



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

# ANNUAL REPORT 2014



## BP PLASTICS HOLDING BHD (644902-V)

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

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

BP PLASTICS HOLDING BHD (644902-V) ANNUAL REPORT 2014

**STRETCHING**  
*beyond*

**INFINITY**<sup>TM</sup>  
Stretch Film

**HILLPLUS**  
Stretch Film

**PRIORITY**  
MACHINE WRAP

**PRIORITY**  
MACHINE WRAP

## VISION

To be the plastics packaging specialist of choice in Asian Region.

## MISSION

To produce reliable and high quality packaging products for industries.

BPPLAS is a Polyethylene Film and Bag manufacturer. We specialise in stretch, and shrink films that are used to protect and enhance palletised goods product safety handling in warehousing and transportation. BPPLAS also produce various premier quality flat polyethylene film for printing, lamination, surface protective film, air cargoes packaging film, builder film and various customised polyethylene bag targeted for different industrial packaging application to improve packaging integrity and/or shelf life.



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Proxy Form



CORPORATE DATA**BOARD OF DIRECTORS****Lim Kim Hock (Chairman)***Senior Independent**Non-Executive Director***Lim Chun Yow***Managing Director***Tan See Khim***Executive Director***Hey Shiow Hoe***Executive Director***Tan Ming-Li***Independent Non-Executive Director***Tan Hock Hin***Independent Non-Executive Director***COMPANY SECRETARIES****Chua Siew Chuan***(MAICSA 0777689)***Tan Ley Theng***(MAICSA 7030358)***SHARE REGISTRAR****Securities Services (Holdings)****Sdn Bhd (36869-T)**

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Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

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Fax: 03-2094 9940

**REGISTERED OFFICE**

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Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

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**HEAD/MANAGEMENT OFFICE**

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Kawasan Perindustrian Sri Gading

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8-01, Level 8, Menara MBMR

No. 1, Jalan Syed Putra

58000 Kuala Lumpur

Tel: 03-2276 4461

Email: enquiry@bpplas.com

**WEBSITE**

www.bpplas.com

**AUDITORS****Crowe Horwath (AF 1018)**

52, Jalan Kota Laksamana 2/15

Taman Kota Laksamana

Seksyen 2, 75200 Melaka

Tel: 06-282 5995

Fax: 06-283 6449

**STOCK EXCHANGE LISTING****BPPLAS (5100)**

Main Board of the Bursa Malaysia

Securities Berhad

*(Listed on 23 February 2005)***PRINCIPAL BANKERS**

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

**AUDIT COMMITTEE**– **Lim Kim Hock (Chairman)***Senior Independent**Non-Executive Director*– **Tan Ming-Li (Member)***Independent Non-Executive**Director*– **Tan Hock Hin (Member)***Independent Non-Executive**Director***NOMINATION COMMITTEE**– **Tan Ming-Li (Chairman)***Independent Non-Executive**Director*– **Lim Kim Hock (Member)***Senior Independent**Non-Executive Director*– **Tan Hock Hin (Member)***Independent Non-Executive**Director***REMUNERATION COMMITTEE**– **Tan Hock Hin (Chairman)***Independent Non-Executive**Director*– **Lim Kim Hock (Member)***Senior Independent**Non-Executive Director*– **Tan Ming-Li (Member)***Independent Non-Executive**Director*– **Hey Shiow Hoe (Member)***Executive Director***EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE**– **Lim Chun Yow (Chairman)***Managing Director*– **Tan See Khim (Member)***Executive Director*– **Hey Shiow Hoe (Member)***Executive Director*– **Gavin Tan Siau Hui (Member)***Head of Corporate Planning and**Risk Governance***RISK MANAGEMENT COMMITTEE**– **Hey Shiow Hoe (Chairman)***Executive Director*– **Tan See Khim (Member)***Executive Director*– **Gavin Tan Siau Hui (Member)***Head of Corporate Planning and**Risk Governance*– **Lee Kuan Hock (Member)***Finance Manager*– **Tay Peh Hwee (Member)***Head of Plants*– **Foo See Boon (Member)***Head of Operations***INVESTOR RELATIONS**– **Lim Chun Yow***Managing Director*

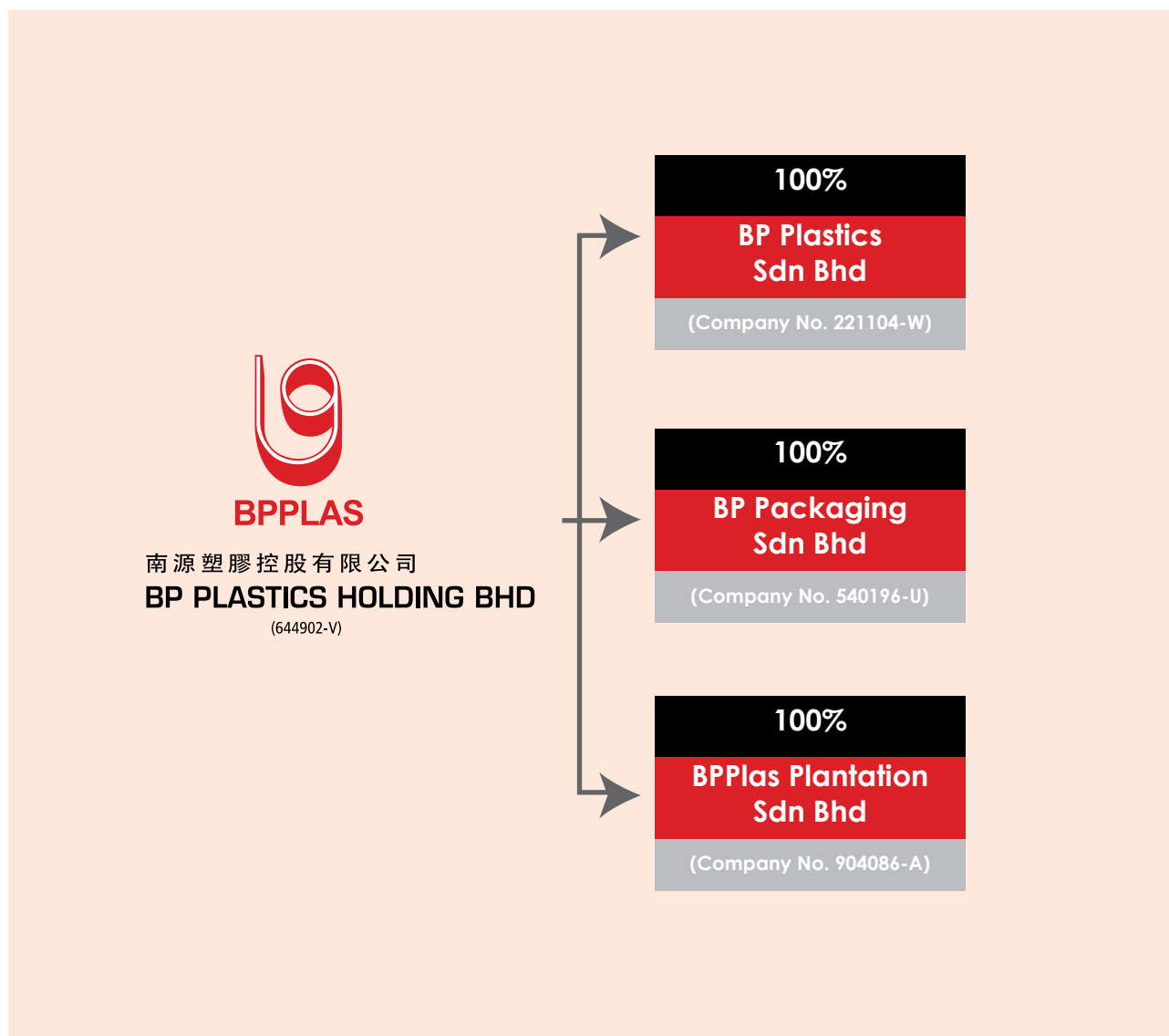
Tel: 07-455 7633

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## CORPORATE STRUCTURE



## CORPORATE PROFILE

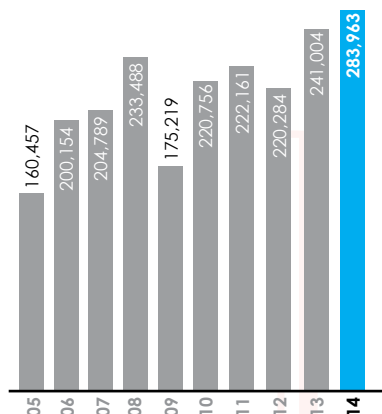
BP Plastics Holding Bhd, an investment holding and provision of management services company, was incorporated in Malaysia under the Companies Act, 1965 on 9 March 2004.

The principal activities of its subsidiaries are as follows:

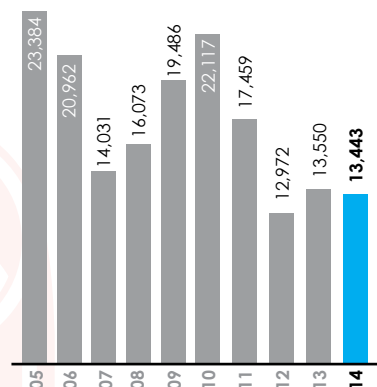
Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd (Company No: 221104-W)	18 July 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd (Company No: 540196-U)	23 February 2001/ Malaysia	100	Trading
BPPlas Plantation Sdn Bhd (Company No: 904086-A)	10 June 2010/ Malaysia	100	Dormant

## PAST YEARS FINANCIAL HIGHLIGHTS

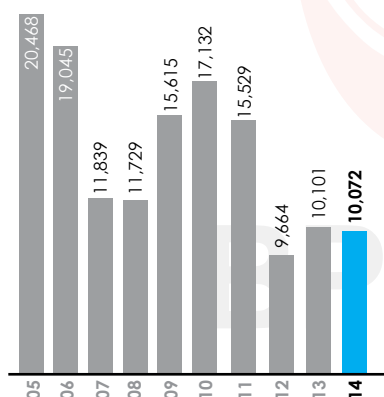
TURNOVER (RM'000)



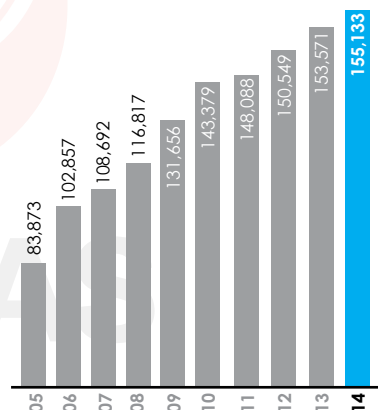
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUND (RM'000)



	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
TURNOVER	160,457	200,154	204,789	233,488	175,219	220,756	222,161	220,284	241,004	283,963
EBITDA	27,488	26,582	19,888	22,544	26,234	29,424	24,476	21,413	21,859	21,676
PROFIT BEFORE TAX	23,384	20,962	14,031	16,073	19,486	22,117	17,459	12,972	13,550	13,443
PROFIT AFTER TAX	20,468	19,045	11,839	11,729	15,615	17,132	15,529	9,664	10,101	10,072
SHAREHOLDERS' FUNDS	83,873	102,857	108,692	116,817	131,656	143,379	148,088	150,549	153,571	155,133
ROE	31.41%	20.40%	11.19%	10.40%	12.57%	12.46%	10.66%	6.47%	6.64%	6.53%
NON CURRENT ASSET	64,158	67,598	72,074	67,217	70,392	67,144	76,104	71,681	67,978	65,149
ROA	31.90%	28.17%	16.43%	17.45%	22.18%	25.52%	20.41%	13.48%	14.86%	15.46%
EPS *	17.06	15.86	9.86	6.51	8.67	9.51	8.62	5.37	5.61	5.55
Net Div (sen)	7	5	3	2	3	4	4	4	5	6
NTA per share (RM)	0.72	0.86	0.91	0.65	0.73	0.80	0.82	0.84	0.85	0.85

\* based on 120 Million shares for 2005, 120.08 Million shares for 2006 to 2007, 180.12 Million shares for 2008 to 2009, 180.11 Million shares for 2010, 180.09 Million shares for 2011 to 2013 and 184.049 Million shares for 2014.



## BOARD OF DIRECTORS



*From Left to Right*

***Mr. Tan Hock Hin***

***Ms. Tan Ming-Li***

***Mr. Hey Shiow Hoe***

***Mr. Lim Kim Hock***

***Mr. Lim Chun Yow***

***Mr. Tan See Khim***



BOARD OF DIRECTORS (CONT'D)**LIM KIM HOCK****Age:** 49**Nationality:** Malaysian**Position in the Company:** Chairman and Senior Independent Non-Executive Director

**Qualification:** Member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Taxation, and Fellow 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 Price Waterhouse 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 2½ years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia. 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. On 29 May 2013, he has been re-designated as the Senior Independent Non-Executive Director and appointed as the Chairman of the Company. He also sits on the Board of several private limited companies.

**Other Directorship in Public Companies:** None.

**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:** 6/6**LIM CHUN YOW****Age:** 52**Nationality:** Malaysian**Position in the Company:** Managing Director

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

**Working Experience:** He started his career as a Marketing Executive with a plastic bag manufacturing company in 1986. In 1990, he set up the business with the two co-founders of BP Plastics Sdn. Bhd. He was appointed as the Managing Director and Chairman of the Company on 3 September 2004 and 23 November 2005, respectively. He retired as Chairman of the Company on 29 May 2013 in line with the recommendation of the Malaysian Code on Corporate Governance 2012 (the "Code") to separate the roles of the Chairman and Managing Director. He also sits on the board of several private limited companies.

**Other Directorship in 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:** 6/6

BOARD OF DIRECTORS (CONT'D)**TAN SEE KHIM****Age:** 51**Nationality:** Malaysian**Position in the Company:** Executive Director**Qualification:** 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 between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in 1991. His experience and knowledge in sales has been very instrumental in the growth of the Company. He also sits on the board of several private limited companies.**Other Directorship in 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:** 6/6**HEY SHIOH HOE****Age:** 52**Nationality:** Malaysian**Position in the Company:** Executive Director**Qualification:** Holds a degree in Bachelor of Science in Industrial and Systems Engineering from the Ohio State University, United States 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 has been 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 establishment of BP Plastics Sdn Bhd in 1991. He also sits on the board of several private limited companies.**Other Directorship in Public Companies:** None**Details of Any Board Committee to which He Belongs:** He is a member of the Remuneration and the ESOS Committees of the Company. He is also the Chairman of the Risk Management Committee of the Company.**Number of Board Meetings Attended in the Financial Year:** 6/6



BOARD OF DIRECTORS (CONT'D)**TAN MING-LI****Age:** 46**Nationality:** Malaysian**Position in the Company:** Independent Non-Executive Director**Qualification:** Graduate from University of Melbourne, Australia with a double degree in Law (Hons) and Science.**Working Experience and Occupation:** She is currently a partner in the legal firm of Messrs. Cheang & Ariff and has been in active legal practice since 1994. She specialises in the area of corporate and securities law where she is principally involved in advising on capital market transactions, mergers and acquisitions, corporate restructuring as well as corporate finance related work. She was appointed as the Independent Non-Executive Director of the Company on 29 May 2013.**Other Directorship in Public Companies:** She is an Independent Non-Executive Director of Tune Ins Holdings Berhad and Tune Insurance Malaysia Berhad.**Details of Any Board Committee to which She Belongs:** She is the Chairman of the Nomination Committee of the Company. She is also a member of the Audit and the Remuneration Committees of the Company.**Number of Board Meetings Attended in the Financial Year:** 6/6**TAN HOCK HIN****Age:** 50**Nationality:** Malaysian**Position in the Company:** Independent Non-Executive Director**Qualification:** Graduate from University of Malaya, Kuala Lumpur with Bachelor of Science in Chemistry (Honours)**Working Experience and Occupation:** He is currently a Senior Business Development Manager, Global Hygiene, SEA of H.B. Fuller Adhesives Malaysia Sdn. Bhd.

