



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

BPPLAS

ANNUAL REPORT
2018



STRETCHING
beyond



ABOUT BP PLASTICS HOLDING

BPPLAS is a progressive Polyethylene (PE) Film and Bag manufacturer deploying the latest state-of-the-art machinery with advanced multi-layer co-extrusion technology that is capable to produce high quality primary, secondary and tertiary packaging solutions for various market segment needs. We specialise in premium grade Cast Stretch Machine Rolls and high quality thin gauge “Infinity” Hand Rolls that offer superior holding force, and better load rigidity, used primarily to protect and enhance palletised goods’ product safety handling in warehousing and transportation. BPPLAS also produces premier quality Blown PE Form-Fill-Seal film, Lamination Base film, Collation Shrink film for food packaging, and various customised PE bags targeted for different industrial packaging applications to improve packaging integrity and/or shelf life.

VISION

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

MISSION

To produce reliable and high quality packaging products for industries.

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CORPORATE DATA

BOARD OF DIRECTORS

Lim Kim Hock (*Chairman*)

Independent Non-Executive Director

Lim Chun Yow

Managing Director

Tan See Khim

Executive Director

Hey Shioh Hoe

Executive Director

Tan Ming-Li

Senior Independent Non-Executive Director

Tan Hock Hin

Independent Non-Executive Director

Chuah Sue Yin

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)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 9000
Fax: 03-2094 9940

REGISTERED OFFICE

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

HEAD/MANAGEMENT OFFICE

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

SALES & MARKETING OFFICE (KL)

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 Malaysia PLT
(LLP0018817-LCA & 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 Market of Bursa Malaysia
Securities Berhad
Sector: Industrial Products &
Services
Sub-sector: Packaging Materials
(Listed on 23 February 2005)

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

AUDIT COMMITTEE

Chuah Sue Yin (Chairperson)
Independent Non-Executive Director
Tan Ming-Li (Member)
Senior Independent Non-Executive Director
Tan Hock Hin (Member)
Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Tan Ming-Li (Chairperson)
Senior Independent Non-Executive Director
Lim Kim Hock (Member)
Independent Non-Executive Director
Tan Hock Hin (Member)
Independent Non-Executive Director
Chuah Sue Yin (Member)
Independent Non-Executive Director

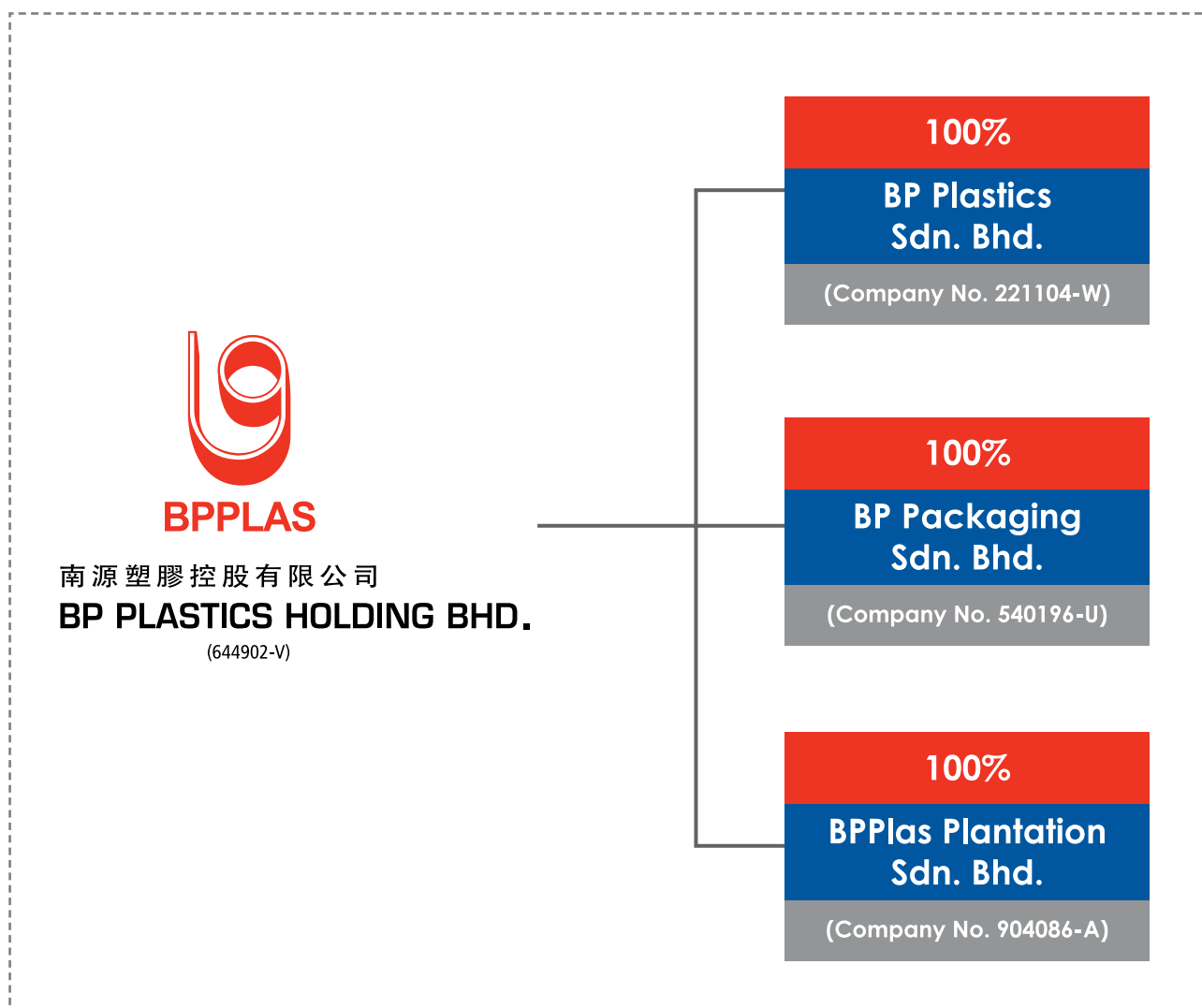
RISK MANAGEMENT COMMITTEE

Tan Hock Hin (Chairman)
Independent Non-Executive Director
Tan Ming-Li (Member)
Senior Independent Non-Executive Director
Chuah Sue Yin (Member)
Independent Non-Executive Director

INVESTOR RELATIONS

Lim Chun Yow
(*Managing Director*)
Tel: 07-455 7633
Fax: 07-455 6799
Email: ir@bpplas.com

CORPORATE STRUCTURE



CORPORATE PROFILE

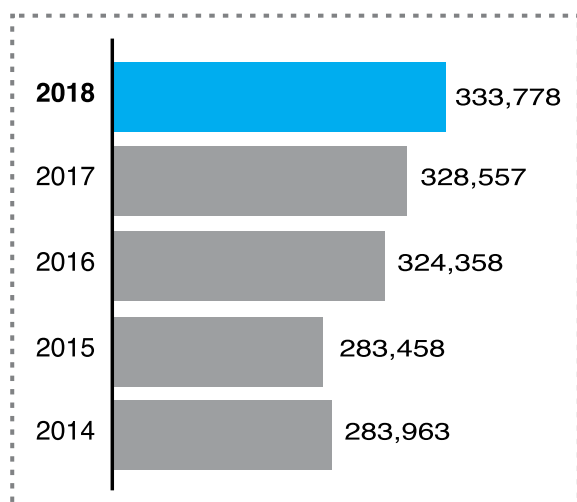
BP Plastics Holding Bhd., an investment holding and provision of management services company, was incorporated in Malaysia under the Companies Act 2016 on 9 March 2004.

The principal activities of its subsidiaries are as follows:

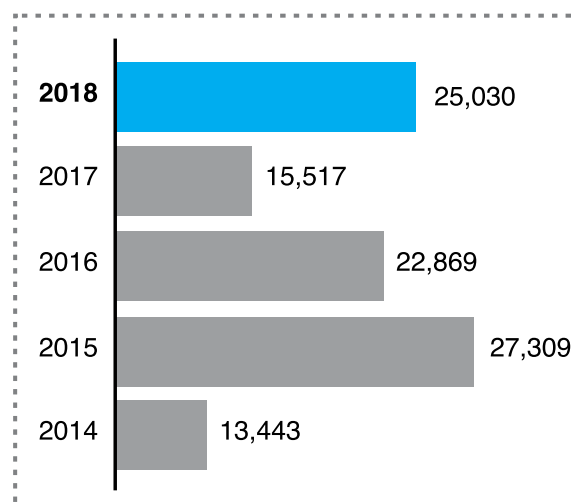
Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn. Bhd. (Company No: 221104-W)	18 July 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn. Bhd. (Company No: 540196-U)	23 February 2001/ Malaysia	100	Dormant
BPPlas Plantation Sdn. Bhd. (Company No: 904086-A)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

FINANCIAL HIGHLIGHTS

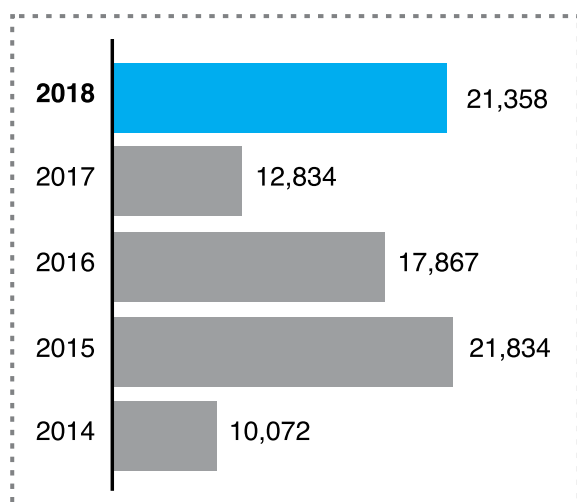
TURNOVER (RM'000)



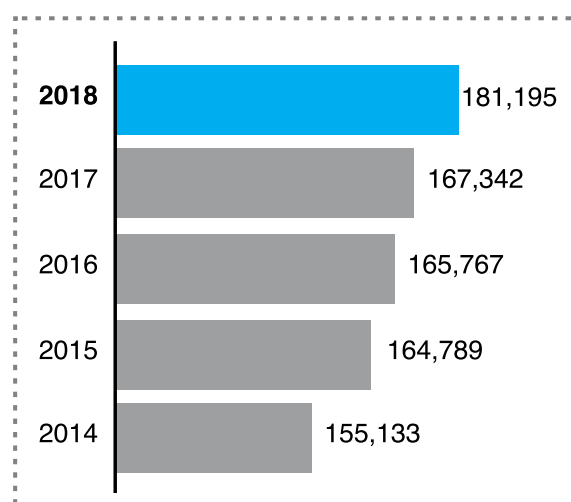
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUND (RM'000)



