 February, 2008	-

APPENDIX 1

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF BP PLASTICS HOLDING BHD (“BPPLAS”)

The Articles of Association of BPPLAS are proposed to be amended, to bring the Articles of Association of BPPLAS in line with the recent amendments of the Listing Requirements as well as for better clarity and for enhancement, by the alteration, modifications, deletion and/or additions, wherever necessary, whereby the affected existing Articles are reproduced herewith, with the proposed amendments to the Articles of Association of the Company, in bold, alongside it:-

Existing Article	Proposed Amendments																												
2 (Interpretation)	2 (Interpretation)																												
In these Articles the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:	In these Articles the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:																												
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APPENDIX 1 (Cont'd)

Existing Article	Proposed Amendments
2 (Interpretation)	2 (Interpretation)
<p><u>Words</u> "Member or Members" <u>Meanings</u> Any person/persons for the time being holding shares in the Company and whose names appear in the Register (except Bursa Malaysia Depository Nominees Sdn. Bhd.), including, subject to the provisions of the Foreign Ownership Regulations, depositors whose names appear on the Record of Depositors but excludes the Bursa Depository in its capacity as a bare trustee.</p> <p>"Record of Depositors" A record provided by the Bursa Depository to the Company under Chapter 24.0 of the Rules.</p> <p>"Rules" The Rules of the Bursa Depository and any appendices thereto made pursuant to the Central Depositories Act including any amendment thereof for the time being in force.</p> <p>"Securities" Shares, debentures, stocks or bonds issued or proposed to be issued and includes any right, option or interest in respect thereof.</p> <p>"Securities Account" An account established by the Bursa Depository for a Depositor for the recording of deposit of securities and for dealings in such securities by the Depositor.</p> <p>"the Register" The register of members to be kept pursuant to the Act and where the context requires, includes the Record of Depositors.</p>	<p><u>Words</u> "Member or Members" <u>Meanings</u> Includes a depositor who shall be treated as if he was a member pursuant to Section 35 of the Central Depositories Act but excludes the Depository in its capacity as a bare trustee.</p> <p>"Record of Depositors" A record provided by the Depository to the Company under the Rules.</p> <p>"Rules" The Rules of the Depository and any appendices thereto made pursuant to the Central Depositories Act including any amendment thereof for the time being in force.</p> <p>"Securities" Shall have the meaning given in Section 2 of the Capital Markets and Services Act 2007.</p> <p>"Securities Account" An account established by the Depository for a Depositor for the recording of deposit of securities and for dealings in such securities by the Depositor.</p> <p>"the Register" The register of members to be kept pursuant to the Act.</p>
8(d) Subject to the Act, the provisions of these Articles and the requirements of Bursa Securities, the Company shall have power to issue preference shares on such terms and conditions and carrying such rights or restrictions <u>provided that the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.</u> The Company shall not, unless with the consent of existing preference shareholders at a class meeting, issue preference shares ranking in priority to the preference shares already issued but may issue preference shares ranking equally therewith.	8(d) Subject to the Act, the provisions of these Articles and the requirements of Bursa Securities, the Company shall have power to issue preference shares on such terms and conditions and carrying such rights or restrictions. The Company shall not, unless with the consent of existing preference shareholders at a class meeting, issue preference shares ranking in priority to the preference shares already issued but may issue preference shares ranking equally therewith.

APPENDIX 1 (Cont'd)