Mr. HH Tan has a wide experience in technical and commercial field. He has held various senior positions such as Senior Chemist at Loytape Ind. Sdn. Bhd. in 1988 and leading start up teams at new investments in Shanghai, Shenyang and Changchun, China in 1992-1994, QA Manager at CPC/AJI Sdn. Bhd. in 1995, QA Manager at Great Wall Plastics Industries Berhad in 1997 before being promoted as Technical Manager in 2000. In 2004, he was a Chief Representative Officer at Innovia Films Commercial Ltd. Subsequently, he headed a Product Development Department at SCA Hygiene Malaysia Sdn. Bhd. He was appointed as Independent Non-Executive of the Company on 30 September 2014.

**Other Directorship in Public Companies:** None**Details of Any Board Committee to which He Belongs:** He is the Chairman of the Remuneration Committee of the Company. He is also a member of the Audit and the Nomination Committees of the Company.**Number of Board Meetings Attended in the Financial Year:** 2/2

Green



Mini Roll



Shrink film



Priority Machine Roll



Stretch film



INFINITY Stretch film



Lamination-based coating film



**BPPLAS**

**INFINITY™**

  
**HILLPLUS™**

  
**PRIORITY™**

  
**PRIORITY™**

## ADDITIONAL INFORMATION

### **FAMILY RELATIONSHIP WITH THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Mr. Tan See Khim and Mr. Lim Chun Yow are brother-in-laws of Mr. Hey Shiow Hoe. They are all Directors and substantial shareholders of the Company. Mr. Lim Chun Yow, Mr. Hey Shiow Hoe and Mr. Tan See Khim are also Directors and substantial shareholders of LG Capital Sdn. Bhd., (a substantial shareholder of the Company).

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

### **SHARE BUY-BACK**

The Company did not enter into any share buy-back transaction during the financial year ended 31 December 2014.

### **DEPOSITORY RECEIPT ("DR") PROGRAMME**

During the financial year, the Company did not sponsor any DR Programme.

### **IMPOSITION OF SANCTIONS AND/OR PENALTIES**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors, or Management by any regulatory bodies which were material and made public during the financial year ended 31 December 2014.

### **NON-AUDIT FEES**

The amount of non-audit fees paid to the External Auditors of the Group and its affiliates during the financial year ended 31 December 2014 amounted to RM19,900/-.

### **VARIATION IN RESULTS**

There was no significant variance between the audited results and the unaudited results for the financial year ended 31 December 2014.

### **PROFIT FORECAST / PROFIT GUARANTEE**

There was no profit forecast/profit guarantee issued by the Company during the financial year ended 31 December 2014.

### **MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests, during the financial year ended 31 December 2014.

### **RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

There were no material recurrent related party transactions of a revenue or trading nature during the financial year other than those disclosed in Note 28 to the financial statements.

### **CONVICTION FOR OFFENCES**

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

### **CONFLICT OF INTERESTS**

None of the Directors has any conflict of interest with the Company.

ADDITIONAL INFORMATION (CONT'D)**UTILISATION OF PROCEEDS**

The Company did not undertake any corporate proposals during the financial year.

**WARRANTS OR CONVERTIBLE SECURITIES**

There were no warrants or convertible securities issued during the financial year ended 31 December 2014.

**EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

During the financial year ended 31 December 2014, a total of 3,960,000 options were exercised and there were no share options granted pursuant to the ESOS of the Company. Details of the share options exercised during the financial year under review are disclosed in the Directors' Report and Notes to the Audited Financial Statements.

As at 31 December 2014, the details of the options over the ordinary shares of the Company are as follows:

	During the financial year ended 31 December 2014	Since commencement of the ESOS on 10 January 2005
Total number of options or shares granted	-	14,575,000
Total number of options exercised or shares vested	3,960,000	4,040,500
Total options or shares outstanding	5,654,000	5,654,000

Granted to Managing Director and Executive Directors	During the financial year ended 31 December 2014	Since commencement of the ESOS on 10 January 2005
Aggregate number of options or shares granted	-	4,580,000
Aggregate number of options exercised or shares vested/lapsed	(1,440,000)	(1,640,000)
Aggregate number of options or shares outstanding	2,940,000	2,940,000
Aggregate maximum allocation in percentage	50%	50%
Actual percentage granted	0%	31%

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholder's at the Extraordinary General Meeting held on 10 January 2015. The ESOS was implement on 15 February 2005 and was in force for a period of 5 years from the date of implementation.

On 2 February 2010, the Board of Directors of the Company extended the duration of the ESOS for a further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015 and has since expired.

## CHAIRMAN'S STATEMENT

*Dear Valued Shareholders,*

On behalf of the Board of Directors of BP Plastics Holding Berhad ("BPPLAS"), it is my pleasure to present to you our Annual Report 2014 and Audited Financial Statements for the financial year ended 31 December 2014 ("FY2014").

### BUSINESS OVERVIEW

BPPLAS achieved the highest Revenue of RM283.96 million in FY2014 since our listing on the Main Board of Bursa Malaysia Securities Berhad in 2005. The business conditions were challenging with the vagaries of external volatilities and dampened domestic demand. Prolonged high crude oil prices for most of 2014, diverging major advanced countries' economic recovery, volatile regional and Asian exports, and the fears of US interest hike and normalisation have caused much volatility and foreign fund outflows.

Closer to home, the rising operating costs pressure from our Government's energy rationalisation program, full-scaled nationwide minimum wage policy, impending Goods and Services Tax ("GST") implementation also dampened business investment and consumer sentiment. To rise up to the challenge for long-term business opportunity, the Group has focused on sales growth and at the same time, adopted various measures to improve efficiency, costs saving and optimisation which helped the Group to achieve an almost similar Profit After Tax ("PAT") of RM10.07 million in FY2014 amid a marginally impacted Return On Equity ("ROE") of 6.5% despite the challenging business environment.

### FINANCIAL PERFORMANCE

In FY2014, BPPLAS achieved Revenue of RM283.96 million, an increase of 17.8% as compared to Revenue of RM241 million in FY2013. The Group achieved Profit Before Tax ("PBT") of RM13.44 million, against PBT of RM13.55 million in FY2013. Overall, the Group achieved a marginal reduction in PAT of RM10.07 million in FY2014 as compared to RM10.10 million PAT in FY2013.

Earning Per Share ("EPS") was lower at 5.55 sen in FY2014 as compared to 5.61 sen in FY2013 due to the issuance of additional shares under the Company's Employees' Share Option Scheme.

### MANAGEMENT REVIEW

The Group's strategic investment into high technological equipment has enabled the Group to procure the world's best advanced resins to produce innovative, cost competitive and high quality products to broaden its business opportunities in both local and export markets. To overcome the challenging environment, the Group has focused its efforts to participate in the world's highest growth market of Asia Pacific regions and also strengthened its presence in domestic market. This resulted in the Group's success in achieving its highest Revenue growth in FY2014, with the export sales lifted to 78% as compared to 77% in FY2013. Majority of our products are exported to Asian regions, with Japan remaining as our top exporting country.

The persistent high crude oil prices for the most part of 2014, uneven advanced countries' economic recovery, volatile exchange rate, and challenging rising energy and operating costs environment have heightened pressure on the Group's margin. As sales has been our top priority and with the various initiatives taken to boost production efficiency, and improve cost savings and optimisation, the Group was able to deliver a satisfactory PAT of RM10.07 million in FY2014 amid marginally lower as compared to previous year.

### INDUSTRY OUTLOOK AND PROSPECT

As per Bank Negara Report 2014, Malaysia achieved a strong 6% GDP growth in 2014 due to our Government's spendings on the numerous Klang Valley and greater KL infrastructure building projects, Iskandar region investments and developments, strong external demand of manufacturing goods, full employment with only 2.9% unemployment rate and a very strong 7.4% private consumption, partly due to Malaysian Government's financial assistance to low income group to cushion the impact arising from fuel subsidy rationalisation programs.





## CHAIRMAN'S STATEMENT (CONT'D)

### INDUSTRY OUTLOOK AND PROSPECT (cont'd)

According to IMF's latest publication in April 2015, the world economy is projected to grow moderately at 3.5% in 2015 but with the full pass-through effect of lower oil price to consumers, the global economy is expected to grow higher at 3.8% in 2016. Generally, global economy will still experience uneven growth in 2015 with stronger economic growth in advanced economies being diminished partially by weaker growth in emerging market economies and oil exporters.

Despite a strong US dollar against global economy which will hurt its export competitiveness, USA will still achieve a robust sustainable growth of 3.1% in 2015 and 2016. UK is another advanced economy which is projected to achieve good and sustainable growth of 2.7% in 2015. On the other hand, a strong US dollar would help Europe Zone and Japan to regain their export competitiveness. Coupled with the quantitative easing measures to be implemented, both Europe Zone and Japan are expected to achieve a much stronger economic recovery of 1.5% and 1% respectively in 2015.

China's economy is weakening and heading into a more moderate growth path of 6.8% in 2015. Many Asian emerging markets are suffering from the plunging and prolonged sluggish low commodities' prices partly due to weaker demand and strong US dollar. On the bright side, low oil and commodity prices will help to keep inflation benigned and allow many developing countries to lower their interest rate to stimulate their domestic consumption. A stronger US dollar and the anticipated improved advanced economies will help Asean's 5- economy to achieve a higher growth rate of 5.2% in 2015. Improved advanced and Asean economies would help to stimulate higher intra-regional trades, and augur well for greater demand of shipping and logistic packaging products, such as shrink and stretch films.

Despite low oil price and a strong US dollar that could trigger huge foreign fund outflows, Bank Negara is confident that our banking and finance sectors are resilient to withstand the strong head wind. Malaysia is confident to achieve a modest 4.5% to 5.5% GDP growth in 2015. Continuation of Economic Transformation Programs which continue attracting good Foreign Direct Investment into different corridors, long gestation infrastructure projects, strong amid lower construction activities, strong 6% private consumption underpinned by full employment rate, extra cash (BRIM) assistance for the lower income group to ease the impact of GST implementation, healthy banking system and strong exports, particularly from manufacturing sectors will help to deliver the targeted GDP growth in 2015.

Since Malaysian exports make up a total of 77% manufacturing goods, Bank Negara envisages that manufacturing sectors will help to sustain the moderate expansion of 4.5% to 5.5% GDP growth in 2015 amid lower than 6% in 2014 due to strong US dollar and improved demand for manufacturing products from Asia. Although GST implementation could heighten short-term inflation and dampen one to two quarters' consumption after implementation, the impact is expected to be negligible as many Malaysian processed goods and services are already being taxed with 10% or 6% sales and service tax prior to GST implementation. Bank Negara is confident that GST implementation could do more good than harm to our economy since it is proven to be a more efficient tax collection system which can enhance the government tax revenue. In addition, Bank Negara indicates that low energy and commodity prices would help to keep inflation benigned at 2% to 3% in 2015.

Since Malaysia's key trading partners, such as Japan, Korea, China, India and key Asean countries are non-oil exporting countries, the low energy and commodity prices can improve their fiscal positions and domestic consumption. Asia economies do need a lot of funds for various infrastructure project investments to improve their efficiency and productivity. Therefore, our Group is cautiously optimistic that urbanisation, lower energy and commodity prices can help to improve the Asian economy as a whole and boost higher demand for logistic and packaging materials, such as stretch film and blown PE specialty packaging film.

The Group is aware that vagaries of external volatility could potentially dampen consumption demand. Weak Ringgit Malaysia could improve short-term competitiveness. The Group would not rest on its laurels but would continue to pursue product innovation, with the focus on better product mixes to reach out new markets and work with existing key customers to supply higher quality products with reasonable return to sustain for future investment.

The Group has invested in a brand new 3-meter Cast Stretch Film machine with the new capability to produce innovative and better quality products. The Group is confident that its supplies and market position will be enhanced once the machine is fully operational from 2H 2015.

### DIVIDENDS

- 1) 1st Interim Dividend of 6% (3 sen single tier dividend) in respect of financial year ended 31 December 2014 was declared and fully paid on 24 September 2014; and

## CHAIRMAN'S STATEMENT (CONT'D)

### DIVIDENDS (cont'd)

- 2) 2nd Interim Dividend of 6% (3 sen single tier dividend) in respect of financial year ended 31 December 2014 was declared and fully paid on 25 March 2015, respectively.

The total sum of dividends declared and paid out for the financial year ended 31 December 2014 amounted to RM 11,126,608.50, representing 110.5% of PAT in FY2014, which was way above the Board's target of distributing at least 40% to reward our shareholders. It is in line with our Board's objective to improve our shareholders' value and also in light of BPPLAS' strong cash position.

### CORPORATE DEVELOPMENT

Baoman Rubber Limited (Cambodia), a former indirect wholly owned subsidiary of BPPLAS, has been officially dissolved in accordance with the law of Cambodia on 25 September 2014 as the initial plan to venture into Cambodia had since been aborted.

### CORPORATE RESPONSIBILITY

For the FY2014, the Group has undertaken the following corporate social initiatives:

- 1) Continue to provide industrial training programs for the local universities to help their students to gain experience whilst applying their theoretical knowledge to actual working environment; and
- 2) Blood Donation - this is our 5th yearly event. We have worked with our National Blood Bank to collect blood from donors from all walks of life on 24 August 2014 at Batu Pahat Mall.

### CORPORATE GOVERNANCE

The Group strongly believes that good corporate governance, risk management and internal control would enhance shareholders' values. Details of the Group's application on the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the "Code"), and the extent of its compliance with the Code are set out in the Corporate Governance Statement.

The Group shall continue to pursue and promote the culture of good corporate governance throughout the organisation to achieve the Group's goals and objectives, and further enhance shareholders' values.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to welcome and thank Mr. Tan Hock Hin for joining our Board as Independent Non-Executive Director on 30 September 2014. His vast and wide working experiences and knowledge in the plastics industry would be instrumental in guiding and assisting the Group to sustain further growth with improved financial performance.

I would also like to express my deepest gratitude to my fellow Board Members for their dedication and invaluable contributions. My appreciation too to the management and staffs of BPPLAS for their commitment and hardwork to deliver continuous success.

Lastly, I would like to thank the various Government departments, statutory bodies, business partners, advisors, suppliers, customers, financiers and the business community and friends for their unwavering support given to the Group throughout the years.

Thank you.