	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
TURNOVER	283,963	283,458	324,358	328,557	333,778
EBITDA	21,676	35,401	31,503	25,152	34,241
PROFIT BEFORE TAX	13,443	27,309	22,869	15,517	25,030
PROFIT AFTER TAX	10,072	21,834	17,867	12,834	21,358
SHAREHOLDERS' FUNDS	155,133	164,789	165,767	167,342	181,195
ROE	6.53%	13.65%	10.81%	7.71%	12.26%
NON CURRENT ASSET	65,149	67,452	75,065	68,867	85,321
ROA	15.46%	32.37%	23.80%	18.64%	25.03%
EPS	5.55	11.67	9.52	6.84	11.38
Net Div (sen)	6.00	8.00	8.00	4.00	6.00
NTA per share (RM)	0.85	0.88	0.88	0.89	0.97

BOARD OF DIRECTORS



From Left to Right

1. Mr. Tan Hock Hin
2. Ms. Tan Ming-Li
3. Mr. Lim Chun Yow
4. Mr. Lim Kim Hock

5. Mr. Hey Shioh Hoe
6. Ms. Chuah Sue Yin
7. Mr. Tan See Khim

BOARD OF DIRECTORS (CONT'D)

**LIM KIM HOCK**

Age: 53

Gender: Male

Nationality: Malaysian

Position in the Company: Chairman and 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 PriceWaterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 2 ½ 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 was appointed concurrently as the Chairman and Senior Independent Non-Executive Director of the Company. He was then re-designated as the Chairman and Independent Non-Executive Director of the Company on 12 August 2016 to be in line with the Malaysian Code on Corporate Governance 2012. He also sits on the Board of several private limited companies.'

Other Directorship in Public/Listed Companies: None.

Details of Any Board Committee to which He Belongs: He is a member of the Nominating and Remuneration Committee of the Company.

Number of Board Meetings attended in the Financial Year: 5/5

**LIM CHUN YOW**

Age: 56

Gender: Male

Nationality: Malaysian

Position in the Company: Managing Director

Qualification: Holds a degree in Bachelor of Science in Business Administration from The Ohio State University, USA in 1985.

Working Experience: He was appointed as the Chairman and Managing Director of the Company on 23 November 2005 and 3 September 2004 respectively. He retired as the Chairman of the company on 29 May 2013. He started his career with a plastic manufacturing company as a Marketing Executive in 1986. He set up BP Plastics Sdn. Bhd. with two other co-founders in 1991 and is currently the Honorary Chairman of Malaysian Plastics Manufacturers Association (MPMA) of Johor Branch. He was elected as the Chairman of MPMA Johor Branch between 2010 to 2016. He currently also sits on the board for several private limited companies.

Other Directorship in Public/Listed Companies: None.

Details of Any Board Committee to which He Belongs: None.

Number of Board Meetings Attended in the Financial Year: 5/5

BOARD OF DIRECTORS (CONT'D)

**TAN SEE KHIM**

Age: 55

Gender: Male

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 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He was involved in the sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in 1991. His experience and knowledge in sales have been very instrumental towards the growth of the Company. He also sits on the board for several private limited companies.**Other Directorship in Public/Listed Companies:** None.**Details of Any Board Committee to which He Belongs:** None.**Number of Board Meetings Attended in the Financial Year:** 5/5**HEY SHIOW HOE**

Age: 56

Gender: Male

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 is responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team. He also sits on the Board for several private limited companies.**Other Directorship in Public/Listed Companies:** None.**Details of Any Board Committee to which He Belongs:** None.**Number of Board Meetings Attended in the Financial Year:** 5/5

BOARD OF DIRECTORS (CONT'D)

**TAN MING-LI**

Age: 50

Gender: Female

Nationality: Malaysian

Position in the Company: Senior Independent Non-Executive Director

Qualification: Graduate from University of Melbourne, Australia with a double degree in Law (Hons) and Science.

Working Experience and Occupation: Ms. Tan is currently a partner in the legal firm of Chooi & Co + Cheang & Ariff and has been in active legal practice since 1994. She specialises in 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. Subsequently on 12 August 2016, she was re-designated as Senior Independent Non-Executive Director of the Company.

Other Directorship in Public/Listed Companies: Ms. Tan is currently an Independent Non-Executive Director of Tune Protect Group Berhad and Tune Insurance Malaysia Berhad. She is also an Independent Non-Executive Director of Ikhmas Jaya Group Berhad.

Details of Any Board Committee to which She Belongs: She is the Chairperson of the Nominating and Remuneration Committee of the Company. She is also a member of the Audit Committee and the Risk Management Committee of the Company.

Number of Board Meetings Attended in the Financial Year: 5/5

**TAN HOCK HIN**

Age: 54

Gender: Male

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

Qualification: Graduated from University of Malaya, Kuala Lumpur with Bachelor of Science (Hon.) Degree in Chemistry.

Working Experience and Occupation: Mr. Tan is currently a Business Development Director, Global Hygiene, South East Asia of H.B. Fuller. He has a wide experience in technical and commercial fields, holding senior positions such as heading the Product Development Department at SCA Hygiene Malaysia Sdn. Bhd., Chief Representative Officer for Innovia Films Commercial Ltd. covering South East Asia & Indian Sub-Continent, Technical Manager at Great Wall Plastics, QA Manager at CPC/AJI (Malaysia) Sdn. Bhd. and Senior Chemist at Loytape Industries Sdn. Bhd. in his past careers. He has also successfully led start up teams at new investments in Shanghai, Shenyang and Changchun, China for Samanda Holdings, the parent company for Loytape. Mr. Tan Hock Hin was appointed as the Independent Non-Executive Director of the Company on 30 September, 2014.

Other Directorship in Public/Listed Companies: None.

Details of Any Board Committee to which He Belongs: He is the Chairman of the Risk Management Committee of the Company. He is also a member of the Audit Committee and the Nominating and Remuneration Committee of the Company.

Number of Board Meetings Attended in the Financial Year: 5/5

BOARD OF DIRECTORS (CONT'D)

**CHUAH SUE YIN**

Age: 48

Gender: Female

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

Qualification: A Graduate from Warwick University, United Kingdom with a Bachelor of Science in Management Science. A Fellow Member of Chartered Accountant from the Institute of Chartered Accountants in England & Wales (ICAEW), a Chartered Accountant from the Malaysian Institute of Accountants, member of Asean Chartered Professional Accountant and an Associate Member of the Chartered Tax Institute of Malaysia. She is also a holder of several licences in Malaysia including Registered Auditor approved by Ministry of Finance, Registered Auditor of Public Interest Entities under Securities Commission Act 1993, Registered Auditor of Co-operative Societies under Section 61 (1) of the Co Operatives Societies Act 1993, Licensed tax agent approved by Ministry of Finance and Licensed GST agent approved by Ministry of Finance.

Working Experience and Occupation: Ms. Chuah is currently the Managing Partner of the PCCO Group. She has over 25 years of working experience in areas of financial accounting and reporting. She was appointed as the Independent Non-Executive Director of the Company on 1 October 2017.

Other Directorship in Public/Listed Companies: Ms. Chuah is also an Independent Non-Executive Director of Tokio Marine Life Insurance Malaysia Bhd.

Details of Any Board Committee to which She Belongs: She is the Chairperson of the Audit Committee of the Company. She is also a member of the Nominating and Remuneration Committee and the Risk Management Committee of the Company.

Number of Board Meetings Attended in the Financial Year: 5/5

KEY SENIOR MANAGEMENT



CHUA YI FON

Age: 39

Gender: Female

Nationality: Malaysian

Position in the Company: Financial Controller

Qualification: Bachelor of Commerce (Accounting & Finance) from University of Melbourne, Australia.

Working Experience: She was attached with Deloitte KassimChan (Melaka) as Audit Assistant in 2002 and subsequently with Ernst & Young (Melaka) as Senior Audit Assistant in 2006. She joined BP Plastics Sdn. Bhd. (BPPLAS) as Accountant in 2009, and was later recruited to join Melaka Straits Medical Centre Sdn. Bhd. (Oriental Hospital) under the Healthcare division of Oriental Holdings Berhad, as Head of Finance in 2014. She rejoined BPPLAS on 3 May 2016 as a Financial Controller.

Other Directorship in Public/Listed Companies: None

Family Relationship with Any Director and/or Major Shareholder of the Company: None

Note:

Save as disclosed, none of the Directors and Key Senior Management has:

1. any conflict of interest with the Company;
2. any convictions for offences within the past 5 years other than traffic offences, if any;
3. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
4. any family relationship with any Director or substantial shareholder of the Company, except the following:
Mr. Lim Chun Yow and Mr. Tan See Khim are the brothers-in-law of Mr. Hey Shiow Hoe. They are all Directors and substantial shareholders of the Company. Mr. Hey Shiow Hoe, Mr. Lim Chun Yow and Mr. Tan See Khim are also Directors and substantial shareholders of LG Capital Sdn. Bhd. (a substantial shareholder of the Company).

SUSTAINABILITY REPORT

Scope of the Report

Coverage:

BP Plastics Holdings Berhad (BPPLAS) and its subsidiaries

Reporting Period:

This Sustainability Report covers the financial year from 1 January 2018 to 31 December 2018, unless otherwise stated.

Reporting Principles and Framework:

Bursa Malaysia Sustainability Reporting Guide

United Nations Sustainable Development Goals (SDGs)

Boundary:

The disclosures covered in this report are within the following boundaries, unless indicated otherwise:

- Principal business activities,
- Company's operations, and
- Performance data collected within the organisation.

Audience:

This report is published for our valued stakeholders that include investors, customers, suppliers, employees, government, local communities and media.

Sustainable Development Goals

The United Nations (UN) has called for governments, the private sector, civil society and the community to be part of the new sustainable development agenda. During the UN Sustainable Development Summit in September 2015, all 193 UN member states including Malaysia has affirmed their commitment in supporting and adopting the “Agenda 2030” for Sustainable Development, comprising 17 Sustainable Development Goals (SDGs) and 169 targets which covers a broad range of challenges including eradicating poverty, protecting the planet (eg from climate change) and ensuring that all people enjoy peace and prosperity.