Existing Article	Proposed Amendments
9(b) <u>The holders of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.</u>	9(b) Deleted
9(c) The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.	9(b) The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.
14(a) Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company shall allot or issue Securities and despatch notices of allotment to the allottees and make an application for the quotation of such Securities within the stipulated time frame as may be prescribed by Bursa Securities.	14(a) Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company shall allot or issue Securities and despatch notices of allotment to the allottees and make an application for the quotation of such Securities within the stipulated time frame as may be prescribed or allowed by Bursa Securities.
14(b) Save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, all new issues of shares or Securities for which listing is sought shall be made by way of crediting the Securities Accounts of the allottees with such shares or securities, and for this purpose, the Company shall notify the <u>Bursa</u> Depository of the names of the allottees and all such particulars required by the <u>Bursa</u> Depository, to enable the <u>Bursa</u> Depository to make the appropriate entries in the Securities Accounts of such allottees.	14(b) Save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, all new issues of shares or Securities for which listing is sought shall be made by way of crediting the Securities Accounts of the allottees with such shares or securities, and for this purpose, the Company shall notify the Depository of the names of the allottees and all such particulars required by the Depository , to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees.
16 Subject to the provisions of the Act, the Central Depositories Act, these Articles and the Rules, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the <u>Bursa</u> Depository. In case of defacement or wearing out on delivery of the old certificate and in any case on payment of such sum not exceeding Ringgit Malaysia Three (RM3.00) per certificate or such sum as shall from time to time be permitted by Bursa Securities. In the case of destruction, loss or theft, the <u>Bursa</u> Depository who shall be entitled to such renewed certificate shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.	16 Subject to the provisions of the Act, the Central Depositories Act, these Articles and the Rules, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the Depository . In case of defacement or wearing out on delivery of the old certificate and in any case on payment of such sum not exceeding Ringgit Malaysia Three (RM3.00) per certificate or such sum as shall from time to time be permitted by Bursa Securities. In the case of destruction, loss or theft, the Depository who shall be entitled to such renewed certificate shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

APPENDIX 1 (Cont'd)

Existing Article	Proposed Amendments
17 If the <u>Bursa</u> Depository shall require more than one certificate in respect of the shares registered in their name, they shall pay such fee as shall be determined by the Directors and the Stock Exchange.	17 If the Depository shall require more than one certificate in respect of the shares registered in their name, they shall pay such fee as shall be determined by the Directors and the Stock Exchange.
29 Subject to the Act, the provisions of these Articles and the requirements of Bursa Securities, any issue of shares or Convertible Securities by a Principal Subsidiary that dilutes or could potentially dilute the Company's equity interest in the Principal Subsidiary by 25% or more shall require the prior approval of the Company in a General Meeting.	29 Subject to the Act, the provisions of these Articles and the requirements of Bursa Securities, any issue of shares or Convertible Securities or options by a Principal Subsidiary that dilutes or could potentially dilute the Company's equity interest in the Principal Subsidiary by 25% or more shall require the prior approval of the Company in a General Meeting.
30 Subject to the restriction imposed by these Articles, Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the <u>Bursa</u> Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed securities.	30 Subject to the restriction imposed by these Articles, Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed securities.
31 Every instrument of transfer shall be in writing and in the prescribed form as approved under the Rules and shall be presented to the <u>Bursa</u> Depository with such evidence (if any) as the <u>Bursa</u> Depository may require, from time to time to prove that the title of the intending transferor and the intended transferee is a qualified person from time to time.	31 Every instrument of transfer shall be in writing and in the prescribed form as approved under the Rules and shall be presented to the Depository with such evidence (if any) as the Depository may require, from time to time to prove that the title of the intending transferor and the intended transferee is a qualified person from time to time.
32(b) In the case of <u>deposited security</u> , the <u>Bursa Depository</u> may refuse to register any transfer of <u>deposited security</u> that does not comply with the Central Depositories Act and Rules.	32(b) In the case of Deposited Security , the Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules.
34 The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by Bursa Securities. The Company shall give Bursa Securities prior written notice and publication in <u>a</u> daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be at least <u>twelve (12)</u> market days after the date of announcement to Bursa Securities or such number of days as may be prescribed by Bursa Securities. In relation to the closure, the Company shall give written notice in accordance with the Rules to prepare the appropriate Record of Depositors.	34 The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by Bursa Securities. The Company shall give Bursa Securities prior written notice and publication in at least one nationally circulated Bahasa Malaysia or English daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be at least ten (10) market days after the date of announcement to Bursa Securities or such number of days as may be prescribed by Bursa Securities. In relation to the closure, the Company shall give written notice in accordance with the Rules to prepare the appropriate Record of Depositors.