**Lim Kim Hock**  
Chairman

Dated: 17 April 2015



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) of BP Plastics Holding Bhd (“BPPLAS”) is committed to ensure that the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the “Code”) are practised throughout BPPLAS and its subsidiaries (the “Group”) in directing and managing the Group’s businesses and affairs as a fundamental part of discharging its responsibility, and to enhance the business prosperity to support the continuous growth of the Group as a long-term commitment to its shareholders and other stakeholders.

The Board has undertaken necessary adjustments on the Group’s policies to ensure that the Group complies with the principles and recommendations of the Code.

With much pleasure, the Board would like to present the following statement which describes the Group’s application on the principles, and the extent of its compliance with the Code.

### A. BOARD OF DIRECTORS

#### 1. Board Composition and Board Balance

The Board consists of six (6) Directors, three (3) of whom are Independent Non-Executive Directors and three (3) are Executive Directors. Such composition is able to provide independent and objective judgement to facilitate a balanced leadership in the Group as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensuring high standards of conduct and integrity are maintained. Whilst Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe represent the interests of the major shareholders of the Company, the interest of remaining shareholders are fairly reflected in the Board’s representation.

Mr. Lim Chun Yow, who is the Managing Director, and the two (2) Executive Directors, namely Mr. Tan See Khim and Mr. Hey Shiow Hoe, are founders of the Company and each of them have twenty-five (25) years of expertise and experience in the plastic packaging business, specialising in bags, film and sheet section. The three (3) founders’ extensive experience and in-depth knowledge of the plastic packaging industry have enhanced the competitiveness of the Company. The other three (3) Independent Non-Executive Directors are professionals in their own right with wide-ranging experiences, skills and expertise in audit, accounting, taxation, corporate finance and law, and plastic industry. The three (3) Independent Non-Executive Directors are not engaged in the daily operations and management of the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and enable them to carry out their roles and responsibilities effectively. The Independent Non-Executive Directors, through their vast and wide corporate experiences, and qualifications provide effective contributions and support to the Board. The members of the Board are persons of high calibre and integrity with the necessary qualifications, experience and qualities that enable them to discharge their duties effectively.

The profile of each member of the Board is set out on pages (5 to 7) of this Annual Report.

#### 2. Board Responsibilities

Based on the Board Charter of the Company, the Board is responsible to observe the following guiding principles in establishing clear roles and responsibilities in order to achieve the BPPLAS Group Vision:

- Establish a formal schedule of matters reserved for the Board and those delegated to Management.
- Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.
- Formalise ethical standards through a code of conduct and ensure its compliance.
- Ensure that the Company’s strategies promote sustainability.
- Have procedures to allow its members access to information and advice.
- Ensure that it is supported by a suitably qualified and competent company secretary.
- Formalise, periodically review and make public its Board Charter.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### A. BOARD OF DIRECTORS (CONT'D)

#### 2. Board Responsibilities (cont'd)

A list of matters reserved for the Board regarding its role and the board procedures and processes, is clearly stated in the Board Charter and a copy of the Board Charter, which is subject to review from time to time has been uploaded to the Company's website at [www.bpplas.com](http://www.bpplas.com).

The Group has in place a Group Code of Conduct that is applicable to all its Directors and employees to ensure a high standard of ethical and professional conduct is upheld by all the Directors and employees in the performance of their duties and responsibilities.

Mr. Lim Chun Yow, the Managing Director of the Company, leads the Management and is assisted by two (2) Executive Directors. He has successfully led the Group over the past twenty-five (25) years to transform the Group into one of the leading plastic packaging specialists in Malaysia.

The roles of the Chairman and Managing Director are separated with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies and policies. The three (3) Independent Non-Executive Directors by virtue of their roles and responsibilities, in effect represent the minority shareholders' interests. The Independent Non-Executive Directors engage proactively with the Management, external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

Due to the lean organisational structure of the Group, the current size and composition of the Board is sufficient and well balanced, and caters effectively to the scope of the Group's operations. Mr. Lim Kim Hock is the Chairman of the Board and a Senior Independent Non-Executive Director to facilitate communications with the stakeholders which could not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to the Committees of the Board which operate within clearly defined terms of reference. The Committees of the Board comprise the Audit Committee, the Remuneration Committee and the Nomination Committee.

Amongst the other committees set up in the Company to manage specific areas of the Group's operations are the Risk Management Committee, the Employees' Share Option Scheme ("ESOS") Committee, and the Executive and Management Committees.

#### 3. Attendance of Board Meetings

Board meetings are scheduled at quarterly intervals with additional meetings held when necessary.

Board meetings are conducted with a structured formal agenda. Board meeting's agenda includes reviews on various aspects of the Group's operations, financial performance, business plan, strategic decisions, major investments, findings from both the external and internal auditors, and any other proposals or other significant matters that require direction of the Board. The Board members deliberate, and in the process, assess the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on the Group's business or its financial position, and the mitigating factors. Special Board meetings are convened when warranted by situations that require the expeditious direction of the Board.

The Board meetings are chaired by the Chairman who has the responsibility of ensuring that each of the items of the agenda is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

CORPORATE GOVERNANCE STATEMENT (CONT'D)**A. BOARD OF DIRECTORS (CONT'D)****3. Attendance of Board Meetings (cont'd)**

During the financial year under review, six (6) Board Meetings were held. Details of the Directors' attendance at these Board Meetings were as follows:

<b>Name of Directors</b>	<b>Attendance</b>
Lim Chun Yow	6/6
Tan See Khim	6/6
Hey Shiow Hoe	6/6
Lim Kim Hock	6/6
Tan Ming-Li	6/6
Tan Hock Hin ( <i>Appointed on 30 September 2014</i> )	2/2
Lam Jin Fatt ( <i>Resigned on 1 July 2014</i> )	3/3

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2014.

**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 discharge their duties effectively. A set of Board papers for each item of agenda, including financial reports and notices are promptly sent to Directors prior to any Board meeting. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or to consult independent advisers, if they deem necessary. The Board also notes the decisions and salient issues deliberated by the Board Committees through the Minutes of these Committees' meetings.

The Directors have a duty to declare immediately to the Board should they have any interest in transactions to be entered into, directly or indirectly, with the Company or the Group. The interested Directors would abstain from deliberations and decisions of the Board on the said transaction. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to the corporate proposal, and would further undertake to ensure that persons connected to them similarly abstain from voting on the resolution(s).

Minutes of each Board meeting are circulated to all Directors at least seven (7) days before the Board meeting for their perusal prior to confirmation of the minutes during the Board meeting.

Senior management may be invited to attend any Board meetings to provide views and explanations on certain matters 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 have complete and unimpeded access of information relating to the Group in discharging their duties. The Directors also have the liberty to seek 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 by the Company Secretary on relevant new statutory and regulatory requirements issued by the relevant authorities.

**5. Qualified and Competent Company Secretaries**

The Board is supported by qualified and competent Company Secretaries on matters relating to the Company's constitution, Board's policies and procedures, and any requirement of compliance with the relevant regulatory requirements, codes, guidance or legislations.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that an accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company.



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **A. BOARD OF DIRECTORS (CONT'D)**

#### **6. Board Charter**

The Board Charter of the Company is in place and posted on the Company's website. The Board acknowledges the importance to spell out the key values, principles and ethos of the Company in view that all the policies and strategy development are derived from these considerations.

The Board will perform periodic review on the Board Charter to ensure accuracy on information and compliance with the Code.

#### **7. Appointment to the Board**

The Nomination Committee was formed on 4 May 2005. The Nomination Committee will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. The 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. The Nomination Committee will review annually the required mix of skills, experience and other qualities including core competencies that the Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group.

The terms of reference and summary of principal activities of the Nomination Committee during the financial year ended 31 December 2014 are set out on pages 31 to 35 of this Annual Report.

#### **8. Directors' Development and Training**

There is a familiarisation 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 business and operations.

All Directors have completed the Mandatory Accreditation Programme pursuant to the requirements of Bursa Securities. The Board acknowledges that the Directors of the Company with varied experiences and qualifications provide effective contribution and support to the functions of the Board. The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit 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. Nevertheless, the Board will also review the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities instead of the Nomination Committee.

The following are the conferences, training programmes and seminars attended by the Directors of the Company in 2014:

- GST Seminar
- Bursa Securities – Nominating Committee Program 2 : Effective Board Evaluations
- 7th MPMA International Plastics Conference 2014
- National Tax Conference 2014
- National Tax Budget 2014
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Directors' Breakfast Talk
- Bursa Securities – Risk Management and Internal Control : Workshop for Audit & Risk Committee Members

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **A. BOARD OF DIRECTORS (CONT'D)**

#### **9. Re-election of Directors**

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being and those appointed during the financial year shall retire from the office and shall be eligible for re-election. The Articles of Association of the Company also provide that all Directors are required to retire from office once in every three (3) years but shall be eligible for re-election.

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

#### **10. Annual Assessment of Independence**

The Code recommends that the Board should undertake assessment of its Independent Directors annually. To be in line with such recommendation, the Board has put in place proper policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Group's business and the reporting of monthly business performance.

Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions. The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matter.

The Board, via the Nomination Committee has evaluated and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

#### **11. Tenure of Independent Directors**

The Board is aware that one of the new recommendations of the Code imposes that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years to prevent impairment of independence. None of the Independent Directors of the Company have exceeded the cumulative term of nine (9) years as at the date of this Annual Report.

#### **12. Separation of Positions of Chairman and Managing Director**

The roles of the Chairman and Managing Director are separated with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies and policies.

CORPORATE GOVERNANCE STATEMENT (CONT'D)**B. BOARD COMMITTEES**

To assist the Board in discharging its duties, the Board has delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference. The Committees are:

**a) The Audit Committee**

The Audit Committee consists of three (3) Directors, all of whom are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by reviewing the Group's financial reporting processes and its system of risk management and internal controls. The Audit Committee will discuss with Management and the external auditors the accounting principles and standards that were applied and their opinion on items that may affect the financial statements. The Audit Committee meets the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. The Audit Committee is also supported by the internal auditors in the discharge of its duties and responsibilities.

The summary of the terms of reference of the Audit Committee is set out under the Audit Committee Report. The Audit Committee met five (5) times during the financial year and its Report is presented on pages 26 to 30 of this Annual Report.

**b) The Nomination Committee**

The Nomination Committee met two (2) times during the financial year. The Nomination Committee met to approve the principles and processes of assessing the effectiveness of the Board and Board Committees, and performance evaluation of senior management.

The terms of reference and summary of activities of the Nomination Committee are presented under the Nomination Committee Report on pages 31 to 35 of this Annual Report.

**c) The Remuneration Committee**

The Board established the Remuneration Committee on 4 May 2005. The Remuneration Committee is made up of three (3) Independent Non-Executive Directors and an Executive Director. The members of the Remuneration Committee are as follows:

**Chairman**

Tan Hock Hin (Appointed on 30 September 2014)	Independent Non-Executive Director
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**Members**

Lim Kim Hock	Senior Independent Non-Executive Director
Hey Shioh Hoe	Executive Director
Tan Ming-Li (Re-designated as Member from Chairperson on 30 September 2014)	Independent Non-Executive Director
Lam Jin Fatt (Resigned on 1 July 2014)	Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT (CONT'D)**B. BOARD COMMITTEES (CONT'D)****c) The Remuneration Committee (cont'd)**

The Remuneration Committee has set up a remuneration policy framework and makes 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 by the Board to its members.

The component parts of Directors' remuneration are structured so as to 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, level of responsibilities and the remuneration package for similar positions in the market and time commitment required from these Directors. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration.

The Remuneration Committee will meet at least once a year to carry out the annual review of the overall remuneration policy for Executive Directors whereupon recommendations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders. The Remuneration Committee and the Board strive to reward the Executive Directors based on accountability, fairness, and competitiveness, as prescribed in the Code and to ensure the remuneration packages of Executive Directors are sufficiently attractive to draw in and to retain persons of high calibre. Thus, there is a formal and transparent procedure for rewarding and fixing the remuneration packages of Executive Directors.

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned will abstain from discussion and decision on his own remuneration. The remuneration of Non-Executive Directors comprises fees and meeting allowances while the remuneration package of Executive Directors comprises basic salary, fees, bonus, and participation in the ESOS. The By-Laws and policy of the ESOS have set out a minimum timeframe for any option to be vested in the Executive Directors of the Company.

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December 2014 is as follows:

	<b>Executive Directors (RM'000)</b>	<b>Non-Executive Directors (RM'000)</b>	<b>Total (RM'000)</b>
Fees	188	132 *	320 *
Salary, Bonus and Other Emoluments	1,700	-	1,700
Allowances	-	8	8
Employees Provident Fund	323	-	323
<b>Total Remuneration</b>	<b>2,211</b>	<b>140</b>	<b>2,351</b>

CORPORATE GOVERNANCE STATEMENT (CONT'D)**B. BOARD COMMITTEES (CONT'D)****c) The Remuneration Committee (cont'd)**

Number of Directors whose remuneration falls within the following bands:

	Number of Directors		
	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	-	3 *	3 *
RM50,001 to RM100,000	-	1	1
RM600,001 to RM650,000	1	-	1
RM700,001 to RM750,000	1	-	1
RM800,001 to RM850,000	1	-	1
	<b>3</b>	<b>4</b>	<b>7</b>

\* Inclusive of remuneration payable to Mr. Lam Jin Fatt, who resigned on 1 July 2014, and Mr. Tan Hock Hin who was appointed on 30 September 2014, on a pro-rated basis.

Note: Successive bands of RM50,000/- are not shown entirely as these are not represented.

**d) The ESOS Committee**

The ESOS Committee was formed on 22 September 2004 to administer the Company's ESOS. The ESOS Committee will ensure that the ESOS is administered in accordance with the By-Laws approved by the shareholders of the Company.

The members of the ESOS Committee are as follows:

No.	Members	Designation	Responsibility
1.	Lim Chun Yow	Managing Director	Chairman
2.	Hey Shiow Hoe	Executive Director	Member
3.	Tan See Khim	Executive Director	Member
4.	Gavin Tan Siau Hui	Head of Corporate Planning and Risk Governance	Member

The ESOS Committee has been dissolved in view that the ESOS has since expired on 13 February 2015.

**e) The Risk Management Committee**

The Risk Management Committee was formed on 26 October 2006 to ensure the Group achieves its corporate objectives by applying effective enterprise risk management control. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks, and to ensure infrastructure, resources, process and systems are in place for risk management.

The members of the Risk Management Committee are as follows:

No.	Members	Designation	Responsibility
1.	Hey Shiow Hoe	Executive Director	Chairman
2.	Tan See Khim	Executive Director	Member
3.	Gavin Tan Siau Hui	Head of Corporate Planning and Risk Governance	Member
4.	Lee Kuan Hock	Finance Manager	Member
5.	Tay Peh Hwee	Head of Plants	Member
6.	Foo See Boon	Head of Operations	Member



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **C. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

#### **Corporate Disclosure Policies**

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretary, advisers and/or other service providers.

#### **Leverage on Information Technology for Effective Dissemination of Information**

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and the Group, and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company. This is important in ensuring equal and fair access of information by the investing public.

### **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 are 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 Group's performance, and major developments of the Group through its Annual Report and announcements made. Apart from this, financial results and other corporate information as contained in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have better understanding of the Group's business activities and performance.

The Company disseminates its Annual Report to its shareholders either in hard copy or in CD-ROM media.