SUSTAINABILITY REPORT (CONT'D)

Sustainable Development Goals (Cont'd)

We have identified and aligned our sustainable goals to the following 4 SDGs most relevant to the BPPLAS Group, in the spirit of making the right choices in a sustainable way, for future generations.

SDG 3 : Good Health and Well-Being	<ul style="list-style-type: none"> Social welfare projects such as annual blood donation campaign
SDG 7 : Affordable and Clean Energy	<ul style="list-style-type: none"> Energy efficiency & renewable energy (eg Solar Panels)
SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> Promote workplace diversity, employee benefits and adequate remuneration Reduce workplace hazards and accidents Career development and training programmes
SDG 12: Responsible Consumption and Production	<ul style="list-style-type: none"> Effluents & waste management (Reduce) Raw material use (Reuse) Recycled Material (Recycle) Sustainable and quality product

Sustainability Commitment

At BPPLAS, we believe that it is timely as well as imperative to support the achievement of the UN SDGs and to integrate sustainability considerations into the Company's vision, mission and strategies. BPPLAS is committed towards building a sustainable polyethylene (PE) film packaging business within the Asian region, which aims to deliver superior/strong financial performance and enhanced stakeholder values over the longer term, whilst balancing our social and environmental obligations.

Sustainability Governance Structure

The drive for sustainability within BPPLAS is led by the Board of Directors at the highest level, who are ultimately responsible for the accountability, oversight and review of sustainability matters. Due to the current size of operations and lean structure of the Group, there is no separate Sustainability Committee at the Board and Management level. Instead, for expediency and effectiveness, the identification and management of the Group's economic, environmental and social ("EES") risks and opportunities is proposed to be integrated into the enterprise risk management framework, which is under the purview of the Board Risk Management Committee (BRMC).

The Management Risk Management Committee (MRMC) which comprises the Managing Director, Executive Directors, Risk Manager and respective Heads of Department, will assist the BRMC by setting up the designated sub-unit Risk and Sustainability Working Committees (RSWCs) who will be tasked with the dual roles to implement the Group's risk policies and sustainability initiatives, as well as the day-to-day management of risks and sustainability matters in business operations. This include the identifying, evaluating, managing and monitoring of EES risks and opportunities, as part of the Group's overall risk framework. The MRMC will conduct periodic Risk and Sustainability assessment, results of which will be compiled and tabulated for reporting to the BRMC (at least 2 times a year) on the Key Risks and Material Sustainability Matters of the Group, and outlining of strategies and implementation of action plans by the respective RSWCs.

SUSTAINABILITY REPORT (CONT'D)

Stakeholder Engagement

We believe that continuous engagement with our stakeholders is an effective channel between our stakeholders and us to communicate our sustainability focus areas. We recognise the importance of identifying and addressing sustainability issues together with our stakeholders and making well-informed decisions to achieve our sustainability goals. Therefore, we have identified key stakeholders who are affected directly and indirectly by our business activities in order to understand and respond accordingly to their concerns.

The table below highlights the various stakeholders that we engage in our business.

Key Stakeholders	Mode of Engagement	Frequency of Engagement	Areas of Interest
Shareholders and Investors	<ul style="list-style-type: none"> - Annual General Meeting - Corporate Website - Electronic Communication 	<ul style="list-style-type: none"> Annually As needed As needed 	<ul style="list-style-type: none"> - Return on investment - Financial performance - Business outlook & prospects
Regulators/ Government	<ul style="list-style-type: none"> - Bursa Malaysia Reporting - SST Reporting - Income Tax Filing 	<ul style="list-style-type: none"> Quarterly/Semi-Annual/ Annually Bi-monthly Annually 	<ul style="list-style-type: none"> - Compliance - Government taxes contribution
Customers	<ul style="list-style-type: none"> - Customer Feedback/ Complaint - Questionnaire/Survey - Electronic Communication 	<ul style="list-style-type: none"> As needed Annually As needed 	<ul style="list-style-type: none"> - Product quality & sales - Customer service
Employee	<ul style="list-style-type: none"> - Employee satisfaction survey - Team Building event - Staff Appraisals - Training 	<ul style="list-style-type: none"> Annually Annually Annually Periodically 	<ul style="list-style-type: none"> - Career development - Occupational health and safety - Benefits and compensation
Local Communities	<ul style="list-style-type: none"> - Community Engagement Programmes 	<ul style="list-style-type: none"> As needed 	<ul style="list-style-type: none"> - Social welfare and contributions
Media	<ul style="list-style-type: none"> - Media/Press Release - Advertising - Electronic Communication 	<ul style="list-style-type: none"> As needed As needed As needed 	<ul style="list-style-type: none"> - New developments - Promotion and brand awareness

SUSTAINABILITY REPORT (CONT'D)

CORPORATE REVIEW

BUSINESS REVIEW

CORPORATE GOVERNANCE

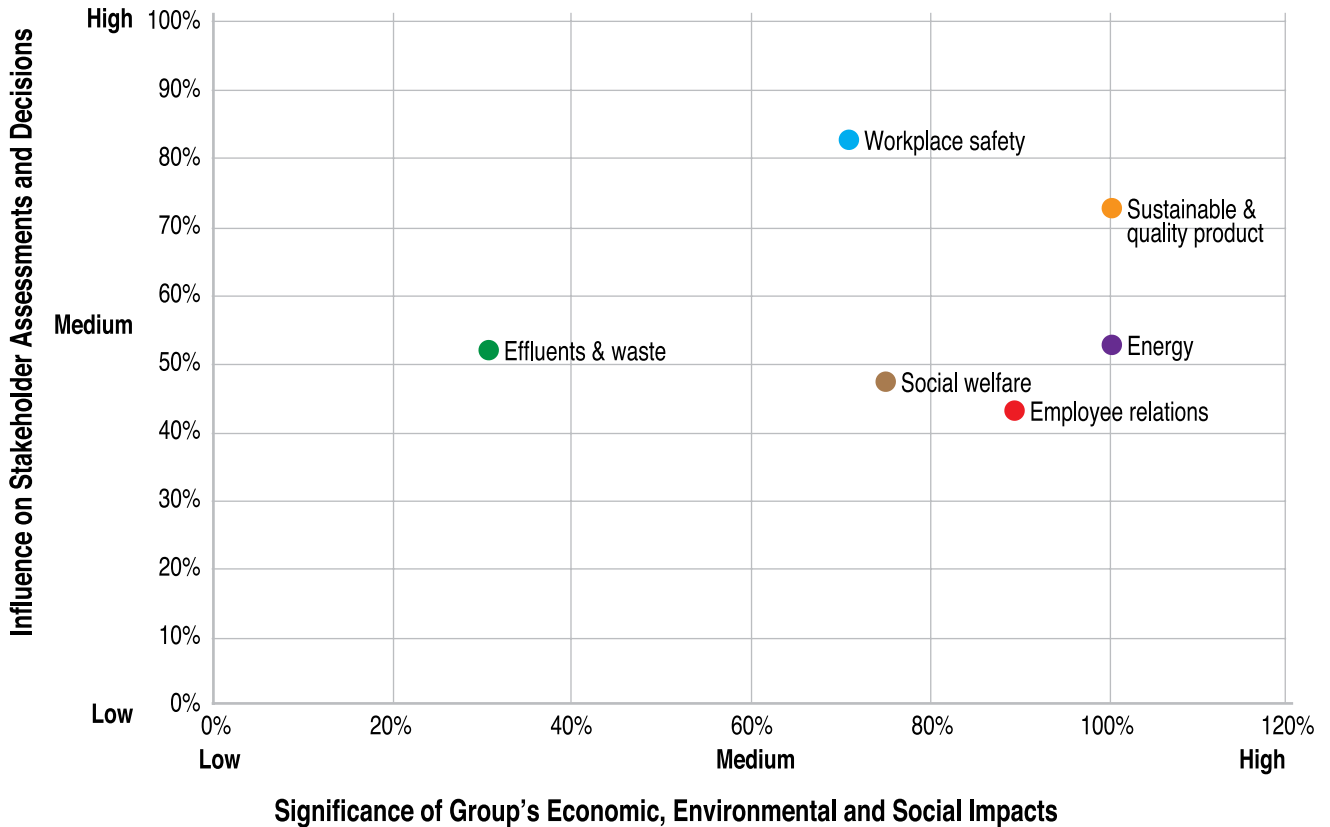
FINANCIAL STATEMENTS

OTHER INFORMATION

Materiality

The following materiality matrix presents a list of our current key business sustainability issues.

MATERIALITY MATRIX



Key sustainability issues:

1. Workplace Safety
2. Employee Relations
3. Effluents and Waste
4. Energy
5. Social Welfare
6. Sustainable and Quality Product

The list was derived via internal materiality assessment conducted by Management using data and information collected from the various platforms used in engaging our internal and external stakeholders such as:

- a) feedback and complaints by customers;
- b) customer satisfaction survey forms;
- c) interest and queries from analysts or media; and
- d) shareholder and investor expectations (raised in AGMs as well as Investor Relations channels).

From the data and information collected, we then identified the key sustainability issues to prioritise and ranked the materiality of each sustainability issue by taking into consideration its significance to the business and impact/influence on our stakeholders. Detailed information on these six sustainability issues will be discussed further in this report, but for reasons of practicality and to allow for better and more efficient resources planning, the reporting and monitoring of some of the sustainability issues identified may only be implemented in staggered stages in the near future.

SUSTAINABILITY REPORT (CONT'D)

Social

Workplace Safety – Environmental, Health and Safety

Why It Matters

Environmental, health and safety is our top priority at work. We strive to provide a safe and conducive working environment and facilities for all our employees and stakeholders (eg contractors, suppliers and visitors).

Management Approach

Our commitment to create a healthy and safe working environment for all our employees is encoded in our Environmental, Health and Safety (EHS) policy and objectives. All our employees are committed to ensure that the EHS objectives are fully integrated into our daily business operations. Guided by our certification in OHSAS 18001:2007 Occupational Health & Safety Management System, periodic workplace safety and health inspections are conducted by the Occupational Health and Safety (OHS) committee to find, eliminate or control work hazards and unsafe conditions and practices. Workers are also provided with the necessary Personal Protective Equipment (PPE) and instructions for use and care, while On-Job-Training (OJT) and coaching are given to improve employees' skill set and maximize EHS awareness among production operators. Open communication is practised within the organisation for continuous improvement on EHS aspects. The OHS committee members are sent to attend relevant trainings to update their EHS knowledge and competencies.