APPENDIX 1 (Cont'd)

Existing Article	Proposed Amendments
<p>38 Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced, as may from time to time properly be required by the <u>Bursa</u> Depository and subject to the Rules and as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the <u>Bursa</u> Depository shall in either case in accordance with the provisions of written law, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy. Provided always that where the share is a Deposited Security, subject to the provisions of any written law, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.</p>	<p>38 Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced, as may from time to time properly be required by the Depository and subject to the Rules and as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Depository shall in either case in accordance with the provisions of written law, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy. Provided always that where the share is a Deposited Security, subject to the provisions of any written law, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.</p>
<p>39(1) Subject to the provisions of the Act, the Central Depositories Act and Rules, where the registered holder of any share dies or becomes bankrupt, his personal representatives or the assignees of his estate as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the <u>Bursa</u> Depository in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.</p>	<p>39(1) Subject to the provisions of the Act, the Central Depositories Act and Rules, where the registered holder of any share dies or becomes bankrupt, his personal representatives or the assignees of his estate as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Depository in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.</p>
<p>40(1) Where -</p> <p>(a) the securities of the Company are listed on <u>an Approved Market Place</u>; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,</p> <p>the Company shall, upon request of a Securities holder, permit a transmission of securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the <u>Approved Market Place (hereinafter referred to as "the Foreign Register")</u>, to the register of holders maintained by the registrar of the Company in Malaysia (<u>hereinafter referred to as "the Malaysian Register"</u>) provided that there shall be no change in the ownership of such Securities.</p>	<p>40 Where -</p> <p>(a) the securities of the Company are listed on another stock exchange; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,</p> <p>the Company shall, upon request of a Securities holder, permit a transmission of securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.</p>
<p>40(2). <u>For the avoidance of doubt, no transmission of Securities from the Malaysian Register into the Foreign Register shall be allowed by the Company despite the fulfillment of Articles 40(1)(a) and (b).</u></p>	<p>40(2) Deleted</p>

APPENDIX 1 (Cont'd)

Existing Article	Proposed Amendments
<p>64 The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in <u>the daily press</u> and in writing to each Stock Exchange.</p>	<p>64 The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each Stock Exchange.</p>
<p>66(a) The Company shall request the <u>Bursa</u> Depository in accordance with the Rules , to issue a Record of Depositors to whom notices of General Meetings shall be given by the Company.</p>	<p>66(a) The Company shall request the Depository in accordance with the Rules , to issue a Record of Depositors to whom notices of General Meetings shall be given by the Company.</p>
<p>66(b) The Company shall also request the <u>Bursa</u> Depository in accordance with the Rules, to issue a Record of Depositors, as at <u>a date</u> not less than three (3) Market Days before the General Meeting (hereinafter referred to as "the General Meeting Record of Depositors").</p>	<p>66(b) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the General Meeting (hereinafter referred to as "the General Meeting Record of Depositors").</p>
<p>66(d) At least three and a half (3 1/2) Market Days' prior notice or such other period as may be required by Bursa Securities (or, subject to any written laws to the contrary, such other period provided for under the Rules) shall be given to the <u>Bursa</u> Depository to enable the <u>Bursa</u> Depository to prepare the appropriate Record of Depositors.</p>	<p>66(d) At least three and a half (3 1/2) Market Days' prior notice or such other period as may be required by Bursa Securities (or, subject to any written laws to the contrary, such other period provided for under the Rules) shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors.</p>
<p>77 Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each <u>Member entitled to vote may vote in person or by proxy or by attorney or other duly authorised representative, and</u> on a show of hands <u>every Member present in person or proxy of a Member</u> shall have one vote and <u>on</u> a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds.</p>	<p>77 Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each holder of ordinary or preference shares who is personally present, who is a Member or proxy or represented by attorney or duly authorised representative on a show of hands on any question shall have one vote and upon a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary or preference share he holds.</p>
<p>83 Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with <u>Shares</u> of the Company standing to the credit of the said Securities Account.</p>	<p>83 Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.</p>
<p>89 All the Directors of the Company shall be natural persons.</p>	<p>89 Deleted</p>

APPENDIX 1 (Cont'd)