#### **2. Encourage Shareholders' Participation at General Meetings**

The Company provides information on the details of general meetings and shareholders' entitlement to attend general meetings, and their right to appoint proxy(ies) to encourage shareholders' participation at general meetings.

The Company would conduct poll voting upon request by shareholders at the general meetings. The Chairman would brief the shareholders on their right to call for a poll during general meetings.



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (CONT'D)**

#### **3. AGM**

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and senior management of the Company. During the AGM, shareholders who attend the AGM are encouraged to raise questions pertaining to the items of the agenda of the AGM. All Directors and senior management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the AGM.

At the AGM of the Company, Management of the Company presents an executive summary highlighting key financial, corporate information and achievement of the Group. Other than the Annual Report, the Company's website, [www.bpplas.com](http://www.bpplas.com) also houses all other corporate and financial information that is made available to public, such as quarterly announcement of the unaudited financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of Bursa Securities' Main Market Listing Requirements ("Listing Requirements").

#### **4. Extraordinary General Meeting**

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

#### **5. Investor Relations**

The investor relations activities of the Company form an important channel of communication with shareholders, investors and the investment community broadly. As part of fulfilling its corporate governance obligations, the Company maintains extensive communication with its stakeholders with the provision of clear, comprehensive and timely information through the readily accessible channels such as Annual Report, quarterly reports and press releases, as well as through the Company's website. This is particularly important to shareholders and investors for informed investment decision making particularly, in periods of extreme volatility in the market place.

The senior management personnel in-charge of investor relations activity is Mr. Lim Chun Yow, the Managing Director of the Company. This greatly reflects the level of commitment and due importance placed by the Group to maintain investor relations as well as provides views and information on the Group that is appropriate and substantive to investors.



### **E. ACCOUNTABILITY AND AUDIT**

#### **1. Financial Reporting**

The Board aims to present a balanced, clear and meaningful assessment of the Company's and the Group's financial positions, performance 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 give timely 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 also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and the Group pursuant to paragraph 15.26(a) of the Listing Requirements is set out on page 39 of this Annual Report.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **E. ACCOUNTABILITY AND AUDIT (CONT'D)**

#### **1. Financial Reporting (cont'd)**

In order to uphold integrity in financial reporting, the Board is responsible to ensure the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved financial reporting standards in Malaysia.

#### **2. Risk Management And Internal Control**

The Board acknowledges its responsibilities for maintaining a sound and reliable system of internal controls 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. 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 Company's and the Group's system of internal controls, by its nature are designed to provide reasonable but not absolute assurance against risk of material errors, misstatement, fraud, or losses occurring. The Risk Management Committee through their meetings ensures that the accountability for managing the significant risks identified is clearly assigned and that the identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee. The review covers the operational, financial and compliance controls. The Audit Committee assists the Board in its review of the effectiveness of internal control and risk management process of the Company and the Group. The Audit Committee held a total of five (5) meetings during the financial year. The Minutes of the Audit Committee meetings were circulated to the Directors for notation and for action by the Board, where appropriate.

The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls, and the Board's Statement on Risk Management and Internal Control is set out on pages 36 to 38 of this Annual Report.

#### **3. Relationships with the Auditors**

The Group's independent external auditors is essential for all shareholders in ensuring the reliability of the Group's financial statements. The Board maintains a formal and transparent professional relationship with the external auditors via the Audit Committee. From time to time, the external auditors will bring to the Audit Committee's attention on any significant deficiency in the Group's internal control system. In accordance with the terms of reference of the Audit Committee, the Audit Committee meets with the external auditors to discuss their audit plan, audit findings and the financial statements of the Company. The Audit Committee met the external auditors twice during the financial year without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer to shareholders' queries on the conduct of the audit, and the preparation and content of the audit report.

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. A full Audit Committee Report and its summarised terms of reference detailing its role in relation to the auditors, are set out in pages 26 to 30 of this Annual Report.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **E. ACCOUNTABILITY AND AUDIT (CONT'D)**

#### **3. Relationships with the Auditors (cont'd)**

Terms of engagement for the services provided by the external auditors are reviewed by the Audit Committee and approved by the Board. In reviewing the terms of engagement for the services to be provided by the external auditors, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

### **F. COMPLIANCE STATEMENT**

The Board has taken reasonable steps to ensure that the Group has implemented as far as possible the corporate governance best practices and the recommendations of the Code. The Board considers that the recommendations of the Code have been substantially implemented.

### **G. ADDITIONAL COMPLIANCE INFORMATION**

#### **Sanctions and Penalties**

There were no public reprimands, sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory authorities during the financial year.

## AUDIT COMMITTEE REPORT

### 1. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of the following members:

#### CHAIRMAN

Lim Kim Hock                                      Senior Independent Non-Executive Director  
(Re-designated as Audit Committee Chairman from Member on 30 September 2014)  
Lam Jin Fatt                                        Independent Non-Executive Director  
(Resigned on 1 July 2014)

#### MEMBERS

Tan Ming-Li                                        Independent Non-Executive Director  
Tan Hock Hin                                      Independent Non-Executive Director  
(Appointed on 30 September 2014)

### 2. SUMMARY OF THE TERMS OF REFERENCE

The summary of terms of reference of the Audit Committee are as follows:

#### Authority

The Audit Committee is empowered and authorised by the Board of Directors ("Board"), at the Company's expense to:

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and the Group.
- (c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise to provide advice, if it considers necessary.
- (d) have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity (if any).

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

#### Duties

The duties and responsibilities of the Audit Committee are as follows:

- (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (b) To put in place the policy and procedures to assess the suitability and independence of external auditor;
- (c) 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;
- (d) To review with the external auditor, his evaluation of the system of internal controls and his audit report;
- (e) To review the quarterly and year-end financial statements of the Company and the Group, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with applicable accounting standards and other relevant legal requirements.



AUDIT COMMITTEE REPORT (CONT'D)**2. SUMMARY OF THE TERMS OF REFERENCE (CONT'D)****Duties (cont'd)**

- (f) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management, where necessary);
- (g) To review the external auditor's management letter and management's response;
- (h) To do the following, in relation to the internal audit function:
  - review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process, and where necessary, ensure that appropriate actions are taken by the management on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of the internal audit function;
  - approve any appointment or termination of the internal auditor ; and
  - take cognisance of the resignation of the internal auditor and provide the resigning internal auditor an opportunity to submit his reason(s) for resigning.
- (i) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (j) To report its findings on the financial and management performance, and other material matters to the Board;
- (k) To ensure the financial statements are prepared in accordance to the applicable financial reporting standards;
- (l) To consider the major findings of internal audit and other financial investigations and management's response;
- (m) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (n) To determine the remit of the internal audit function;
- (o) To consider other topics as defined by the Board; and
- (p) To consider and examine such other matters as the Audit Committee considers appropriate.

**Responsibility**

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), or in the event of any serious offence involving fraud and dishonesty committed by the Company or the Group, the Audit Committee has the responsibility to promptly report such matters to the Bursa Securities or any other relevant authorities.

## AUDIT COMMITTEE REPORT (CONT'D)

### 2. SUMMARY OF THE TERMS OF REFERENCE (CONT'D)

#### Membership

1. The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.
2. The Chairman of the Audit Committee shall be an independent director appointed by the Board. In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.
3. No alternate directors of the Board shall be appointed as a member of the Audit Committee.
4. All members of the Audit Committee shall be financially literate and at least one (1) member must be:
  - (a) a member of the Malaysian Institute of Accountants ("MIA"); or
  - (b) if he is not a member of the MIA, he must have at least three (3) years of working experience; and
    - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (c) fulfills such other requirements as prescribed or approved by Bursa Securities.
5. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.
6. If a member of the Audit Committee resigns or for any other reason ceases to be a member resulting in the number of members being reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

#### Meetings

1. The Audit Committee meets at least five (5) times a year. A quorum shall consist of a majority of members present who must be independent directors. Additional meetings may be called at any time at the discretion of the Audit Committee Chairman.
2. The Finance Director/Head, the Head of Internal Audit, representatives of the external auditor, other Board members and employees may attend meetings upon the invitation of the Audit Committee to assist in its deliberations.
3. The Audit Committee shall be entitled to convene meetings with the external auditor, the internal auditor or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditor.
4. Upon the request of the external auditor, the Audit Committee Chairman shall convene a meeting to consider any matter which the external auditor believes should be brought to the attention of the Board or shareholders.
5. The Company Secretary shall be the Secretary of the Audit Committee.
6. The Minutes of each Audit Committee meeting shall be tabled to the Board by the Audit Committee Chairman.

AUDIT COMMITTEE REPORT (CONT'D)**3. 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 2014. The Managing Director and other Executive Directors, Finance Manager, departmental heads and representatives of the external and internal auditors attended the Audit Committee meetings. The Minutes of the Audit Committee meetings were circulated to all members of the Board and significant issues were discussed at the Board meetings.

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

<b>Audit Committee Member</b>	<b>Attendance</b>
Mr. Lim Kim Hock	5/5
Ms. Tan Ming-Li	5/5
Mr. Lam Jin Fatt (Resigned on 1 July 2014)	3/3
Mr. Tan Hock Hin (Appointed on 30 September 2014)	1/1

During the financial year, the main activities undertaken by the Audit Committee are summarised as follows:

- a. reviewed the quarterly unaudited financial statements of the Group and the Company prior to making the recommendations to the Board for approval;
- b. reviewed inter-company transactions and/or related party transactions or conflict of interest situations that arose within the Group or the Company;
- c. reviewed the annual audited financial statements of the Group and the Company and made recommendations to the Board for approval;
- d. reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company;
- e. reviewed the external auditors' scope of work and their audit planning memorandum;
- f. evaluated the performance of the external auditors and made recommendations to the Board on their appointment and audit fees;
- g. reviewed with the external auditors, the results of the annual audit, their Management Letter together with Management's responses to the findings of the external auditors;
- h. met twice with the external auditors without the presence of executive Board members, Management and employees to discuss issues of concern to the external auditors arising from the annual statutory audit;
- i. reviewed the staffing requirements of the internal auditors, skills and the core competencies of the internal auditors, and made recommendations to the Board on the appointment of internal auditors of the Company;
- j. reviewed the internal auditors' scope of work and their audit plan;
- k. reviewed the internal auditors' audit methodology in assessing and rating risks of auditable areas;
- l. reviewed the audit findings from the internal auditors;
- m. reviewed the risk management report from Risk Management Committee, including the recommendations made and Management's responses to these recommendations;
- n. reviewed the ESOS Committee's verification on the allocation of options offered to the eligible employees of the Company and its subsidiaries for compliance with the criteria as stipulated, if any; and
- o. tabled the Minutes of each Audit Committee meeting to the Board for notation and for further direction by the Board, where necessary.

## AUDIT COMMITTEE REPORT (CONT'D)

### 4. INTERNAL AUDIT FUNCTION

The Audit Committee acknowledges that an independent and adequately resourced internal audit function is essential in obtaining the assurance it requires regarding the effectiveness and adequacy of the Company's and the Group's internal control systems. The Audit Committee is supported by the outsourced internal auditors in the discharge of its duties and responsibilities.

The Company engaged an external consultant to carry out the internal audit function of the Group for the financial year ended 31 December 2014. The primary function of the internal audit is to independently carry out a review of the existing systems, controls and procedures, and thereafter provide such recommendations that would further enhance the existing internal control. Based on the audits, the outsourced internal auditors provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group, and the extent of compliance by the units with the Group's established policies and procedures.

The Audit Committee approves the bi-annual risk-based audit plan of the Company and the Group. Upon completion of the audits, the internal auditors closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by the Management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the Management and the Audit Committee.

The external auditors work closely with the outsourced internal auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by the Management.

The total costs incurred for the outsourced internal audit function of the Group for 2014 amounted to RM36,000/-.

### 5. Statement on Employees' Share Option Scheme ("ESOS")

The Company had granted options under the Company's ESOS governed by the ESOS By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 10 January 2005. The ESOS was implemented on 15 February 2005 and was in force for a period of five (5) years from the date of implementation. The Company's shareholders had subsequently approved the extension of duration of the ESOS for another five (5) years to 13 February 2015, and has since expired.

The Audit Committee hereby confirms that during the financial year ended 31 December 2014, there were no share options granted pursuant to the ESOS of the Company.

## NOMINATION COMMITTEE REPORT

### 1. COMPOSITION OF THE NOMINATION COMMITTEE

The Nomination Committee comprises exclusively of Independent Non-Executive Directors as follows:

#### CHAIRPERSON

Tan Ming-Li Independent Non-Executive Director  
(Re-designated as Chairperson from Member on 30 September 2014)

#### MEMBERS

Lim Kim Hock Senior Independent Non-Executive Director  
(Re-designated as Member from Chairman on 30 September 2014)  
Tan Hock Hin Independent Non-Executive Director  
(Appointed on 30 September 2014)  
Lam Jin Fatt Independent Non-Executive Director  
(Resigned on 1 July 2014)

### 2. SUMMARY OF THE TERMS OF REFERENCE

The summary of the terms of reference of the Nomination Committee is as follows:

#### Authority

The Nomination Committee shall, consistent with its responsibilities as approved by the Board of Directors ("Board"), assist the Board to

- (a) annually review the required mix of skills and experience, and other qualities, including core competencies which non-executive and executive directors should have.
- (b) assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.
- (c) assess on an annual basis, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the Director's re-designation as a non-independent director. To retain as independent director, the Board must justify and seek shareholders' approval for a person who has served in that capacity for more than nine (9) years.
- (d) carry out its responsibilities with the assistance and services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") or other regulatory requirements.

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

#### Duties and Responsibilities

The duties and responsibilities of the Nomination Committee are as follows:

- To recommend to the Board, candidates for all directorships to be approved by the shareholders or the Board. In making its recommendations, the Nomination Committee should consider the following attributes of the candidates:
  - (a) skills, knowledge, expertise and experience;
  - (b) professionalism;
  - (c) integrity;
  - (d) competencies, commitment, contribution and performance; and
  - (e) in the case of the candidates for the position of independent non-executive directors, the Nomination Committee would also evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors.

## NOMINATION COMMITTEE REPORT (CONT'D)

### 2. SUMMARY OF THE TERMS OF REFERENCE (CONT'D)

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

The duties and responsibilities of the Nomination Committee are as follows (cont'd):

- To consider, in making its recommendations, candidates for directorships proposed by the Managing Director/ Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or Shareholder and to take steps to ensure that women candidates are sought as part of its recruitment exercise.
- To recommend to the Board the nominees to fill the seats on Board Committees.
- To assess the effectiveness of the Board as a whole and each individual Director/Committee of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions would be properly documented.
- To act in line with the directions of the Board.
- To review the Board's succession planning.
- To ensure that orientation and education programmes are provided for new members of the Board and to review the Directors' continuing education programmes for existing members of the Board.
- To consider and examine such other matters as the Nomination Committee considers appropriate.

#### **Membership**

The Board shall elect the Nomination Committee members from amongst themselves, composed exclusively of non-executive directors, a majority of whom are independent. The term of office of the Nomination Committee shall be for a period of three (3) years and members may be re-nominated and appointed by the Board from time to time.