Moving forward, the Group targets to reduce the number of accidents rates within the workplace to minimal accident rate by FY2020, through undertaking the appropriate review and implementation of better safeguard measures at our production shop-floors and surrounding areas.

Social

Employee Relations – Training and Education

Why It Matters

Employees are our Company's greatest assets as we believe that employees with competitive capabilities are amongst the main drivers of BPPLAS's growth. As we expand our business, we recognise the importance of developing our employees' skills and knowledge at all levels in order to meet current and future market requirements.

Management Approach

We are dedicated to ensure that the appropriate staff training and development programmes are in place to build up the employees' skills set and ensure that they are equipped with the necessary tools and resources to help them map out and achieve their individual and departmental objectives. The employees' performance levels are assessed by the Heads of Department (HODs) via annual Performance Appraisals and Training Needs Analysis (TNAs) also conducted to identify the need for training programmes and any other required competencies.

During the year, we also had our annual Management team building at local Landmark Hotel in Batu Pahat on 5 August 2018, with the theme of "Happiness at Workplace and Power of Appreciation", mainly to recognize and show appreciation for the hard work, dedication and contributions put in by our employees.



SUSTAINABILITY REPORT (CONT'D)



The key trainings/seminars attended by the BPPLAS Management and employees during the year are as follows:

No.	Date of Training	Training Topics/Programmes
1)	09.02.2018	1-day Sustainability Reporting Foundation Programme
2)	26.03.2018 to 28.03.2018	Radiation Safety And Health
3)	19.07.2018	Occupational Safety And Health - Safety First! OSH Strategies For SMEs
4)	23.07.2018	ISO 22000 Food Safety Management System Training
5)	13.08.2018 to 14.08.2018	Strategic Procurement Management & Vendor Negotiation Skills
6)	27.09.2018	FMM Industry 4.0 Conference 2018: Industry 4.0 And Digitalisation
7)	03.10.2018 to 05.10.2018	ISO 22000 Food Safety Management System Internal Audit Training
8)	12.10.2018	QAMAR LLDPE & HDPE Seminar 2018
9)	28.11.2018 to 29.11.2018	Managing Scheduled Waste Towards Sustainable Business
10)	07.11.2018	Building An Enterprise Risk Management (ERM) Framework
11)	19.12.2018 to 20.12.2018	Managing Scheduled Waste Towards People & Environmental Protection And Cost Reduction



1-day Sustainability Reporting Foundation Programme on 9 February 2018

SUSTAINABILITY REPORT (CONT'D)

Environment

Effluents and Waste Management

Why It Matters

BPPLAS believes that being environmentally responsible is more than complying with rules and regulations. Thus, we strive for business growth without detriment to the environment. We work to promote responsible consumption, improve on waste management and limit resources depletion in order to attain minimal adverse impact to the environment.

Management Approach

Our corporate philosophy is adhering to the 3Rs concepts of “Reduce, Reuse and Recycle”. We have sufficient waste management knowledge, experts and capabilities to design the manufacturing channel to reprocess and reclaim (“**Recycle**”) our internally generated plastics wastes, rejects and scraps and to be reused (“**Reuse**”) as raw materials for suitable industrial packaging film application. This is facilitated by having 2 recycling machines with good technology and capacity to maximize waste recovery and enable the recycled materials to be looped back into production. This helps to ensure that we can reduce (“**Reduce**”) our consumption of virgin raw material at the same time minimising our plastics wastes, rejects and scraps footprint and also in support of the concept of circular economy and more efficient use of our valuable resources.

As BPPLAS is certified with ISO 14001: 2015 Environment Management System, we are committed to operate under stringent international environment framework. We ensure that all residual scheduled waste are properly stored and disposed by responsible licensed contractors. We also urge our stakeholders to supply non-hazardous product to mitigate environmental contamination.

Energy Management & Conservation

Why It Matters

Technologies promote sustainable energy including renewable energy sources, such as hydroelectricity, solar energy, wind energy, bioenergy and other technology designed to improve energy efficiency. In Malaysia, power generation is highly dependent on fossil fuel with 51% coal, 48% natural gas and the remaining is from renewable energy. Although coal is still preferred and cost of generating power is lower, the carbon dioxide (CO₂) and pollution emissions from the coal are higher.

Management Approach

Our focus on energy management is to ensure energy efficiency throughout our production and processes to conserve and reduce our consumption of energy. We also monitor the use and installations of heaters, chillers and compressors were well commissioned for the current or additional machinery and equipment, to ensure that our production lines' energy consumption are at optimal levels, as well as overall equipment effectiveness.

As of October 2018, BPPLAS has obtained the relevant approvals on the Green Energy Investment Tax Allowance (“GITA”) Incentive from Malaysian Investment Development Authority (“MIDA”) and target to install solar panels by end of FY2019, to substitute partial energy consumption towards green energy (“renewable energy”) and reduce our total energy consumption. This is also in line with our Government Manifesto to increase the renewable energy consumption through renewable resources from the current 2% to 20% by year 2025.

Meanwhile, an additional benefit of installing solar panels is the blocking of sunlight from hitting our factory roof, thereby lowering the roof temperature by about 2 to 3 degrees Celsius, which able to create a more conducive working environment within the factory premises as well as generate emission-free electricity.

SUSTAINABILITY REPORT (CONT'D)

CORPORATE REVIEW

BUSINESS REVIEW

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

Social**Local Communities – Social Welfare**Why It Matters

BPPLAS has always been cognisant of our role in supporting the development of the communities in which we operate, as we believe that local communities' welfare is crucial to the continued success of our business.

Management ApproachEducation – Industrial Training (Internship) Programmes

BPPLAS considers education as the focus of our community services. Over the years, under the Industrial Training Programmes, BPPLAS has been training and inducting students of multi-disciplines from various local universities in Malaysia, providing them a platform to gain real-life work experience and to enhance their theoretical knowledge/studies. During the year 2018, a total of 10 students applied and were placed for internships under the departments of Maintenance, Purchasing, Customer Service, Logistics & Shipping as well as Human Resource (HR), of which one student subsequently rejoined BPPLAS and recruited as permanent staff in Maintenance.

Social Welfare Projects – Blood Donation

Every year since 2010, we have been organising our Annual BPPLAS Blood Donation Campaign to do our part in helping to support our National Blood Bank. For this year, our 9th Blood Donation 2018 event was successfully held on 26th August 2018 at Level 2 of BP Mall, Batu Pahat. With the support of ever caring Batu Pahat community, we managed to collect a total of 176 blood packs during this meaningful event.



Past 3 years' Blood Donation Campaign contribution:

Year	Result (packs)
2016	194
2017	173
2018	176

SUSTAINABILITY REPORT (CONT'D)



Token of appreciation given by Hospital Sultanah Nora Ismail in recognition of BPPLAS' continuous support in organising Blood Donation campaign, in conjunction with World International Blood Donor Day 2018



Environmental Awareness – 3Rs Recycle Bin Donation

BPPLAS has always been advocating and to encourage proper waste separation at source and recycling. In an effort to educate the public at large for a better living environment and in particular for the younger generation, the Company had donated 3Rs recycle bins to various primary schools located throughout Batu Pahat district.



SUSTAINABILITY REPORT (CONT'D)

Economic**Deliver Sustainable and Quality Product**Why It Matters

China, which has been importing a cumulative 45% of the world's plastic waste for more than 25 years (since 1992), has implemented new policy banning the importation of most grades of plastic waste from FY2018 onwards. Since the ban by China, Malaysia found itself turning overnight into the world's largest importer of plastic waste, together with other South-East Asian countries such as Thailand and Vietnam. Based on a November 2018 report by Greenpeace, Malaysia is now the main destination for plastics waste for the world's major plastic waste exporters such as the United States (US) and United Kingdom (UK). In the first 6 months (1H2018), the top 3 exporters of plastics waste to Malaysia were from US (195,444MT), Japan (104,920MT) and UK (95,248MT) respectively. For the US waste imports alone, it is 3 times the tonnage recorded in the same corresponding period of 1H2017.

Source: The Edge Malaysia, Infographic 25 February 2019

BPPLAS recognises that plastic waste is at the center of attention due to its negative association with global plastic pollution and marine litter, which actually stems more from combination of factors such as the lack of awareness or education on impact of plastics, humankind's littering habits, limited recycling and proper plastic disposal facilities.

Management Approach

Other than focusing on 3Rs, BPPLAS is determined to improve continuously on product quality particularly to ensure that it is fully recyclable, environmental friendly and reduce the waste pollution to the minimum level. We continuously engage and work with trusted and reliable suppliers worldwide to provide good quality Polyethylene (PE) to ensure our waste/reject/scrap created is minimised.

In addition, BPPLAS has been progressively investing into new machines and innovative technology, as well as embarking on continuous research and product development, to create the versatile, light weight, economical and 100% recyclable product which can help customers to improve their products' safety protection and shelf life.

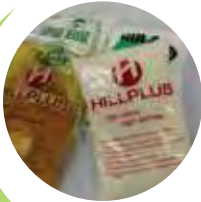
As BPPLAS products' primary function is for industrial packaging application, we develop and promote the premium grade Stretch Films to enhance the better load containment and holding force for palletised goods, so to provide safety on road transportations and logistics and mitigate accident.

BPPLAS also targets on Food and Beverage (F&B) Packaging Films to improve food packaging integrity and production efficiency to brand owners. During the year, BPPLAS was awarded with the ISO 22000 Food Safety Management certification which indicates that our products are in compliance with the food packaging hygiene requirement standards.

BPPLAS is pushing the on-going initiatives and efforts with the sustainability awareness from the procurement, production, people and workplace until the end product to ensure that all stakeholders are engaged with any means of sustainability process. As a specialised plastics packaging manufacturer, BPPLAS is committed towards building a sustainable PE film packaging business whilst balancing our economic goals with our social and environmental responsibilities, stretching beyond the better planet and future generation.