Existing Article	Proposed Amendments
<p>106 The office of Director shall become vacant if the Director: -</p> <p>(a) becomes bankrupt or makes any arrangement or composition with his creditors generally;</p> <p>(b) becomes prohibited by law from being a Director by reason of any order made under the Act;</p> <p>(c) becomes of unsound mind <u>or a person whose estate is liable to be dealt with in any way under the law relating to mental disorder;</u></p> <p>(d) resigns his office by notice in writing to the Company;</p> <p>(e) has received a notice in writing from the Company in respect of the removal of the Director pursuant to these Articles, the provision of the Act, Rules or the Listing Requirements;</p> <p>(f) shall be required to resign his office by notice in writing lodged at the office signed by the holder or holders of not less than three-fourths in nominal value of the issued shares of the Company; <u>or</u></p> <p>(g) <u>is absent from more than 50% of the total board of directors' meetings held during a financial year save and except in a case where Bursa Securities has granted a waiver to the director from compliance with this requirement.</u></p>	<p>106 The office of Director shall become vacant if the Director: -</p> <p>(a) becomes bankrupt or makes any arrangement or composition with his creditors generally during his term of office;</p> <p>(b) becomes prohibited by law from being a Director by reason of any order made under the Act;</p> <p>(c) becomes of unsound mind during his term of office;</p> <p>(d) resigns his office by notice in writing to the Company;</p> <p>(e) has received a notice in writing from the Company in respect of the removal of the Director pursuant to these Articles, the provision of the Act, Rules or the Listing Requirements; or</p> <p>(f) shall be required to resign his office by notice in writing lodged at the office signed by the holder or holders of not less than three-fourths in nominal value of the issued shares of the Company.</p> <p>(g) Deleted.</p>
<p>150 A copy of every <u>balance sheet and profit and loss account</u> which is to be laid before the Company in a General Meeting (including every document required by law to be annexed thereto) together with a copy of the <u>auditors' report</u> relating thereto and of the Directors' report shall not more than six months after the close of the financial year and not less than twenty one days before the date of the meeting, be sent to every Member of, every holder of debenture of, and trustees for every debenture holder of, the Company and to every other person who is entitled to receive notice of General Meetings from the Company under the provisions of the Act, or of these Articles.</p>	<p>150 A copy of every audited financial statements which is to be laid before the Company in a General Meeting of the Company (including every document required by law to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report, in printed form or in CD-ROM form or in such other form of electronic media, shall not more than six months after the close of the financial year and shall not less than twenty one (21) days before the date of the meeting (or such short period as may be agreed in any year for receipt of notice of the meeting pursuant to the first provision to Article 65 of these Articles) be sent to every Member of, and every holder of debentures of, and trustees for every debenture holder of, the Company and to every other person who is entitled to receive notices of General Meetings from the Company under the provisions of the Act or of these Articles; provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware of, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request. The requisite number or copies of each such document as required by the Bursa Securities from time to time shall be forwarded to the Bursa Securities upon which the Company is listed.</p>



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
 (Company No: 644902-V)

BPPLAS

PROXY FORM

Number of Shares Held

I/We _____
 (Full Name in Capital Letters)

of _____
 (Full Name)

being a *Member/Members of BP PLASTICS HOLDING BHD, do hereby appoint _____
 (Full Name in Capital Letters)

of _____
 (Full Address)

or failing him, _____
 (Full Name in Capital Letters)

of _____
 (Full Address)

as *my/our proxy to vote for *my/our behalf at the Fourth Annual General Meeting to be held at Meeting Room 3, Level 3, PNB Darby Park Executive Suites Kuala Lumpur, 10 Jalan Binjal, 50450 Kuala Lumpur on Tuesday, 10 June, 2008 at 10 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain for voting as his discretion.

No.	Resolutions	For	Against
As Ordinary Business			
1.	To receive the Audited Financial Statements for the financial year ended 31 December, 2007 together with the Directors' and Auditors' Report thereon.		
2.	To declare a First and Final Tax Exempt Dividend of 6% (3 sen per share) in respect of the financial year ended 31 December, 2007 as recommended by the Directors.		
3.	To approve the payment of Directors' fee for the financial year ended 31 December, 2007.		
4.	To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association:- i) Mr. Lim Chun Yow		
5.	ii) Mr. Hey Shiow Hoe		
6.	To re-elect Mr. Lim Kim Hock, the retiring Director who retire being eligible, offer himself for re-election in accordance with the Article 98 of the Company's Articles of Association.		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2008 and to authorize the Directors to fix the Auditors' remuneration.		
As Special Business			
8.	Ordinary Resolution - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Special Resolution - Proposed Amendments to the Articles of Association of the Company.		

**Strike out whichever not applicable.*

As witness my/our hand this _____ day of _____, 2008

 Signature of Member/Common Seal

NOTES:

1. A member of the Company, who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
5. The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositorues) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
6. In respect of deposited securities, only Member whose names appear in the Record of Depositors on 2 June, 2008 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

Fold Here

Affix
Stamp
Here

The Secretary

BP PLASTICS HOLDING BHD

(Company No. 644902-V)

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim

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