The Chairperson of the Nomination Committee shall be an independent director appointed by the Board.

#### **Meetings**

The Nomination Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairperson may call for additional meetings at any time at the Chairperson's discretion.

The Company Secretary shall be the Secretary of the Nomination Committee.

The Secretary shall on the requisition of the members of the Nomination Committee summon a meeting of the Nomination Committee except in the case of an emergency, reasonable notice of every Nomination Committee meeting shall be given in writing.

In the absence of the Chairperson, the members can elect from amongst themselves the Chairman for the meeting.

The Minutes of each Nomination Committee meeting shall be tabled to the Board by the Nomination Committee Chairperson.



NOMINATION COMMITTEE REPORT (CONT'D)**3. SUMMARY OF NOMINATION COMMITTEE ACTIVITIES DURING THE YEAR**

The Nomination Committee held a total of two (2) meetings during the financial year ended 31 December 2014. The Managing Director and other Executive Directors, Finance Manager, and departmental heads attended the Nomination Committee meetings. The Minutes of the Nomination Committee meetings were circulated to all members of the Board and significant issues were discussed at the Board meetings.

The details of the attendance of each Nomination Committee member are as follows:

Nomination Committee Member	Attendance
Ms. Tan Ming-Li	2/2
Mr. Lim Kim Hock	2/2
Mr. Lam Jin Fatt (Resigned on 1 July 2014)	2/2
Mr. Tan Hock Hin (Appointed on 30 September 2014)	Not Applicable

The main activities of the Nomination Committee during the financial year ended 31 December 2014 are as follows:

- Recommended the re-elections of Mr. Lim Chun Yow and Mr. Hey Shioh Hoe who retired pursuant to Article 92 of the Company's Articles of Association at the Company's Tenth Annual General Meeting held on 23 May 2014;
- Recommended the re-elections of Ms. Tan Ming-Li and Mr. Lam Jin Fatt who retired pursuant to Article 98 of the Company's Articles of Association at the Company's Tenth Annual General Meeting held on 23 May 2014;
- Reviewed the composition of the Board;
- Evaluated the performance of the Board and Board Committees;
- Assessed the independence status of the Independent Non-Executive Directors; and
- Reviewed the nomination of Mr. Tan Hock Hin and recommended his appointment as new Independent Non-Executive Director for the approval of the Board.

**4. BOARD'S EFFECTIVENESS ASSESSMENT**

The Nomination Committee conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2014 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Board for review and deliberation.

The Board is satisfied with the results of the annual assessment. The Board views that the current size and the existing composition of the Board are sufficient and well balanced, cater effectively to the scope of the Group's operations and there is appropriate mix of knowledge, skills, attributes and core competencies in the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

The Board is also satisfied with the assessment conducted by the Nomination Committee on the composition and effectiveness of the Board Committees.

During the financial year, the Board had on 30 September 2014 appointed Mr. Tan Hock Hin to fill the vacant position of Independent Non-Executive Director in the Board composition, following the resignation of Mr. Lam Jin Fatt as Independent Non-Executive Director of the Company on 1 July 2014.

## NOMINATION COMMITTEE REPORT (CONT'D)

### 4. BOARD'S EFFECTIVENESS ASSESSMENT (CONT'D)

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 Main Market Listing Requirements of Bursa Securities and other regulatory requirements.

### 5. INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012 (the "Code"), the Nomination Committee had conducted an independence assessment of the Independent Directors and the Nomination Committee is satisfied with the results whereby all the Independent Directors have fulfilled the criteria for an independent director as prescribed under the Main Market Listing Requirements of Bursa Securities.

### 6. GENDER, ETHNICITY AND AGE GROUP DIVERSITY

The Nomination Committee is tasked to oversee the selection process and assessment of Directors for the Board with the objective to secure the best composition to meet the diverse objectives of the Company. In its selection process, the Nomination Committee follows a set of criteria and expectations based upon the competencies, commitment, experience and integrity of the candidates.

In the selection process, the Nomination Committee does not set any target on gender, ethnicity or age diversity but endeavours to include any member who will improve the Board's overall compositional balance. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

The Board is cognisant of the gender diversity recommendation promoted by the Code pertaining to the need to establish a policy formalising the approach to boardroom diversity, and to set targets and measures for the adoption of the said recommendation. With Ms. Tan Ming-Li on board, the Company has adopted the Code's recommendation on having more women representation within the Board.

The Group is an equal opportunity employer and all appointments and employments are based strictly on merits. The Group does not practise any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

A summary of the gender, ethnicity and age mix of our Board and Management Team, excluding foreign workers, is as set out below:

#### A) Gender

Category	Total		Male		Female	
	Headcount	%	Headcount	%	Headcount	%
All staff	157	100	110	70	47	30
Management staff (Manager & above)	17	100	11	65	6	35
Directors on Board	6	100	5	83	1	17
<b>Grand Total</b>	<b>180</b>	<b>100</b>	<b>126</b>	<b>70</b>	<b>54</b>	<b>30</b>

NOMINATION COMMITTEE REPORT (CONT'D)**6. GENDER, ETHNICITY AND AGE GROUP DIVERSITY (CONT'D)****B) Ethnicity**

Category	Total		Malay		Chinese		Indian		Others	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff	157	100	116	74	39	25	2	1	0	0
Management staff (Manager & above)	17	100	1	6	16	94	0	0	0	0
Directors on Board	6	100	0	0	6	100	0	0	0	0
<b>Grand Total</b>	<b>180</b>	<b>100</b>	<b>117</b>	<b>65</b>	<b>61</b>	<b>34</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>

**C) Age**

Category	Total		< 30		30 – 40		40 – 50		> 50	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff	157	100	60	38	54	34	30	19	13	9
Management staff (Manager & above)	17	100	0	0	12	71	5	29	0	0
Directors on Board	6	100	0	0	0	0	3	50	3	50
<b>Grand Total</b>	<b>180</b>	<b>100</b>	<b>60</b>	<b>33</b>	<b>66</b>	<b>37</b>	<b>38</b>	<b>21</b>	<b>16</b>	<b>9</b>

*(data compiled as at 31 December 2014)*

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies is to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board of Directors (the "Board") is pleased to set out below the Board's Statement on Risk Management and Internal Control which has been prepared in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the BP Plastics Group (the "Group") system of risk management and internal controls. The system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

### 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 ("MD") and his Management team. The MD and his Management team receive timely information pertaining to the performance and profitability of the Group through timely reports which include quantitative and qualitative trends, and analyses through its fully computerised information system.

The MD plays a pivotal role in communicating the Board's expectations of the system of risk management and internal controls 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 meetings of the Executive Committee and Management Committee. The Executive Committee and Management Committee, which comprise Heads of Department, meets on weekly and monthly basis respectively, to discuss on Manufacturing, Sales & Marketing, Finance & Information Technology ("IT"), Human Resource and Procurement 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 MD closely monitors the progress of these issues through regular interaction with the various Heads of Department and the reviews of the Minutes of Meetings of the Executive Committee and Management Committee.

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



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### Internal Audit Function

The Group has outsourced its internal audit function to an independent professional service provider to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations by considering:

- the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- risk awareness and the value and nature of an effective internal control system;
- compliance with applicable laws, regulations, corporate policies and procedures; and
- the effectiveness of risk management, control and governance processes within the Group's operations.

The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the Audit Committee. The internal audit independently reviews the system of internal controls implemented by Management within the Group and reports to the Audit Committee the outcome of the internal audit thereof.

The Audit Committee holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors on the state of the Group's internal control system. The Minutes of the Audit Committee meetings are subsequently tabled to the Board for notation and further action, where necessary.

In addition, as part of the requirements of the ISO 9001:2008 certification accredited to the Group, a scheduled internal quality audit is conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the MD and Senior Management.

The Group is also accredited with certifications for ISO 14001:2004 and OHSAS 18001:2007. With these certifications, the Group will ensure that all environmental aspect and impact as well as safety and health issues are appropriately addressed. Each year, there will be a surveillance audit being carried out and the results of the audit are reported to the MD and Senior Management.

### Risk Management Framework

The Board recognises 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 ensure that the Group has an effective risk management framework which allows the Group to identify, evaluate and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritised, 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 Management Committee, which is chaired by an Executive Director. The Risk Management Committee will meet with the Audit Committee on a yearly basis to report on the processes, findings and actions taken by Management. The Risk Management Committee will identify new risks by taking into consideration the Group's business objectives, 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 system of internal controls. The Risk Management Committee then reports to the Board on any significant changes in the business and the external environment.

The Board considers that the risk management framework is effective, but the framework will be subjected to continuous improvement, taking into consideration better practices and the changing business environment.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### Other Internal Control Processes

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

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure. Besides the predominantly Non-Executive Board Committees, all of which have written terms of references, such as the Audit, the Remuneration and the Nomination Committees, the Employees' Share Option Scheme Committee, and the Executive and Management Committees will support the Board. These Committees convene regular meetings to assess performance and controls in all facets of operations;
- The Group's Code of Conduct sets out the standards of good and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices;
- The ISO 9001:2008 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;
- The ISO 14001:2004 Environmental Management System for monitoring of environmental aspect and impact;
- The OHSAS 18001:2007 Occupational Health and Safety Management System for monitoring of safety and health;
- 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 Executive Committee and Management Committee meetings on reviewing the Group's operations, financial performance, IT, human resource and procurement matters.

### THE BOARD'S COMMITMENT

To ensure that the Group achieves its corporate objectives successfully, the Board is determined to establish an effective risk management framework and a proactive internal control environment, and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognisant 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 controls.

The Board has received assurance from the MD and the Finance Manager that the Group's risk management and internal controls are operating adequately and effectively, in all material aspects, based on the risk management framework and internal control system of the Group.

For the financial year under review, the Board confirms that it has reviewed the effectiveness of the system of risk management and internal controls, and there is no occurrence of fundamental deficiency or material losses incurred during the financial year under review as a result of weaknesses in the risk management framework or internal control system.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities' Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls of the Group.



## STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Companies Act, 1965 requires the Directors to prepare the 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
- ensure 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 the financial position of the Group with reasonable accuracy at any time, thus enabling the financial statements to be complied with the Companies Act, 1965. They are also responsible for taking the necessary steps to ensure appropriate systems are in place for the assets of the Group to be properly safeguarded for the prevention of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

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



# STRETCHING *beyond*

## FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

### 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 2014.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

### RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	10,071,521	10,893,376

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

### DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

	RM
In respect of financial year ended 31 December 2013	
Second interim single tier dividend of 6% (3 sen per share), on 180,105,750 ordinary shares paid on 19 March 2014	5,403,173
In respect of financial year ended 31 December 2014	
First interim tax exempt dividend of 6% (3 sen per share), on 183,233,950 ordinary shares paid on 24 September 2014	5,497,018
	10,900,191
In respect of financial year ended 31 December 2014	
Second interim single tier dividend of 6% (3 sen per share), on 187,653,000 ordinary shares paid on 25 March 2015	5,629,590

The directors do not recommend any final dividend to be paid in respect of the current financial year.

### Issues of Shares and Debentures

During the financial year:

- (a) the Company increased its issued and paid-up share capital from RM90,060,375 to RM92,040,375 by the allotment of 3,960,000 new ordinary shares of RM0.50 each pursuant to the Company's employee share option scheme at an average exercise price of RM0.60 per share. The new ordinary shares were issued for cash consideration; and

DIRECTORS' REPORT (CONT'D)**DIVIDENDS (cont'd)****Issues of Shares and Debentures (cont'd)**

During the financial year:

(b) there were no issues of debentures by the company.

Subsequent to the financial year, the Company increased its issued and paid-up share capital from RM92,040,375 to RM93,844,000 by the allotment of 3,607,250 new ordinary shares of RM0.50 each pursuant to the Company's employee share option scheme at an average exercise price of RM0.79 per share. The new ordinary shares were issued for cash consideration.

The new ordinary shares issued rank *pari passu* in all respects with the existing shares of the Company.

**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  
Lim Kim Hock  
Tan Ming-Li  
Tan Hock Hin (*Appointed on 30 September 2014*)  
Lam Jin Fatt (*Resigned on 1 July 2014*)

**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 the 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 8 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 interest 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			
	1.1.2014/date of appointment	Acquired	Sold	31.12.2014
<b>Direct interest</b>				
Lim Chun Yow	17,000,003	480,000	-	17,480,003
Tan See Khim	16,999,999	480,000	-	17,479,999
Hey Shiow Hoe	15,999,998	480,000	-	16,479,998
Tan Hock Hin	15,000	-	-	15,000



DIRECTORS' REPORT (CONT'D)**DIRECTORS' INTERESTS (cont'd)**

	Number of ordinary shares of RM0.50 each			
	1.1.2014/date of appointment	Acquired	Sold	31.12.2014
<b>Indirect interest #</b>				
Lim Chun Yow	81,165,000	-	-	81,165,000
Tan See Khim	81,165,000	-	-	81,165,000
Hey Shiow Hoe	81,165,000	-	-	81,165,000

	Number of options over ordinary shares of RM0.50 each			
	1.1.2014	Granted	Exercised	31.12.2014
Lim Chun Yow	1,460,000	-	(480,000)	980,000
Tan See Khim	1,460,000	-	(480,000)	980,000
Hey Shiow Hoe	1,460,000	-	(480,000)	980,000

# 165,000 shares were deemed interested by virtue of Section 134(12) of the Companies Act, 1965.

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.

The other directors in office at the end of the financial year had no interest in shares in the Company during the financial year.

**TREASURY SHARES**

As at 31 December 2014, the Company held as treasury shares a total of 35,000 of its 184,080,750 issued ordinary shares. Such treasury shares are held at a carrying amount of RM20,740 and further relevant details are disclosed in Note 24 to the financial statements.

**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 was in force for a period of 5 years from the date of implementation.

On 8 February 2010, the Board of Directors of the Company has approved the duration of the ESOS be extended for a further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015 and has since expired.

The salient features and other terms of the ESOS are disclosed in Note 25(b) to the financial statements.

Date of offer	Exercise price	Number of options over ordinary shares of RM0.50 each			
		1.1.2014	Exercised	Lapsed	31.12.2014
15.02.2010	RM 0.80	5,540,000	(334,000)	-	5,206,000
06.04.2010	RM 0.62	2,599,000	(2,182,000)	(10,000)	407,000
11.09.2013	RM 0.53	1,495,000	(1,444,000)	(10,000)	41,000
		9,634,000	(3,960,000)	(20,000)	5,654,000

The options which lapsed during the financial year were due to resignations of employees.

The details of options granted to directors are disclosed in the section on Directors' interest in this report.

## DIRECTORS' REPORT (CONT'D)

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

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

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

### **CHANGE OF CIRCUMSTANCES**

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

### **ITEMS OF AN UNUSUAL NATURE**

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.





## DIRECTORS' REPORT (CONT'D)

### AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2015.

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 49 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2015.

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 49 to 89, are to the best of my knowledge and belief, 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  
on 17 April 2015  
at Batu Pahat in the State of Johor

Lim Chun Yow

Before me,

Rahini a/p Nagappan (J130)  
Commissioner for Oaths

## INDEPENDENT AUDITORS' REPORT

To the Members of BP Plastics Holding Bhd.

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 89.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of BP Plastics Holding Bhd.