Awarded ISO 14001:2015 Environmental Management System

Awarded ISO 22000:2005 Food Safety Management Systems



Form-Fill-Seal (FFS) Film



R-Edge Stretch Film



Collation Shrink Film



Priority Machine Roll



Stretch Film



Lamination Base Film



INFINITY Stretch Film



BPPLAS

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the External Auditors and their affiliates by the Group and the Company during the financial year ended 31 December 2018 are as below:

	Group RM	Company RM
Audit services rendered	69,000	28,000
Non-audit services rendered		
1. Review of the Statement on Risk Management and Internal Control	4,000	4,000
2. Tax Services	31,060	3,000

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 2018.

RECURRENT RELATED PARTY TRANSACTIONS 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 25 to the financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") Main Market Listing Requirements ("**MMLR**").

UTILISATION OF PROCEEDS

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

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

For the Financial Year Ended 31 December 2018 (“FY2018”)

GROUP BUSINESS OVERVIEW

The year 2018 started on positive note, but was not without its challenges and unprecedented events, especially on the Malaysian home ground. With the change of new government, Sales and Service Tax (SST) 2.0 replaced the Goods and Service Tax (GST) with effect from 1 September 2018. In addition, manufacturers faced increased operating costs due to electricity rate hikes arising from the rationalization and removal of the Imbalance Cost Pass-Through (ICPT) rebates via the additional tariff of 1.2 sen per kwh from 1 July 2018 onwards.

From the global perspective, the US Federal Reserve interest rate hikes, the ongoing US-China trade war tensions as well as commodity prices volatility, has affected global and Malaysia economic growth and pace of sales turnaround resulting from distortions in customer purchasing patterns.

Despite the many challenges, the Group remained focused on product innovations to supply high quality Stretch Films as the packaging solutions to unitized and palletized goods to improve safety, enhance load containment, improve handling and efficiency for warehouse and transportation. The Group also improved its cost management, internal process efficiencies and productivity to deliver better business growth and performance in FY2018. The Group conducted extensive machine and equipment repairs and upgrading, focused on building employees’ skills set and competencies, improving on Quality Management System (QMS) in production and process audit for continued improvement to better serve our growing and ever evolving customer needs.

The Group has been advocating for right gauging in promoting our Stretch Films to our customers worldwide, and has managed to achieve consistent sales on our premium grade Stretch Films, while growing our High Quality Thin Gauge “Infinity” Stretch Films and PE Form-Fill-Seal (FFS) Food Packaging Film with printing in FY2018.

FINANCIAL PERFORMANCE HIGHLIGHTS

Overall Revenue

	FY2014	FY2015	FY2016	FY2017	FY2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Q1	72,429	66,845	85,356	84,333	84,945
Q2	75,484	67,143	78,811	73,833	82,559
Q3	66,368	68,397	79,404	84,875	80,593
Q4	69,682	81,073	80,787	85,516	85,681
Total Operating Revenue	283,963	283,458	324,358	328,557	333,778

5-year Quarterly Sales

FY2014	72,429	75,484	66,368	69,682	
FY2015	66,845	67,143	68,397	81,073	Q1
FY2016	85,356	78,811	79,404	80,787	Q2
FY2017	84,333	73,833	84,875	85,516	Q3
FY2018	84,945	82,559	80,593	85,681	Q4

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) For the Financial Year Ended 31 December 2018 (“FY2018”)

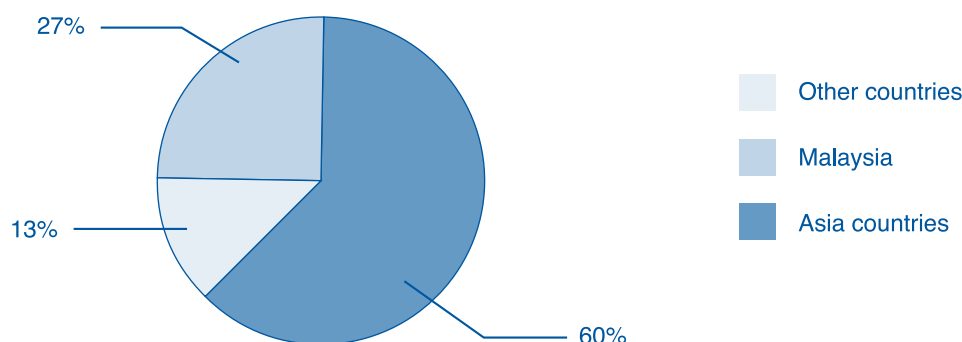
FINANCIAL PERFORMANCE HIGHLIGHTS (Cont’d)

Overall Revenue (Cont’d)

For FY2018, the Group registered operating revenue of RM333.78 million, an increase of 1.59% compared to RM328.56 million in FY2017. Revenue growth in FY2018 was again supported by a sustained and resilient local domestic consumption in Malaysia which saw sales increased by RM10.09 million (or 12.53%) to RM90.63 million (FY2017: RM80.54 million). On the other hand, export sales saw a slight decrease of RM4.87 million (or 1.96%) to RM243.15 million (FY2017: RM248.02 million) due to challenging global economic conditions arising from the on-going US-China trade war, combined with the continual intense competition and pricing pressure within the plastic packaging industry which saw further market consolidations.

Revenue by Geographical

	2018 RM'000	2017 RM'000	Variance RM'000
Asia countries	200,650	204,581	(3,931)
Malaysia	90,630	80,541	10,089
Other countries	42,498	43,435	(937)
Total Operating Revenue	333,778	328,557	5,221



The Group's FY2018 total operating revenue of RM333.78 million was still predominantly contributed by export sales market of 73%, supported by major strategic business partners located mainly in Asia and ASEAN.

Local domestic market demand was resilient, which recorded an improvement in sales of RM10.09 million from RM80.54 million in FY2017 to RM90.63 million in FY2018. Revenue was boosted in part by the additional sales during the 0% GST period of June-August 2018.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) For the Financial Year Ended 31 December 2018 (“FY2018”)

FINANCIAL PERFORMANCE HIGHLIGHTS (Cont’d)

Profitability

Description	2018 RM’000	2017 RM’000	Change %
Revenue	333,778	328,557	+1.59
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	34,241	25,152	+36.14
Profit before tax (“PBT”)	25,030	15,517	+61.31
Profit after tax (“PAT”)	21,358	12,834	+66.42
EBITDA margin	10.26%	7.66%	+33.94
PBT margin	7.50%	4.72%	+58.90
PAT margin	6.40%	3.91%	+63.68

The Group achieved a higher PBT of RM25.03 million, an increase of 61.31% as compared to PBT of RM15.52 million in FY2017, mainly due to better product mix and production efficiency costs savings. PAT was also higher by 66.42% at RM21.36 million, compared to the PAT of RM12.83 million in FY2017 due to the improved profit performance as mentioned above, and lower effective tax arising from reinvestment allowance tax incentives claimed by a subsidiary.

The Group is cognizant of the on-going competitive operating environment and pricing pressures within the industry, and therefore as a matter of strategy in FY2018, focused on further streamlining our product mixes and focus on developing higher value-added (“specialty”) product lines, at the same time balancing this with larger volume or bulk orders of standard (“general”) products.

The Group’s effective tax rate for the year under review was lower at 13.63% compared to last year’s corresponding period effective tax rate of 22.82%, mainly due to the availability of reinvestment allowance tax incentive claimed by a subsidiary.

FINANCIAL POSITION

As at 31 December 2018, the financial position and liquidity of the Group remains strong and healthy with higher Cash and Cash Equivalents of RM50.19 million (FY2017: RM45.23 million). The Group has no loans and borrowings as at this financial year end.

Total shareholders’ fund was also higher at RM181.19 million (FY2017: 167.34 million) and Net Tangible Assets (“NTA”) per share stood at RM0.97 (FY2017: RM0.89) as at this financial year end.

SHARE PERFORMANCE FY2018

Year High:	RM1.17
Year Low:	RM0.85
Year Close:	RM0.99
Daily Average Trading Volume:	65,800 shares
Market Capitalisation as at Financial Year End:	RM185.81 million

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) For the Financial Year Ended 31 December 2018 (“FY2018”)

CAPITAL EXPENDITURE (“CAPEX”) INVESTMENT

During FY2018 the Group reinvested back approximately RM26 million in capex investment, which was mainly to increase capacities effective 2H2018 for greater production flexibility and faster product turn-around times. To broaden income stream from primary and secondary packaging film, a new printing film machine was commissioned at the end of the year, in line with the Group’s plan to pursue further revenue growth in the food packaging films.

The new factory and warehouse building, BP11 was also successfully completed during the year and currently pending the approval from relevant authorities on its Certificate of Completion and Compliance (CCC). The new building is in place to facilitate production capacity expansion and storage to fulfill more customer demand in the near future.

For FY2019, the Group has allocated approximately additional RM9 million CAPEX on new machineries, as well as investment into solar panels to support government’s initiatives to utilize renewable energy. The planned machinery investment in FY2019 is in line with the Group’s aspiration to garner more market share in more value added products in Food and Beverage packaging film, and it is planned to be commissioned by end FY2019.

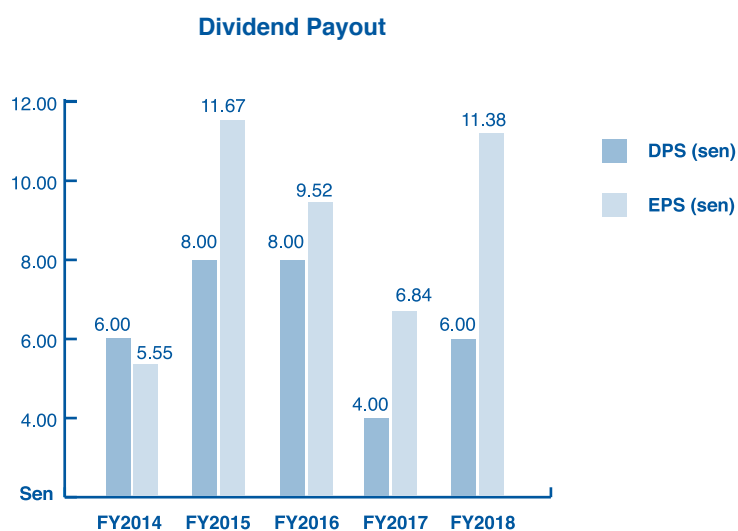
The projected CAPEX will be financed through internally generated funds.