### **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 36 on page 90 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **OTHER MATTERS**

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

#### **Crowe Horwath**

Firm No: AF 1018  
Chartered Accountants

#### **Tan Lin Chun**

Approval No: 2839/10/15 (J)  
Chartered Accountant

17 April 2015

Melaka



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## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

	Note	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
<b>Revenue</b>	4	283,962,634	241,003,540	10,650,000	12,000,000
Cost of sales		(257,572,775)	(213,291,876)	-	-
<b>Gross profit</b>		26,389,859	27,711,664	10,650,000	12,000,000
<b>Other items of income</b>					
Other income	5	1,747,277	1,751,864	731,516	985,181
<b>Other items of expense</b>					
Administrative and general expenses		(7,841,801)	(8,202,533)	(488,140)	(1,177,189)
Selling expenses		(6,841,100)	(7,703,219)	-	-
Finance costs		(10,830)	(8,060)	-	-
<b>Profit before tax</b>	6	13,443,405	13,549,716	10,893,376	11,807,992
Income tax expense	9	(3,371,884)	(3,448,878)	-	(341)
<b>Profit net of tax</b>		10,071,521	10,100,838	10,893,376	11,807,651
<b>Other comprehensive income:</b>					
Foreign currency translation, representing other comprehensive income for the year, net of tax		-	(3,895)	-	-
<b>Total comprehensive income for the year</b>		10,071,521	10,096,943	10,893,376	11,807,651
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	10	5.55	5.61		

## STATEMENTS OF FINANCIAL POSITION

As At 31 December 2014

	Note	Group 2014 RM	2013 RM	Company 2014 RM	2013 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	65,149,435	67,978,034	-	-
Investment in subsidiaries	13	-	-	57,040,595	57,040,595
		65,149,435	67,978,034	57,040,595	57,040,595
<b>Current assets</b>					
Inventories	14	44,870,939	46,204,941	-	-
Trade and other receivables	15	39,364,867	33,132,241	-	-
Other current assets		2,000	2,000	2,000	2,000
Amount owing by a subsidiary	16	-	-	17,929,415	4,046,055
Investment securities	17	100,800	100,800	-	-
Cash and cash equivalents	18	37,817,099	49,990,183	27,352,130	38,715,070
Tax recoverable		64,077	193,520	56,645	187,020
		122,219,782	129,623,685	45,340,190	42,950,145
<b>Total assets</b>		187,369,217	197,601,719	102,380,785	99,990,740
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Loans and borrowings	19	4,680,090	3,723,600	-	-
Trade and other payables	20	17,096,775	28,710,074	318,902	307,402
Tax payable		1,087,500	1,475,000	-	-
		22,864,365	33,908,674	318,902	307,402
<b>Net current assets</b>		99,355,417	95,715,011	45,021,288	42,642,743
<b>Non-current liabilities</b>					
Deferred tax liabilities	21	9,372,000	10,122,000	-	-
<b>Total liabilities</b>		32,236,365	44,030,674	318,902	307,402
<b>Net assets</b>		155,132,852	153,571,045	102,061,883	99,683,338
<b>Equity attributable to equity holders of the Company</b>					
Share capital	22	92,040,375	90,060,375	92,040,375	90,060,375
Share premium	23	3,898,122	3,492,762	3,898,122	3,492,762
Treasury shares	24	(20,740)	(20,740)	(20,740)	(20,740)
Other reserves	25	128,570	123,453	128,570	128,570
Retained earnings	26	59,086,525	59,915,195	6,015,556	6,022,371
<b>Total equity</b>		155,132,852	153,571,045	102,061,883	99,683,338
<b>Total equity and liabilities</b>		187,369,217	197,601,719	102,380,785	99,990,740

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



## STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Note	Non-distributable					Distributable Retained earnings RM	Total RM
		Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Employee share option reserve RM		
<b>2014 Group</b>								
<b>Balance at 1 January 2014</b>		90,060,375	3,492,762	(20,740)	(5,117)	128,570	59,915,195	153,571,045
Reversal of foreign currency translation reserve		-	-	-	5,117	-	-	5,117
<b>Profit after taxation / Total comprehensive income</b>		-	-	-	-	-	10,071,521	10,071,521
<b>Transactions with owners</b>								
Employees' share options exercised	22	1,980,000	405,360	-	-	-	-	2,385,360
Dividends	11	-	-	-	-	-	(10,900,191)	(10,900,191)
Total transactions with owners		1,980,000	405,360	-	-	-	(10,900,191)	(8,514,831)
<b>Balance at 31 December 2014</b>		92,040,375	3,898,122	(20,740)	-	128,570	59,086,525	155,132,852
<b>2013 Group</b>								
<b>Balance at 1 January 2013</b>		90,060,375	3,492,762	(20,740)	(1,222)	-	57,017,787	150,548,962
Profit after taxation		-	-	-	-	-	10,100,838	10,100,838
Other comprehensive income		-	-	-	(3,895)	-	-	(3,895)
<b>Total comprehensive income</b>		-	-	-	(3,895)	-	10,100,838	10,096,943
<b>Transactions with owners</b>								
Employees' share options granted	25	-	-	-	-	128,570	-	128,570
Dividends	11	-	-	-	-	-	(7,203,430)	(7,203,430)
Total transactions with owners		-	-	-	-	128,570	(7,203,430)	(7,074,860)
<b>Balance at 31 December 2013</b>		90,060,375	3,492,762	(20,740)	(5,117)	128,570	59,915,195	153,571,045

## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 December 2014

	Note	Non-distributable				Distributable	Total
		Share capital RM	Share premium RM	Treasury shares RM	Employee share option reserve RM	Retained earnings RM	
<b>2014</b>							
<b>Company</b>							
<b>Balance at 1 January 2014</b>		90,060,375	3,492,762	(20,740)	128,570	6,022,371	99,683,338
<b>Profit after taxation / Total comprehensive income</b>		-	-	-	-	10,893,376	10,893,376
<b>Transactions with owners</b>							
Employees' share options exercised	22	1,980,000	405,360	-	-	-	2,385,360
Dividends	11	-	-	-	-	(10,900,191)	(10,900,191)
Total transactions with owners		1,980,000	405,360	-	-	(10,900,191)	(8,514,831)
<b>Balance at 31 December 2014</b>		92,040,375	3,898,122	(20,740)	128,570	6,015,556	102,061,883
<b>2013</b>							
<b>Company</b>							
<b>Balance at 1 January 2013</b>		90,060,375	3,492,762	(20,740)	-	1,418,150	94,950,547
<b>Profit after taxation / Total comprehensive income</b>		-	-	-	-	11,807,651	11,807,651
<b>Transactions with owners</b>							
Employees' share options granted	25	-	-	-	128,570	-	128,570
Dividends	11	-	-	-	-	(7,203,430)	(7,203,430)
Total transactions with owners		-	-	-	128,570	(7,203,430)	(7,074,860)
<b>Balance at 31 December 2013</b>		90,060,375	3,492,762	(20,740)	128,570	6,022,371	99,683,338



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The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Operating activities</b>				
Profit before tax	13,443,405	13,549,716	10,893,376	11,807,992
Adjustments for:				
Impairment loss on investment in subsidiary	-	-	-	367,146
Depreciation of property, plant and equipment	8,221,899	8,301,182	-	-
(Gain)/Loss on disposal of property, plant and equipment	(39,255)	294	-	-
Dividend income	-	-	(10,650,000)	(12,000,000)
Share option expense	-	128,570	-	-
Interest expense	10,830	8,060	-	-
Interest income	(866,922)	(1,193,244)	(731,516)	(985,181)
Unrealised (gain)/loss on foreign exchange	(536,424)	242,070	-	-
Operating cash flows before changes in working capital	20,233,533	21,036,648	(488,140)	(810,043)
Decrease in inventories	1,334,002	1,635,969	-	-
(Increase)/Decrease in trade and other receivables	(5,372,323)	(1,441,632)	-	3,600
Decrease in other current assets	-	436,612	-	-
(Decrease)/Increase in trade and other payables	(11,929,783)	(2,097,443)	11,500	6,100
Cash flows from/(used in) operations	4,265,429	19,570,154	(476,640)	(800,343)
Interest paid	(10,830)	(8,060)	-	-
Income taxes paid	(4,524,479)	(3,568,004)	(8,823)	(9,361)
Income taxes refunded	144,537	83,980	139,198	62,118
<b>Net cash flows (used in)/from operating activities</b>	<b>(125,343)</b>	<b>16,078,070</b>	<b>(346,265)</b>	<b>(747,586)</b>
<b>Investing activities</b>				
Dividends received	-	-	10,650,000	12,000,000
Interest received	866,922	1,193,244	731,516	985,181
Proceeds from disposal of property, plant and equipment	43,900	23,850	-	-
Purchase of property, plant and equipment (Note 27)	(5,320,114)	(3,640,573)	-	-
<b>Net cash flows (used in)/from investing activities</b>	<b>(4,409,292)</b>	<b>(2,423,479)</b>	<b>11,381,516</b>	<b>12,985,181</b>

**STATEMENTS OF CASH FLOWS (CONT'D)**

For the Financial Year Ended 31 December 2014

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>Financing activities</b>				
Advance to a subsidiary	-	-	(13,883,360)	(4,046,055)
Dividends paid	(10,900,191)	(7,203,430)	(10,900,191)	(7,203,430)
Net drawdown of onshore foreign currency loan	674,880	3,723,600	-	-
Proceeds from exercise of employees' share options	2,385,360	-	2,385,360	-
Net cash flows used in financing activities	(7,839,951)	(3,479,830)	(22,398,191)	(11,249,485)
Effects of exchange rate changes on cash and cash equivalents	201,502	(3,895)	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(12,374,586)</b>	<b>10,174,761</b>	<b>(11,362,940)</b>	<b>988,110</b>
<b>Cash and cash equivalents at 1 January</b>	<b>49,990,183</b>	<b>39,819,317</b>	<b>38,715,070</b>	<b>37,726,960</b>
<b>Cash and cash equivalents at 31 December (Note 18)</b>	<b>37,817,099</b>	<b>49,990,183</b>	<b>27,352,130</b>	<b>38,715,070</b>



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*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

### 1. CORPORATE INFORMATION

BP Plastics Holding Bhd. ("the Company") is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market 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 described in Note 13. There have been no significant changes in the nature of these activities during the financial year.

### 2. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention except as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 1965 in Malaysia.

- 2.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

#### **MFRSs and Issues Committee (IC) Interpretations (including the consequential amendments)**

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

- 2.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contract with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sales or Contribution of Assets between an investor and its Associate of Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

## 2. BASIS OF PREPARATION (cont'd)

### 2.2 (cont'd)

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective date
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above mentioned accounting standards and interpretations (including the consequential amendments, if any) are not expected to have any material impact on the Group's financial statements upon their initial application.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

#### (a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.1 Critical Accounting Estimates and Judgements (cont'd)

##### (c) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (d) *Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### (e) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### (f) *Impairment of Available-for-sale Financial Assets*

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

##### (g) *Classification of Leasehold Land*

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

##### (h) *Share-based Payments*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2014.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (a) *Business Combinations*

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) *Non-controlling Interests*

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

#### (c) *Changes in Ownership Interests in Subsidiaries Without Change of Control*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Basis of Consolidation (cont'd)

##### (d) *Loss of Control*

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### 3.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events and changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

#### 3.4 Functional and Foreign Currencies

##### (a) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

##### (b) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Functional and Foreign Currencies (cont'd)

##### (c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

#### 3.5 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

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 an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to 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.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

##### (i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.



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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.5 Financial Instruments (cont'd)

##### (a) Financial Assets (cont'd)

###### (i) Financial Assets at Fair Value through Profit or Loss (cont'd)

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

###### (ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

###### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

###### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**For the Financial Year Ended 31 December 2014**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****3.5 Financial Instruments (cont'd)****(b) Financial Liabilities**

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date

**(c) Equity Instruments**

Instruments classified as equity are measured at cost and are not remeasured subsequently.

**(i) Ordinary Shares**

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(ii) Treasury Shares**

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Investment in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

#### 3.7 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is not depreciated. Depreciation on other assets are charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Factory buildings:	50 years
Leasehold land:	Over the lease period of 50 years
Plant and machinery:	5 to 15 years
Tools and equipment:	10 years
Office equipment, furniture and fittings:	2 to 10 years
Motor vehicles:	5 years

No depreciation is provided for the Group's assets under construction as they are not ready for their intended use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.8 Impairment

##### (a) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

##### (b) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### 3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Income Tax

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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

#### 3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

#### 3.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.13 Employee Benefits

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### (c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (share options).

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

#### 3.14 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.14 Related Parties (cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### 3.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 3.16 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

For the Financial Year Ended 31 December 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****3.17 Revenue and Other Income****(a) Sales of Goods**

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

**(b) Interest Income**

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

**(c) Dividend Income**

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

**3.18 Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**4. REVENUE**

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

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Gross dividends from subsidiaries	-	-	10,650,000	12,000,000
Sale of goods	283,962,634	241,003,540	-	-
	283,962,634	241,003,540	10,650,000	12,000,000

**5. OTHER INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Interest income	866,922	1,193,244	731,516	985,181
Gain on foreign currency exchange	536,424	76,863	-	-
Gain on disposal of property, plant and equipment	39,255	-	-	-
Miscellaneous	304,676	481,757	-	-
	1,747,277	1,751,864	731,516	985,181

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 6. PROFIT BEFORE TAX

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration				
– current year	50,500	50,500	23,000	23,000
– under provision in prior year	-	1,500	-	-
Depreciation of property, plant and equipment (Note 12)	8,221,899	8,301,182	-	-
Impairment loss on investment in subsidiary	-	-	-	367,146
Interest expense	10,830	8,060	-	-
Loss on disposal of property, plant and equipment	-	294	-	-
Non-executive directors' fees (Note 8)	140,500	129,500	140,500	129,500
Operating leases:				
– minimum lease payments for buildings	-	52,890	-	-
Unrealised (gain)/loss on foreign exchange	(536,424)	242,070	-	-

#### 7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Wages and salaries	11,779,184	10,277,640	187,500	187,500
Social security contribution	83,544	81,084	-	-
Contributions to defined contribution plan	1,030,352	1,008,619	-	-
Other staff related expenses	652,522	901,716	-	-
Share option expense	-	128,570	-	-
	13,545,602	12,397,629	187,500	187,500

Included in the staff costs of the Group are executives directors' remuneration amounting to RM2,210,264 (2013: RM2,381,654 ) as further disclosed in Note 8.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

For the Financial Year Ended 31 December 2014

**8. DIRECTORS' REMUNERATION**

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>Directors of the Company</b>				
Executive directors' remuneration:				
Salaries and other emoluments	1,699,688	1,804,688	-	-
Fees	187,500	187,500	187,500	187,500
Defined contribution plan	323,076	343,026	-	-
Share option expense	-	46,440	-	-
Estimated money value of benefits-in-kind	68,876	73,650	-	-
	2,279,140	2,455,304	187,500	187,500
Non-executive directors' remuneration:				
Fees	132,000	121,500	132,000	121,500
Allowances	8,500	8,000	8,500	8,000
	140,500	129,500	140,500	129,500
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 7)	2,210,264	2,381,654	187,500	187,500
Total non-executive directors' remuneration (Note 6)	140,500	129,500	140,500	129,500
Total directors' remuneration	2,350,764	2,511,154	328,000	317,000

**9. INCOME TAX EXPENSE**Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Current income tax:				
Tax expense for the year	4,147,000	4,283,000	-	-
(Over)/under provision in prior years	(25,116)	(71,372)	-	341
	4,121,884	4,211,628	-	341
Deferred tax (Note 21):				
Relating to origination of temporary differences	(750,000)	(762,750)	-	-
	(750,000)	(762,750)	-	-
Income tax expense recognised in profit or loss	3,371,884	3,448,878	-	341

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 9. INCOME TAX EXPENSE (cont'd)

##### Reconciliation Between Tax Expense and Accounting Profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	13,443,405	13,549,716	10,893,376	11,807,992
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	3,364,777	3,387,428	2,723,344	2,951,998
Effect of income not subject to tax	(213,051)	(436,920)	(2,723,491)	(3,246,295)
Effect of expenses not deductible for tax purposes	245,274	569,742	147	294,297
(Over)/under provision of income tax expense in prior years	(25,116)	(71,372)	-	341
Income tax expense recognised in profit or loss	3,371,884	3,448,878	-	341

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

#### 10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014 RM	2013 RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	10,071,521	10,100,838
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share computation	181,567,177	180,085,750
Basic earnings per share (sen)	5.55	5.61

The share options granted under the Company's Employee Share Option Scheme could potentially dilute basic earnings per share in the future but have not been included in the calculation of diluted earnings per share because they are antidilutive during the current financial year.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)For the Financial Year Ended 31 December 2014**11. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
<b>Recognised during the financial year:</b>		
Dividends on ordinary shares:		
– Second interim tax exempt dividend for 2013: 3 sen per share	5,403,172	-
– First interim tax exempt dividend for 2014: 3 sen per share	5,497,019	-
– Second interim tax exempt dividend for 2012: 2 sen per share	-	3,601,715
– First interim tax exempt dividend for 2013: 2 sen per share	-	3,601,715
	<b>10,900,191</b>	<b>7,203,430</b>

A second interim single-tier dividend in respect of the financial year ended 31 December 2014 of 6% (3 sen per share), on 187,653,000 ordinary shares amounting to RM5,629,590 was declared for members that hold share as at 9 March 2015 and was paid on 25 March 2015. The financial statements for the current year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 12. 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
<b>Group</b>					
<b>Cost</b>					
<b>At 1 January 2013</b>	28,955,707	96,107,207	7,255,294	-	132,318,208
Additions	943,181	1,809,126	260,191	628,075	3,640,573
Transfer from deposits	-	-	-	981,720	981,720
Disposals	-	(45,230)	(140,247)	-	(185,477)
<b>At 31 December 2013 and 1 January 2014</b>	29,898,888	97,871,103	7,375,238	1,609,795	136,755,024
Additions	140,051	626,606	76,194	4,555,094	5,397,945
Reclassification	2,732,889	-	-	(2,732,889)	-
Disposals	-	(58,000)	(324,104)	-	(382,104)
<b>At 31 December 2014</b>	32,771,828	98,439,709	7,127,328	3,432,000	141,770,865
<b>Accumulated depreciation:</b>					
<b>At 1 January 2013</b>	4,156,480	51,393,445	5,087,216	-	60,637,141
Depreciation charge for the year	566,845	6,957,734	776,603	-	8,301,182
Disposals	-	(35,097)	(126,236)	-	(161,333)
<b>At 31 December 2013 and 1 January 2014</b>	4,723,325	58,316,082	5,737,583	-	68,776,990
Depreciation charge for the year	584,015	6,998,095	639,789	-	8,221,899
Disposals	-	(58,000)	(319,459)	-	(377,459)
<b>At 31 December 2014</b>	5,307,340	65,256,177	6,057,913	-	76,621,430
<b>Net carrying amount</b>					
<b>At 31 December 2013</b>	25,175,563	39,555,021	1,637,655	1,609,795	67,978,034
<b>At 31 December 2014</b>	27,464,488	33,183,532	1,069,415	3,432,000	65,149,435

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

For the Financial Year Ended 31 December 2014

**12. PROPERTY, PLANT AND EQUIPMENT (cont'd)****\* Land and buildings**

	<b>Freehold land RM</b>	<b>Leasehold land RM</b>	<b>Factory buildings RM</b>	<b>Total RM</b>
<b>Cost:</b>				
<b>At 1 January 2013</b>	1,089,647	8,017,903	19,848,157	28,955,707
Additions	-	-	943,181	943,181
<b>At 31 December 2013 and 1 January 2014</b>	1,089,647	8,017,903	20,791,338	29,898,888
Additions	-	-	2,872,940	2,872,940
<b>At 31 December 2014</b>	1,089,647	8,017,903	23,664,278	32,771,828
<b>Accumulated depreciation:</b>				
<b>At 1 January 2013</b>	-	1,353,475	2,803,005	4,156,480
Depreciation charge for the year	-	165,191	401,654	566,845
<b>At 31 December 2013 and 1 January 2014</b>	-	1,518,666	3,204,659	4,723,325
Depreciation charge for the year	-	165,191	418,824	584,015
<b>At 31 December 2014</b>	-	1,683,857	3,623,483	5,307,340
<b>Net carrying amount</b>				
<b>At 31 December 2013</b>	1,089,647	6,499,237	17,586,679	25,175,563
<b>At 31 December 2014</b>	1,089,647	6,334,046	20,040,795	27,464,488

All the assets of the Group have been bound under a negative pledge to banks for banking facilities granted to the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 13. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	2013 RM
Unquoted shares, at cost		
At 1 January	57,407,741	57,279,171
Addition during the financial year	-	128,570
At 31 December	57,407,741	57,407,741
Accumulated impairment losses:		
At 1 January	(367,146)	-
Addition during the financial year	-	(367,146)
At 31 December	(367,146)	(367,146)
	57,040,595	57,040,595

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2014	2013	
<b><i>Held by the Company:</i></b>				
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products
BPPlas Plantation Sdn. Bhd.	Malaysia	100	100	Dormant
<b><i>Held through BPPlas Plantation Sdn. Bhd.:</i></b>				
Baoman Rubber Limited *	Cambodia	-	100	Dormant

\* Baoman Rubber Limited was officially dissolved on 25 September 2014.

#### 14. INVENTORIES

	Group 2014 RM	2013 RM
At cost:		
Raw materials	35,115,220	34,645,339
Work-in-progress	3,960,265	3,632,510
Spare parts	1,034,221	918,249
Finished goods	4,761,233	7,008,843
	44,870,939	46,204,941

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

For the Financial Year Ended 31 December 2014

**15. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	37,147,868	32,432,674	-	-
Less: Allowance for impairment	(48,786)	(48,786)	-	-
	37,099,082	32,383,888	-	-
<b>Other receivables</b>				
Sundry receivables	2,265,785	748,353	-	-
	39,364,867	33,132,241	-	-
Total trade and other receivables	39,364,867	33,132,241	-	-
Add: Cash and cash equivalents (Note 18)	37,817,098	49,990,183	27,352,130	38,715,070
	77,181,965	83,122,424	27,352,130	38,715,070

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2013: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing Analysis of Trade Receivables

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

	<b>Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Neither past due nor impaired	27,496,239	23,043,536
1 to 30 days past due not impaired	6,367,129	6,525,316
31 to 60 days past due not impaired	2,036,574	2,433,590
61 to 90 days past due not impaired	995,594	54,703
91 to 120 days past due not impaired	101,963	307,968
More than 120 days past due not impaired	101,583	18,775
	9,602,843	9,340,352
Impaired	48,786	48,786
	37,147,868	32,432,674

Receivables that are Neither Past Due nor Impaired

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

Receivables that are Past Due but not Impaired

The Group has trade receivables amounting to RM9,602,843 (2013: RM9,340,352) that are past due at the reporting date but not impaired.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 15. TRADE AND OTHER RECEIVABLES (cont'd)

##### Receivables that are Impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2014 RM	2013 RM
Trade receivable – nominal amounts	48,786	48,786
Less: Allowance for impairment	(48,786)	(48,786)
	-	-

Movement in allowance accounts:

	Group 2014 RM	2013 RM
At 1 January	48,786	48,786
Charge for the year	-	-
At 31 December	48,786	48,786

#### 16. AMOUNT OWING BY A SUBSIDIARY

	Company 2014 RM	2013 RM
Non-trade balances	17,929,415	4,046,055

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and to be settled in cash.

#### 17. INVESTMENT SECURITIES

	2014 RM	Market value of quoted investments	Group 2013 RM	Market value of quoted investments
	Carrying amount		Carrying amount	
Available-for-sale financial assets – Equity instrument (quoted in Malaysia)	100,800	109,000	100,800	138,400

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

For the Financial Year Ended 31 December 2014

**18. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash on hand and at banks	10,286,060	6,101,220	4,091	15,245
Repository deposits with licensed banks	813,000	-	630,000	-
Money market funds	26,718,039	43,888,963	26,718,039	38,699,825
Cash and cash equivalents	37,817,099	49,990,183	27,352,130	38,715,070

The weighted average effective interest rates at the statement of financial position date were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Repository deposits with licensed banks	3.05	2.05	3.05	-
Money market funds	3.26	2.66	3.26	2.61

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

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>Days</b>	<b>Days</b>
Repository deposits with licensed banks	20	1

There is no maturity period for money market funds as these money are callable on demand.

**19. LOANS AND BORROWINGS**

	<b>Maturity</b>	<b>Group</b>	
		<b>2014</b>	<b>2013</b>
		<b>RM</b>	<b>RM</b>
<b>Current</b>			
Onshore foreign currency loan	2015	4,680,090	3,723,600

The onshore foreign currency loan is secured by corporate guarantee provided by the Company, and the loan interest is charged at 1.28% (2013 – 1.34%) per annum.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2014

### 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	12,081,109	24,154,327	-	-
<b>Other payables</b>				
Sundry payables	2,257,683	1,565,074	-	-
Accrued operating expenses	2,757,983	2,990,673	318,902	307,402
	5,015,666	4,555,747	318,902	307,402
	17,096,775	28,710,074	318,902	307,402

#### (a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2013: 30 to 60 days) terms.

#### (b) Sundry Payables, Accrued Operating Expenses

These amounts are non-interest bearing and normally settled within twelve months (2013: twelve months).

### 21. DEFERRED TAX LIABILITIES

	Group	
	2014 RM	2013 RM
At 1 January	10,122,000	10,884,750
Recognised in profit or loss (Note 9)	(750,000)	(762,750)
At 31 December	9,372,000	10,122,000

The deferred tax liabilities are attributable to accelerated capital allowance over depreciation.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

For the Financial Year Ended 31 December 2014

**22. SHARE CAPITAL**

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2014	2013	2014 RM	2013 RM
<b>Authorised</b>				
At 1 January/31 December	400,000,000	400,000,000	200,000,000	200,000,000
<b>Issued and fully paid</b>				
At 1 January	180,120,750	180,120,750	90,060,375	90,060,375
New shares issued under the employee share option scheme	3,960,000	-	1,980,000	-
At 31 December	184,080,750	180,120,750	92,040,375	90,060,375

- (i) Subsequent to the financial year, the Company increased its issued and paid-up share capital from RM92,040,375 to RM93,844,000 by the allotment of 3,607,250 new ordinary shares of RM0.50 each pursuant to the Company's employee share option scheme at an average exercise price of RM0.79 per share. The new shares were issued for cash consideration.

The new ordinary shares issued ranked pari passu in all respects with the existing shares of the Company.

- (ii) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company.

**23. SHARE PREMIUM**

This non-distributable capital reserve arose from the issue of shares at a premium.

**24. TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

There were no shares repurchased by the Company during the current financial year (2013: Nil). The repurchased shares in the previous financial years are held as treasury shares in accordance with Section 67A of the Companies Act 1965. None of the treasury shares held were resold or cancelled during the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 25. OTHER RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Foreign currency translation reserve (Note 25(a))	-	(5,117)	-	-
Employee share option reserve (Note 25(b))	128,570	128,570	128,570	128,570
	128,570	123,453	128,570	128,570

##### (a) Foreign Currency Translation Reserve

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

##### (b) Employee Share Option Reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

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 was in force for a period of 5 years from the date of implementation.

On 8 February 2010, the Board of Directors of the Company extended the duration of the ESOS for a further period of 5 years. Hence, the ESOS is to be in force until 13 February 2015 and has since expired.

The salient features of the ESOS are as follows:

- (i) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (ii) 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.
- (iii) The option price for each share shall be:

Before 30 December 2009

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 25. OTHER RESERVE (cont'd)

##### (b) Employee Share Option Reserve (cont'd)

(iii) (cont'd)

##### After 31 December 2009

- (1) RM0.80 per share for all outstanding options as at 31 December 2009.
- (2) second allocation of 3,080,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share.
- (3) third allocation of 1,495,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.53 per share.
- (iv) No option shall be granted for less than 100 shares to any eligible employee.
- (v) 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.
- (vi) 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.
- (vii) The options shall not carry any right to vote at a general meeting of the Company.
- (viii) 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.

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

	Number of shares options		Weighted average exercise price	
	2014	2013	2014 RM	2013 RM
Outstanding at 1 January	9,634,000	8,604,000	0.65	0.74
Granted during the year	-	1,495,000	-	0.53
Exercised during the year	(3,960,000)	-	0.60	-
Forfeited during the year	(20,000)	(465,000)	0.58	0.75
Outstanding at 31 December	5,654,000	9,634,000	0.65	0.65
Exercisable at 31 December	5,654,000	9,634,000	0.65	0.65

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.12 years (2013: 1.12 years).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 25. OTHER RESERVE (cont'd)

##### (b) Employee Share Option Reserve (cont'd)

The fair values of the share options granted were estimated using a black-scholes model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:

	Group/Company	
	2014	2013
Fair value of share options at the grant date (RM)	-	0.86
Weighted average share price (RM)	-	0.62
Exercise price (RM)	-	0.53
Expected volatility (%)	-	2.53
Expected life (years)	-	1.42
Risk free rate (%)	-	4.23

#### 26. RETAINED EARNINGS

Under the single tier tax system, tax on the Company's profits is final tax and accordingly, any dividends to the shareholders are not subject to tax.

#### 27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group/Company	
	2014 RM	2013 RM
Cash payments	5,320,114	3,640,573
Unpaid amount classified as other payables	77,831	-
	5,397,945	3,640,573

#### 28. RELATED PARTY DISCLOSURES

##### (a) Transactions with Related Parties

The Company had the following transaction with a related party during the financial year:

	Company	
	2014 RM	2013 RM
Gross dividend income from a subsidiary	10,650,000	12,000,000

The directors are of the opinion that the transaction above has been entered into in the normal course of business and has been established on negotiated and mutually agreed terms.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 28. RELATED PARTY DISCLOSURES (cont'd)

##### (b) Compensation of Key Management Personnel

The remuneration of key management personnel comprising solely executive directors are as disclosed in Note 8.

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

	Group and Company	
	2014	2013
At 1 January	4,380,000	4,380,000
Exercised during the year	(1,440,000)	-
At 31 December	2,940,000	4,380,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 25(b)).