DIVIDEND OR DISTRIBUTION POLICY

The Group is committed to enhance shareholder value, and the Group’s dividend policy is to distribute at least 40% of net profits to shareholders annually, taking into consideration the Group’s available cash and cash equivalents, projected capital expenditures and other investment plans, after the distribution of dividends.

Despite high capex investment in FY2018, the total dividends declared and paid by the Group for FY2018 amounted to RM11.259 million, representing a 52.7% dividend payout ratio (FY2017, RM7.506 million).

	RM’000
In respect of FY2018:	
– First Single-Tier interim dividend of 2 sen per share, paid on 27 June 2018	3,753
– Second Single-Tier interim dividend of 2 sen per share, paid on 28 December 2018	3,753
– Third Single-Tier interim dividend of 2 sen per share, paid on 28 March 2019	3,753
Total dividends paid for FY2018	11,259



On 15th February 2016, BPPLAS announced a dividend policy to distribute minimum 40% of net profits to shareholders.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) For the Financial Year Ended 31 December 2018 (“FY2018”)

DIVIDEND OR DISTRIBUTION POLICY (Cont’d)

DIVIDEND PAYOUT (Cont’d)

Year	DPS Div declared (Sen)	(RM’000)	PAT (RM’000)	Dividend Ratio	EPS (Sen)
FY2014	6.00	11,127	10,072	110.5%	5.55
FY2015	8.00	15,012	21,834	68.8%	11.67
FY2016	8.00	15,012	17,867	84.0%	9.52
FY2017	4.00	7,506	12,834	58.5%	6.84
FY2018	6.00	11,259	21,358	52.7%	11.38
			5-year Average	71.4%	

ANTICIPATED OR KNOWN RISKS

Operating costs for Malaysian manufacturers is set to increase further in FY2019 due to the following:

Higher Manpower Cost

Increase in minimum wage from 1 January 2019 for employees set at RM1,100 (previously RM1,000 for West Malaysia and RM920 for East Malaysia). This is an addition to the previous imposition in FY2018 of foreign workers’ levy which is now to be borne by employers instead. All these are in line with the Government’s commitment towards upgrading our local corporation and building a high income nation by reducing our dependency on low-skilled foreign labour.

This will indeed pose challenges for manufacturer businesses and the Group will look further into streamlining existing processes, employee skills upgrading and re-training, including pushing for more automation and continue investing in new equipment to automate more processes to generate high value added products, as well as to boost or increase worker’s productivity and output growth.

Increase in Electricity Cost

After imposing ICPT surcharge of 1.35 sen/ Kwh from 1 July 2018 to 28 February 2019, TNB has further announced increased surcharge of 1.2 sen/Kwh to 2.55 Sen/Kwh for non-domestic customers, with effect from 1 March 2019 onwards. The Group shall endeavor to pass through the operating cost increased while enhancing further internal efficiency.

Apart from this, other external factors that might affect the operational and financial performance of the Group includes:

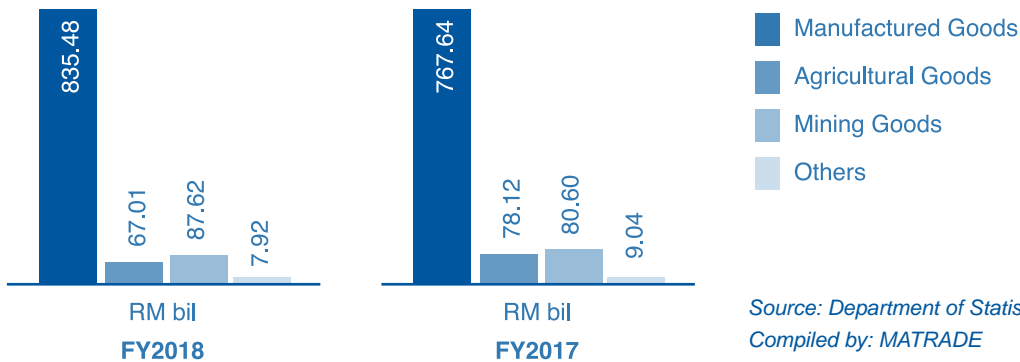
- Trade conflict between China and USA – unresolved and prolonged conflicts could morph into global trade war and recession, weakening global economic growth and keep consumption and packaging film demand to moderate growth.
- Forex Volatility – China and US are two highest economic growth countries in FY2018, within the Asian economies and Advanced economies region respectively. Unresolved conflict between China and US could prompt inflow and outflow of fund from emerging market (EM) economy. Weak global economic growth outlook has prompted Federal Reserve to halt interest rate hike for FY2019.
- Commodities pricing – fluctuation in global oil prices, weak global demand and lower commodity prices due to trade war between US and China might result in lower selling prices and revenue growth.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) For the Financial Year Ended 31 December 2018 (“FY2018”)

BUSINESS OUTLOOK AND PROSPECT

For FY2018, despite global headwinds, the Malaysian economy expanded and recorded a respectable GDP growth of 4.7% (2017:5.9%), mainly supported by continued expansion in domestic demand and positive growth in net exports. Malaysia’s total exports increased to RM998.01 billion, albeit at slower pace of 6.74%, compared to RM935.39 billion in year 2017. The manufacturing sector supported by electrical & electronics (E&E), remains the biggest contributor of Malaysian exports at RM835.48 billion (or 83.7%), recording Y-o-Y growth of RM67.84bil or 8.84%, compared to RM767.64 billion in FY2017. However, exports growth in most regional economies slowed in 4Q18, weighed by weaker external demand and uncertainties due to ongoing US-China trade war tensions.

Malaysia’s Export Components FY2018 vs F2017



Moving forward into FY2019, global trade growth is expected to moderate to 3.5% vs 3.7% in 2018. Growth prospects in both advanced as well as EM economies is anticipated to face higher downside risk as any further deterioration or widening of the yet to be concluded US-China trade war tensions will drag down both global trade and growth. With the Brexit concerns in Europe also at the backdrop, coupled with risks of forex volatility due to capital inflows and outflows within the EM region arising from uncertain US monetary policy, the road ahead for businesses in EM remain ever challenging.

Notwithstanding the above, the Group is cautiously optimistic that the overall demand for plastic packaging remains intact and sustained, despite the highly competitive and challenging business environment within the industry. The Group will continue to focus on product innovations and enhancing existing production efficiencies to mitigate against increase in operating costs such as increase in minimum wage and electricity rate hikes in FY2019.

In view of the above, the Group remains committed to deliver a profitable performance for the financial year ending 31 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

For the Financial Year Ended 31 December 2018 (“FY2018”)

The Board of Directors (“**Board**”) of BP Plastics Holding Bhd (“**BPPLAS**”) is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance (“**CG**”) practices of the Company under the leadership of the Board during the financial year ended 31 December 2018. This overview summarises the application by the Company of the key Principles set out in the Malaysian Code on Corporate Governance (“**MCCG**”).

The detailed explanation on the application of the corporate governance practices are reported under Corporate Governance Report (CG Report) which is available on the Company’s website at www.bpplas.com.

This Statement and CG Report should also be read in tandem with the other information below which is available on the Company’s website at www.bpplas.com.

- Board Charter,
- Group Code of Conduct,
- Audit Committee (AC) Terms of Reference,
- Nominating & Remuneration Committee (NRC) Terms of Reference,
- Risk Management Committee (RMC) Terms of Reference, and
- Corporate Disclosure Policy.

This Statement was approved by the Board of Directors on 5 April 2019.

Corporate Governance Approach

The Board is committed to ensure that the principles and recommendations of the MCCG and good governance standards are practised throughout BPPLAS in directing and managing the Group’s businesses and affairs as a fundamental part of discharging its responsibility, and to ensure sustainable value creation framework is in place to support the continuous growth of the Group as a long-term commitment to its shareholders and other stakeholders.

Pursuant to the Comprehend, Apply and Report (CARE) approach advocated under the MCCG, the Board has undertaken necessary review and revisions to the Group’s policies to ensure that the Group complies with all the principles and recommendations of the MCCG, which comprises of the following three (3) principles under the MCCG:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

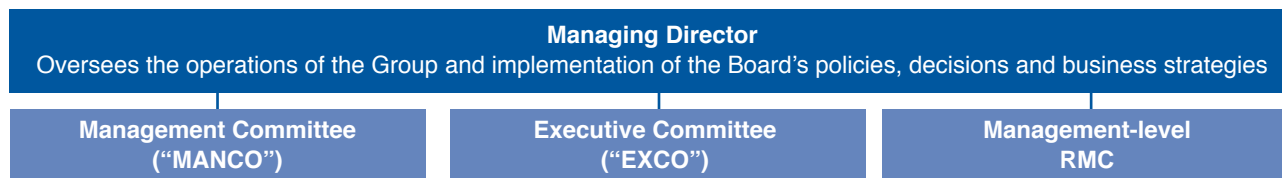
The Board is responsible for the corporate governance practices of the Group. The Board has delegated certain responsibilities to the Committees of the Board which operate within clearly defined terms of reference “TOR”. The TORs of the Board AC, NRC and RMC are available on the Company’s website at www.bpplas.com. The table below summarises the key responsibilities and oversight areas of the respective Board Committees:

Board led by the Chairman		
Primarily responsible for the leadership, orderly conduct and effectiveness of the Board		
Audit Committee (“AC”)	Nominating and Remuneration Committee (“NRC”)	Risk Management Committee (“RMC”)
Review of financial reporting, internal controls, related party transactions and conflict of interest situations, as well as evaluation of external and internal audit function	Review of Board composition, nomination of new nominees, appointment and re-appointment to the Board, establishing competitive remuneration policies and packages for Directors and Senior Management	Oversight and review of the risk management framework and policies of the Group

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Responsibilities (Cont'd)



The Board is guided by the Board Charter, which clearly sets out the composition, roles, responsibilities, structure and processes of the Board, as well as list of matters reserved for the Board's attention. The Board Charter of the Company is in place, and a copy is available at the Company's website at www.bpplas.com.

During the year, the Group has undertaken a review and adopted the Company's revised Board Charter on 1 August 2018, to update and incorporate the changes arising from the Companies Act 2016, the amendments in Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") Main Market Listing Requirements ("**MMLR**"), as well as to be aligned with the new MCGG requirements. The Board will perform periodic review on the Board Charter to ensure they remain consistent with the Board's objectives, current laws/regulations and good governance practices.

The Group has also in place a Group Code of Conduct that is applicable to all Directors and employees. The Group's Code of Conduct sets out the standards of good conduct and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices.

The Group's Code of Conduct is premised on the following four (4) main principles:

- A. Show respect in the workplace
- B. Act with integrity in our marketplace
- C. Ensure ethics in our business relationships
- D. Ensure effective communication (which also covers corporate disclosure and whistle blowing)

All Directors and employees of the Group must endeavour to observe the Group's Code of Conduct which provides guidance as to the ethical conduct to be complied to uphold the principles of honesty and integrity, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities.

The Group's Code of Conduct is accessible on the Company's website at www.bpplas.com.

Board Composition

The Board consists of seven (7) Directors, four (4) of whom are Independent Non-Executive Directors and three (3) are Executive Directors. The composition of the Board is consistent with the requirements of Paragraph 15.02 of the Bursa Malaysia MMLR where at least one-third of its members are Independent Non-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.

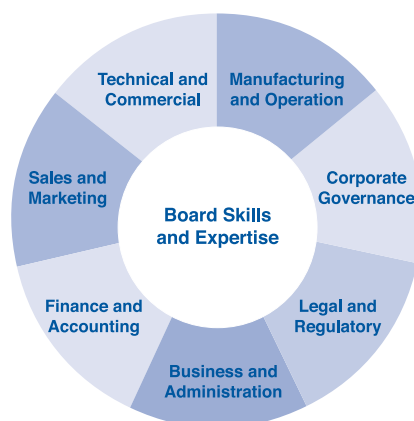
The nomination and assessment of Directors by the NRC are guided by a set of criteria and expectations based upon the competencies, commitment, experience and integrity of the candidates to secure the best composition and to meet the diverse objectives of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Composition (Cont'd)

In the selection process, the NRC does not set any target on gender, ethnicity or age diversity but endeavour to include any member who will improve the Board's overall compositional balance. In identifying suitable candidates for appointment to the Board, the NRC 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 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 shall ensure compliance with the Mandatory Accreditation Programme as required by Bursa Malaysia for newly appointed Directors.

Board Diversity	Headcount	%
Composition		
Independent Non-Executive Directors	4	57%
Non-independent Executive Directors	3	43%
Ethnicity		
Chinese	7	100%
Others	0	0%
Gender		
Male	5	71%
Female	2	29%
Age		
41-50	2	29%
>50	5	71%

The Board is also cognisant of the call by the Government and MCCG to have more women representation on boards of companies (with at least 30% women directors for Large Companies), and although the Board has not set specific targets, the Board and NRC endeavours to ensure sufficient number of women candidates be included in the pool of candidates evaluated for new appointments to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Meetings

The Board meets at least quarterly with additional meetings convened as and when necessary. The 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. All the proceedings of Board meetings are duly recorded in the minutes of each meeting.

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.

During the financial year under review, attendances of Directors to the meeting during FY2018 are as follows:

Name of Directors	Board of Directors	AGM	AC	NRC	RMC
Lim Chun Yow	5/5	1/1			
Tan See Khim	5/5	1/1			
Hey Shioh Hoe	5/5	1/1			
Lim Kim Hock	5/5	1/1		2/2	
Tan Ming-Li	5/5	1/1	5/5	2/2	4/4
Tan Hock Hin	5/5	1/1	5/5	2/2	4/4
Chuah Sue Yin	5/5	1/1	5/5	2/2	4/4
Total no. of meetings:	5	1	5	2	4

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the FY2018. All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year pursuant to the Bursa Malaysia MMLR.

All the Directors have attended the Mandatory Accreditation Programme (MAP) as required under the Bursa Malaysia MMLR. 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 NRC.

In line with Paragraph 15.08 of Bursa Malaysia MMLR, the Directors recognise the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast with the development and changes in the industries in which the Group operates, as well as to update themselves on new statutory and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Meetings (Cont'd)

The following are the conferences, training programmes and seminars in various capacities attended by the Directors of the Company in FY2018:

Name	Training/Seminar/Forum/Conference Attended	Date
Non-Independent Executive Directors:		
Lim Chun Yow	• Sustainability Reporting Foundation Programme	9 February 2018
	• MCCG & Bursa's Listing Requirement – Application, Disclosure And Reporting Expectations For Principle A,B & C	13 February 2018
	• MPMA Roadshow 2018	5 April 2018
	• Corporate Seminar May 2018 - Global Market Outlook	31 May 2018
	• Management Training Program	5 August 2018
	• Asia Petrochemical Industry Conference 2018	20-21 August 2018
	• Plasticity Malaysia - The Plastic Sustainable Conference	25 October 2018
	• Enterprise Risk Management - Risk Awareness Training	18 December 2018
Tan See Khim	• Sustainability Reporting Foundation Programme	9 February 2018
	• Management Training Program	5 August 2018
	• Qamar Seminar 2018	12 October 2018
	• Enterprise Risk Management - Risk Awareness Training	18 December 2018
Hey Shioh Hoe	• Sustainability Reporting Foundation Programme	9 February 2018
	• Management Training Program	5 August 2018
	• ISO22000 Food Safety Management System Internal Audit Training	3-5 October 2018
	• Qamar Seminar 2018	12 October 2018
	• Enterprise Risk Management - Risk Awareness Training	18 December 2018
Independent Non-Executive Directors:		
Lim Kim Hock	• National Tax Conference 2018	16-17 July 2018
	• Practical Auditing Methodology for SMPs	22-23 October 2018
	• National Budget Seminar 2019	3 December 2018
Tan Ming-Li	• Corporate Governance Briefing Sessions : MCCG Reporting & CG Guide	16 March 2018
	• FIDE Forum Blockchain in Financial Industry	17 July 2018
	• Roles & Responsibilities of Directors in relation to Financial Statements	21 November 2018
Tan Hock Hin	• Corporate Governance Briefing Sessions : MCCG Reporting & CG Guide	2 March 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Meetings (Cont'd)

The following are the conferences, training programmes and seminars in various capacities attended by the Directors of the Company in FY2018 (Cont'd):

Name	Training/Seminar/Forum/Conference Attended	Date
Independent Non-Executive Directors:		
Chuah Sue Yin	• Matrade's Services Export Fund & Market Development Grant	10 January 2018
	• MCCG And Bursa's Listing Requirements : Towards Meaningful Disclosure	18 January 2018
	• Complimentary Seminar : Insolvency Legislative Changes In Malaysia	19 January 2018
	• Changes in the Listing Requirements Post-Companies Act 2016 : What to Look Out For	8 February 2018
	• National GST Conference 2018	27-28 February 2018
	• Taklimat Teknikal Kualiti Pengauditan Juruaudit Koperasi	6 March 2018
	• Module 4 : Current and Emerging Regulatory Issues in the Capital Market	14 March 2018
	• Valuation of Start-Ups and Small & Medium Enterprises (SMEs)	3 May 2018
	• Practice Strategy Day 2018 - Singapore	15 May 2018
	• Withholding Tax in Malaysia - Principles and Latest Developments	10 July 2018
	• CTIM : National Tax Conference 2018	16-17 July 2018
	• MPERS Conference 2018: Driving SMEs Towards Global Competitiveness	31 July 2018
	• Transitional Issues from GST to SST - Your Questions on SST Answered	24 September 2018
	• Auditors' Qualifications, Roles, Responsibilities and Liabilities under Companies Act 2016	5 October 2018
	• MIA Conference 2018	9-10 October 2018
	• Analysis Of Recent Tax Cases 2018	18 October 2018
	• Modernising ISA 315 - Key Revisions Proposed ISA 315 (Revised), Identifying and Assessing the Risk of Material Misstatement	19 October 2018
	• National Tax Seminar 2018	13 November 2018
	• MFRS 15 Mastering Revenue Recognition for Construction Contract & Property Development Activities	28-29 November 2018
	• 2019 Budget Seminar	4 December 2018
• Latest Development on MFRS 16	17 December 2018	

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Remuneration

The Board has in place a remuneration policy framework which is clear and transparent, designed to support and drive business strategy and long-term objectives of BPPLAS. In this regard, the NRC strives to reward the Executive Directors and Senior Management based on accountability, fairness, and competitiveness, so as to ensure the remuneration packages of Executive Directors and Senior Management are sufficiently attractive to draw in and to retain persons of high calibre.

The composition, authority, duties and responsibilities of NRC and its activities during financial year ended 31 December 2018 are set out in the NRC Statement of this Annual Report.

The Remuneration Policy of Directors and Senior Management is accessible on the Company's website at www.bpplas.com.

Audit Committee

The AC of the Group comprises of three (3) Independent Non-Executive Directors. The AC is chaired by an Independent Non-Executive Director, Ms. Chuah Sue Yin. As such, the Chairman of the AC is distinct from the Chairman of the Board. The composition of the AC is in compliance with Paragraph 15.09 and 15.10 of the Bursa Malaysia MMLR and MCGG where all the three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

The principal objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to financial reporting process and internal controls of the Group.

The TOR of the AC has been revised to reflect the requirements pursuant to Practice 8.2 of the MCGG which stipulated that "No former key audit partner shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least two (2) years".

The TOR of the AC is available for reference on the Company's website at www.bpplas.com.

In line with Practice 8.3 of the MCGG, the AC has the policies and procedures and is guided by the factors prescribed under Paragraph 15.21 of Bursa Malaysia MMLR, to assess the suitability, objectivity and independence of the External Auditors. The assessment is conducted on yearly basis by the AC, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

As promulgated by the MCGG, collectively the AC should possess a wide range of necessary skills to discharge its duties, and that all members should be financially literate and are able to understand matters under the purview of the AC including the financial reporting process. The Board regards the members of AC collectively possess the accounting and related financial management expertise and experience required for AC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

Risk Management and Internal Control Framework

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Risk Management and Internal Control Framework (Cont'd)

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 Management-level RMC through their meetings ensures that the accountability for managing the significant risks identified is clearly assigned and that the identified risks affecting the Group is being satisfactorily addressed on an on-going basis.

The AC is tasked with the duty to assess the Group's and Company's internal control environment to determine the adequacy and effectiveness of the system of internal controls put in place by Management. The review covers the financial, operational, and compliance controls. The Board RMC on the other hand, assists the Board in their responsibilities to identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets. The RMC supports the Board by setting and overseeing the risk management framework and policies of the Group, and regularly assessing such risk management processes to ascertain their adequacy and effectiveness.