#### 29. COMMITMENTS

	Group	
	2014 RM	2013 RM
Approved and contracted for: Property, plant and equipment	8,279,800	859,005

#### 30. FAIR VALUE OF FINANCIAL INSTRUMENTS

##### A. Financial Instruments that are not Carried at Fair Value and Whose Carrying Amounts are Reasonable Approximation of Fair Value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	15
Trade and other payables (current)	20
Loans and borrowings (current)	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### **30. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)**

##### **B. Fair Value Hierarchy**

The Company uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs that are based on observable market data, either directly or indirectly

Level 3: Inputs that are not based on observable market data

#### **31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

##### **(a) Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risk arising from export sales trade receivables and first-time customers are mitigated through settlements via letters of credit issued by reputable banks in countries where the customers are based. The Group also imposes deposit payments from export sales trade receivables in the event that letters of credit are not issued.

##### Exposure to Credit Risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, with positive fair values.

##### Credit Risk Concentration Profile

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

##### Financial Assets that are Neither Past Due Nor Impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

##### (a) Credit Risk (cont'd)

###### Financial Assets that are Either Past Due or Impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

##### (b) Liquidity Risk

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

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

All financial liabilities are due either on demand or within one year.

##### (c) Foreign Currency Risk

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

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD"), Indonesia Rupiah ("IDR"), Japanese Yen ("Yen") and Euro. Such transactions are kept to an acceptable level.

Approximately 78% (2013: 77%) of the Group's sales are denominated in foreign currencies whilst almost 91% (2013: 90%) of purchases are denominated in the foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Foreign currency exposure

	Group	
	2014 RM	2013 RM
<u>Trade receivables</u>		
United States Dollars	15,205,586	11,959,513
Singapore Dollars	6,942,341	5,072,854
Indonesia Rupiah	1,754,035	3,981,346
Euro	490,349	373,307
	<u>24,392,311</u>	<u>21,387,020</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

##### (c) Foreign Currency Risk (cont'd)

Foreign currency exposure (cont'd)

	Group	
	2014 RM	2013 RM
<u>Cash and bank balances</u>		
United States Dollars	3,516,302	1,486,207
Singapore Dollars	3,231,893	2,209,201
Indonesia Rupiah	-	403
Euro	1,387,393	30,075
Japanese Yen	87,585	665,840
	8,223,173	4,391,726
<u>Trade payables</u>		
United States Dollars	(11,209,616)	(22,713,313)
<u>Loans and borrowings</u>		
United States Dollars	(4,680,090)	(3,723,600)
<u>Other payables</u>		
United States Dollars	(885,269)	(487,500)
Singapore Dollars	(391)	(97,805)
Euro	(104,439)	(120,345)
Japanese Yen	(325,577)	(113,458)
	(1,315,676)	(819,108)
<u>Net Amount</u>		
United States Dollars	1,946,913	(13,478,693)
Singapore Dollars	10,173,843	7,184,250
Japanese Yen	(237,992)	552,382
Indonesia Rupiah	1,754,035	3,981,749
Euro	1,773,303	283,037

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

#### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

##### (c) Foreign Currency Risk (cont'd)

###### Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, IDR, Yen and Euro exchange rate at the reporting date against the functional currency of the Group, with all other variables held constant.

		Group	
		2014	2013
		RM	RM
		Profit net of tax	
USD/RM	– strengthened 7% (2013: 3%)	102,213	(303,271)
	– weakened 7% (2013: 3%)	(102,213)	303,271
SGD/RM	– strengthened 2% (2013: 3%)	152,608	161,646
	– weakened 2% (2013: 3%)	(152,608)	(161,646)
Yen/RM	– strengthened 11% (2013: 3%)	(19,634)	12,429
	– weakened 11% (2013: 3%)	19,634	(12,429)
IDR/RM	– strengthened 2% (2013: 7%)	26,311	89,589
	– weakened 2% (2013: 7%)	(26,311)	(89,589)
Euro/RM	– strengthened 7% (2013: 3%)	93,098	6,368
	– weakened 7% (2013: 3%)	(93,098)	(6,368)

#### 32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances.

The gearing ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### For the Financial Year Ended 31 December 2014

### 33. SEGMENT INFORMATION

#### (a) Geographical Location

	Group 2014 RM	2013 RM
Operating revenue		
– Local	61,911,972	55,921,573
– Export	222,050,662	185,081,967
Total operating revenue	283,962,634	241,003,540

In determining the geographical segments of the Group, sales are based on the country in which the customer is located.

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in a single plastic manufacturing and trading business and operates from Malaysia only.

#### (b) Major Customers

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

### 34. CONTINGENT LIABILITIES

	Company 2014 RM	2013 RM
Unsecured Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	4,680,090	3,723,600

### 35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 17 April 2015.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****For the Financial Year Ended 31 December 2014****36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF REALISED AND UNREALISED RETAINED EARNINGS**

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 and 2013 into realised and unrealised earnings are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>		<b>Company</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Total retained earnings of the BP Plastics Holding Bhd. and its subsidiaries				
– Realised	104,694,835	106,168,558	6,489,024	6,683,449
– Unrealised	(9,908,424)	(10,638,142)	(473,468)	(661,078)
	94,786,411	95,530,416	6,015,556	6,022,371
Less: Consolidation adjustments	(35,699,886)	(35,615,221)	-	-
Total Group's retained earnings as per consolidated accounts	59,086,525	59,915,195	6,015,556	6,022,371

## ANALYSIS OF SHAREHOLDINGS

As At 24 March 2015

### SHARE CAPITAL

Authorised share capital	: RM200,000,000.00 divided into 400,000,000 Ordinary Shares of RM0.50 each
Issued and paid up share capital	: 180,140,750 Ordinary Shares of RM0.50 each (including 35,000 treasury shares)
Class of share	: Ordinary Shares of RM0.50 each
Voting rights	: One vote per Ordinary Share
Number of shareholders	: 1,860

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	39	2.10	1,819	0.00
100 – 1,000	96	5.16	54,283	0.03
1,001 – 10,000	1,113	59.84	5,178,748	2.76
10,001 – 100,000	527	28.33	16,141,450	8.60
100,001 – 9,382,649 *	81	4.35	33,816,700	18.02
9,382,650 and above **	4	0.22	132,460,000	70.59
<b>Total</b>	<b>1,860</b>	<b>100.00</b>	<b>187,653,000</b>	<b>100.00</b>

**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

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

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares Held	% <sup>1</sup>	No. of Shares Held	% <sup>1</sup>
LG Capital Sdn. Bhd.	81,000,000	43.16	-	-
Lim Chun Yow	18,459,999	9.84	81,000,000 *	43.16
Tan See Khim	18,460,003	9.84	81,000,000 *	43.16
Hey Shiow Hoe	17,459,998	9.30	81,000,000 *	43.16

**Note:**

(\*) Deemed interested by virtue of his shareholding of more than 15% in LG Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

(<sup>1</sup>) excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 24 March 2015

ANALYSIS OF SHAREHOLDINGS (CONT'D)As At 24 March 2015**DIRECTORS' SHAREHOLDINGS**

The respective shareholdings of the Directors of BP Plastics Holding Bhd based on the Register of Directors' Shareholdings are as follows:

Name of Directors	No. of Options Granted over Shares of RM0.50 each	No. of Options Exercised	Direct Interest		Indirect Interest	
			No. of Shares Held	% <sup>1</sup>	No. of Shares Held	% <sup>1</sup>
Lim Chun Yow	-	-	18,460,003	9.84	81,165,000 *	43.24
Tan See Khim	-	-	18,459,999	9.84	81,165,000 *	43.24
Hey Shiow Hoe	-	-	17,459,998	9.30	81,165,000 *	43.24
Lim Kim Hock	-	-	-	-	-	-
Tan Ming-Li	-	-	-	-	-	-
Tan Hock Hin	-	-	15,000	0.01	-	-

**Note:**

(\*) Deemed interested by virtue of:

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

ii) His spouse's shareholding pursuant to Section 134(12)(c) of the Companies Act, 1965.

(<sup>1</sup>) excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 24 March 2015.

**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Shareholders	No. Of Shares	% <sup>1</sup>
1	LG Capital Sdn Bhd	81,000,000	43.16
2	Tan See Khim	18,459,999	9.84
3	Lim Chun Yow	17,000,003	9.06
4	Hey Shiow Hoe	15,999,998	8.53
5	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Jamaludin Bin Che Murad</i>	4,369,100	2.33
6	Tay Khiang Puang	3,789,400	2.02
7	Hey Shiow Hoe	1,460,000	0.78
8	Lim Chun Yow	1,460,000	0.78
9	Gan Hong Liang	1,196,250	0.64
10	Lim Chin Siong	1,055,000	0.56

ANALYSIS OF SHAREHOLDINGS (CONT'D)As At 24 March 2015**THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)**

No.	Shareholders	No. Of Shares	% <sup>1</sup>
11	Lim Kew Seng	993,650	0.53
12	Tan Gian Hock	896,000	0.48
13	Teo Kwee Hock	894,700	0.48
14	Richard Keith Jones	812,200	0.43
15	Chang Yee Fong	800,000	0.43
16	Chong Kok Fah	730,000	0.39
17	Teuh Chin Keong	716,300	0.38
18	Tan Soo Lan	545,150	0.29
19	Lee Choo Gan	500,000	0.27
20	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hong Kim Fook</i>	451,200	0.24
21	Maybank Nominees (Tempatan) Sdn Bhd Ng Ha Chin	441,400	0.24
22	Quah Say Beng	404,950	0.22
23	Abd. Hamid Bin Ibrahim	400,000	0.21
24	Permodalan Peladang Berhad	375,000	0.20
25	Siow Kin Leong	334,500	0.18
26	Er Hock Lai	328,600	0.18
27	Kuan Mee Hock	320,000	0.17
28	Tew Kok Keong	298,800	0.16
29	Tang Theng Kow	294,000	0.16
30	See Leong Chye @ Sze Leong Chye	292,500	0.16

**Note :**

(<sup>1</sup>) *excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 24 March 2015.*

## 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/ (Acquisition)
1. 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)	11	19.11.2003	1,775	31-Dec-09
2. 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  Factory and Double-Storey Office Building (Office)	A parcel of industrial land improved upon with a Single-Storey Detached  Double- Storey Office Building – 18 years	Single-Storey Detached Factory – 20 years	08.06.1994	1,803	31-Dec-09
3. 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)	17	29.04.1997	1,580	31-Dec-09



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/ (Acquisition)
4. No P.T.D. : 31031 No H.S.(D) : 32033 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor  5B, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, 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)	11	28.05.2003	2,122	31-Dec-09
5. No P.T.D. : 35099 No H.S.(D) : 38296 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor  8, Jalan Wawasan 4, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, 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)	13	07.11.2001	3,148	31-Dec-09
6. 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	410	31-Dec-09
7. No P.T.D. : 29032 No H.S.(D) : 28431 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor  1, Jln Wawasan 3, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 21.09.2052	10 Acres/ 169,250 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory) and Single-Storey Detached Factory (Warehouse)	9	07.04.2006	13,492	31-Dec-09
8. No Hakmilik : GRN 23703 Lot No.: 2897 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor	Freehold	2 Acres/ 87,120 sq ft	A parcel of Agricultural Land (Vacant)	NA	NA	680	15-Sep-10

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/ (Acquisition)
9. Unit No.8-01, Mukim 842, Lot 15, Tempat Sungei Puteh Mukim : Kuala Lumpur	Freehold	1,370 sq ft	Office Suites	1	NA	1,332	NA
10. Unit No.8-03, Mukim 842, Lot 15, Tempat Sungei Puteh Mukim : Kuala Lumpur	Freehold	1,155 sq ft	Office Suites	1	NA	1,123	NA

## NOTICE OF ANNUAL GENERAL MEETING

For The Year Ended 31 December 2014

**NOTICE IS HEREBY GIVEN** that the ELEVENTH ANNUAL GENERAL MEETING of the Company will be held at Crystal Inn, Galaxy Hall (Ground Floor), 36, Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Friday, 22 May 2015 at 2:00 p.m. or at any adjournment thereof for the following purposes:

### **AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon. **Explanatory Note 1**
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2014. **Resolution 1**
3. To re-elect Mr. Tan See Khim who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 2**
4. To re-elect Mr. Lim Kim Hock who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 3**
5. To re-elect Mr. Tan Hock Hin who is retiring pursuant to Article 98 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 4**
6. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**
7. **As Special Business**

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolution:-

### **ORDINARY RESOLUTION**

**– AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 6**

"THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### For The Year Ended 31 December 2014

8. To transact any other ordinary business for which due notice has been given.

#### BY ORDER OF THE BOARD

**CHUA SIEW CHUAN** (MAICSA 0777689)

**TAN LEY THENG** (MAICSA 7030358)

Company Secretaries

Batu Pahat, Johor Darul Takzim

Dated: 30 April 2015

#### Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 May 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. 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. 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 Sections 149(1)(a), (b), (c), and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than 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.
5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above Meeting or at any adjournment thereof.

#### EXPLANATORY NOTES

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon**

This agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda is not put forward to the shareholders for voting.

2. **Ordinary Resolution 6 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the Eleventh Annual General Meeting ("AGM") of the Company (hereinafter referred to as the "General Mandate").

The purpose of the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company during the preceding twelve (12) months for the time being.

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

The Company had been granted a mandate by its shareholders at the Tenth AGM of the Company held on 23 May 2014 (hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate.

This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(b) of the Main Market Listing Requirements of  
Bursa Malaysia Securities Berhad)

There were no Directors standing for election at the forthcoming Eleventh Annual General Meeting of the Company.

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# PROXY FORM

Number of Shares Held



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

\*I/We, (full name in capital letters) \_\_\_\_\_  
of (full address) \_\_\_\_\_ being a \*member/members of  
**BP PLASTICS HOLDING BHD** ("the Company"), hereby appoint (full name in capital letters) \_\_\_\_\_

of (full address) \_\_\_\_\_  
or failing \*him/her, (full name in capital letters) \_\_\_\_\_  
of (full address) \_\_\_\_\_

or failing \*him/her, the \*CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Crystal Inn, Galaxy Hall (Ground Floor), 36, Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim on Friday, 22 May 2015 at 2:00 p.m. or at any adjournment thereof.

The Proportion of \*my/our holding to be represented by \*my/our proxies are as follows:

First Proxy (1) \_\_\_\_\_ %

Second Proxy (2) \_\_\_\_\_ %

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2014.		
2.	To re-elect Mr. Tan See Khim who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
3.	To re-elect Mr. Lim Kim Hock who is retiring pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
4.	To re-elect Mr. Tan Hock Hin who is retiring pursuant to Article 98 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	<b>SPECIAL BUSINESS</b> Ordinary Resolution – Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965		

\* *Strike out whichever not applicable*

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\_\_\_\_\_  
Signature of Member /Common Seal

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 May 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. 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. 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 Sections 149(1)(a), (b), (c), and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than 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.
5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above Meeting or at any adjournment thereof.

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To:

**BP PLASTICS HOLDING BHD** (644902-V)  
5A Jalan Wawasan 2  
Kawasan Perindustrian Sri Gading  
83300 Batu Pahat  
Johor Darul Takzim

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