The Board has through the AC and Board RMC reviewed the adequacy and integrity of the Group's system of risk management and internal controls.

The information on the Group's risk management and internal controls is represented in the Statement on Risk Management and Internal Control and Board Risk Management Committee Report in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication between the Company and its Stakeholders

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.

The Group values its dialogues and engagements with all stakeholders. The Annual Report of the Company is a key channel of communication with shareholders and stakeholders. The shareholders and stakeholders of the Company are kept informed of the Group's performance, major corporate developments and other matters affecting stakeholders' interests through the Annual Report, the various disclosures and announcements made to Bursa Malaysia and the Company's website. Apart from this, financial results and other corporate information as contained in the Annual Reports and/or 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. With the new Constitution, the Company will leverage on technology to enhance the quality of engagement with the shareholders. In accordance with the relevant provisions of the Constitution, shareholders who are eligible to vote at general meetings but are unable to attend the same in person, may appoint proxies to vote on their behalf.

The Company actively updates its website (www.bpplas.com) with the latest information on the corporate and business aspects of the Group. Press releases, announcements to Bursa Malaysia, dividend distribution and quarterly results of the Group are also made available on the website and this helps to promote accessibility of information to the Company's shareholders and all other market participants. Communication and feedback from investors can also be directed to the email address ir@bpplas.com or alternatively, it can be addressed to:

Contact Person: Mr. Lim Chun Yow, Managing Director
5A Jalan Wawasan 2,
Kawasan Perindustrian Sri Gading,
83300 Batu Pahat,
Johor Darul Takzim.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) For the Financial Year Ended 31 December 2018 ("FY2018")

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Conduct of General Meetings

The main forum of dialogue with shareholders of the Company is the Company's Annual General Meeting ("AGM"). The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and Senior Management of the Company. The Company provides information in the Notice of AGM, which are sent to shareholders at least 28 days prior to the AGM, on the details of General Meetings, resolutions to be tabled for approval and shareholders' entitlement to attend General Meetings, and their right to appoint proxy(ies) to encourage shareholders' participation at General Meetings.

All Directors, Senior Management and the External Auditors attend the General Meetings. During the AGM, shareholders who attend the AGM are encouraged and given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the Chair of every Board Committee, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the AGM.

Pursuant to Paragraph 8.29A(1) and 8.29A(2) of the Bursa Malaysia MMLR, it is mandatory for any resolution set out in the notice of any general meeting to be voted by poll, and to appoint at least one (1) scrutineer to validate the votes cast at the AGM. In adherence with the Bursa Malaysia MMLR, BPPLAS will conduct a semi-manual poll voting in its AGM and ensure that the polling would be carried out in a transparent and efficient manner. The results of voting for each of the resolution would be made known in the meeting and announcement made via the Bursa LINK after the conclusion of the AGM.

At the AGM of the Company, the Management of the Company will also present an executive summary highlighting key financial highlights, latest corporate information and financial performance/achievement of the Group.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to compliance with regulatory requirements under MCCG, and the applicable rules and regulations.

The Board has identified economic, environmental and social (EES) sustainability matters as a key focus area for the future. The Board will provide the appropriate guidance and oversight to the Management team as they work towards developing a more robust sustainability agenda for the Group.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee (“AC”) comprises the following members:

Chuah Sue Yin (<i>Chairperson</i>)	Independent Non-Executive Director
Tan Ming-Li (<i>Member</i>)	Senior Independent Non-Executive Director
Tan Hock Hin (<i>Member</i>)	Independent Non-Executive Director

The Chairperson of the AC, Ms. Chuah Sue Yin, is a member of Malaysian Institute of Accountants fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) Main Market Listing Requirements (“**MMLR**”).

The composition of the AC is in compliance with Paragraph 15.09 and 15.10 of the Bursa Malaysia MMLR and the Malaysian Code on Corporate Governance (“**MCCG**”) where all three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

2. THE TERMS OF REFERENCE

The principal objective of the AC is to assist the Board of Directors (“**Board**”) in discharging its fiduciary responsibilities relating to financial reporting process and internal controls of the Group.

The terms of reference (“**TOR**”) of the AC sets out the authority, duties and responsibilities of the AC which are consistent with the requirements of the Bursa Malaysia MMLR and the MCCG. The TOR of the AC are available on the Company’s website at www.bpplas.com.

3. MEETINGS AND ATTENDANCE

The AC held five (5) meetings during the financial year ended 31 December 2018 (“**FY2018**”). The Managing Director, Executive Directors, Financial Controller, department heads and representatives of the External and Internal Auditors were invited to attend AC meetings when required, in order to facilitate direct communications in respect on matters of significant concern or interest. The Minutes of the AC meetings were circulated to all members of the Board for their notation.

The details of the attendance of the AC members are as follow:

AC Member	Attendance
Ms. Chuah Sue Yin	5/5
Ms. Tan Ming-Li	5/5
Mr. Tan Hock Hin	5/5

AUDIT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF WORK OF AC

The AC's main scope of works for the financial year ended 31 December 2018 are summarised as follows:

Financial Reporting

The AC reviewed the quarterly unaudited financial statements of the Group prior to making the recommendations to the Board for approval as follows:

Date of Meeting	Review of Quarterly Unaudited Financial Statements
30 May 2018	First Quarter ended 31 March 2018
1 August 2018	Second Quarter ended 30 June 2018
26 November 2018	Third Quarter ended 30 September 2018
28 February 2019	Fourth Quarter ended 31 December 2018

The above review is to ensure that the Group's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard 134 – Interim Financial Reporting Standards in Malaysia and International Accounting Standards 34 – Interim Financial Reporting as well as applicable disclosure provisions of the Bursa Malaysia MMLR.

On 5 April 2019, the AC reviewed the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2018 at its meeting, and recommended the same to the Board for approval.

External Audit

On 26 November 2018, the AC reviewed the Audit Planning Memorandum for financial year ended 31 December 2018 with Messrs. Crowe Malaysia PLT ("**Crowe Malaysia**") outlining the responsibilities of the Directors and Management, audit scope and approach, audit timeframe, areas of audit emphasis, fraud considerations, audit fees and updates on the new and applicable Malaysian Financial Reporting Standards.

On 28 February 2019, the AC reviewed the Audit Review Memorandum, which had summarised the significant audit findings and summary of audit adjustments arising from the statutory audit of the Group and the Company for the financial year ended 31 December 2018, with the External Auditors, Crowe Malaysia.

The audit engagement partner of Crowe Malaysia had affirmed their independence and compliance with the relevant ethical requirements regarding independence throughout the audit of the Group and the Company, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the By-laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Crowe Malaysia also confirmed that they have not noted any fraud related incidents that rendered reporting to the AC.

The AC also conducted annual assessment of the performance, suitability, objectivity and independence of the External Auditors with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees rendered. The AC is satisfied with the suitability and independence of the External Auditors and the Board have accepted the recommendation for the re-appointment of Crowe Malaysia as External Auditors of the Group for the ensuing financial year in the upcoming 15th Annual General Meeting of the Company.

The AC had two (2) private sessions with Crowe Malaysia without the presence of the Executive Directors and Management of the Company on 26 November 2018 and 5 April 2019 respectively. There were no areas of concern that needed to be brought to the attention of AC.

AUDIT COMMITTEE REPORT (CONT'D)

CORPORATE REVIEW

BUSINESS REVIEW

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

4. SUMMARY OF WORK OF AC (Cont'd)

Internal Audit (“IA”) – Summary of the work of IA Function

The AC 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 AC is supported by the outsourced Internal Auditors in the discharge of its duties and responsibilities.

The Company engaged an external consultant, Axcelasia Columbus Sdn. Bhd. (“**Axcelasia**”) to carry out the internal audit function of the Group. 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 AC 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 AC approves the biennial risk based audit plan of the Group presented by Axcelasia to ensure adequate scope and coverage of key risks areas of the Group.

All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the AC and the AC appraised the adequacy and effectiveness of Management’s response in resolving the audit issues reported.

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. In addition, the AC reviewed the follow-up Internal Audit reports and ascertained if the responsible operating units have rectified the findings noted in the audit reports.

During the financial year ended 31 December 2018, Axcelasia carried out two (2) cycles of internal audit review on the operations of the Group, covering areas as below, focusing on the key risks associated with the operating process therein:

- Human resource management;
- Sales and marketing;
- Information technology management;
- Strategic management; and
- Production, quality control & HSE management.

The AC had evaluated and reviewed the internal audit function in terms of scope, competency, resources and independence. The AC were also satisfied that the internal audit function were carried out in accordance with an internationally recognised framework, which is the International Professional Practices Framework (“IPPF”) issued by the Internal Auditors (“IIA”) Inc.

The AC also received assurance from Axcelasia that all assigned IA engagement team personnel remain independent, objective and free from any relationships or conflicts of interest in carrying out their internal audit duties throughout the engagement.

The total costs incurred for the outsourced internal audit function of the Group for FY2018 amounted to RM51,310 as compared to RM44,275 in FY2017.

AUDIT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF WORK OF AC (Cont'd)

Related Party Transactions

The AC reviewed the quarterly and annual financial statements on the disclosures relating to related party transactions or conflict of interest situations that arose within the Group and ensure compliance with the provisions of Bursa Malaysia MMLR.

Other Matters

- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended for the Board's approval prior to their inclusion in the Annual Report of the Company.

NOMINATING AND REMUNERATION COMMITTEE STATEMENT

The Nominating and Remuneration Committee

The Nominating and Remuneration Committee (“NRC”), is chaired by the Group’s Senior Independent Non-Executive Director, Ms. Tan Ming-Li, and the NRC is comprised solely of Independent Non-Executive Directors. The NRC has dual roles in nomination and remuneration, whereby both roles have been combined for the purpose of expediency and practicality, with the same members entrusted with both functions. Apart from the nomination and remuneration roles, NRC also oversees governance matters.

The members of the NRC are as follows:

Chairperson

Tan Ming-Li Senior Independent Non-Executive Director

Members

Lim Kim Hock	Independent Non-Executive Director
Tan Hock Hin	Independent Non-Executive Director
Chuah Sue Yin	Independent Non-Executive Director

The terms of reference of the NRC are clearly defined by the Board to its members, and a copy of it is accessible on the Company’s website at www.bpplas.com.

During the financial year, the NRC met two (2) times on 26 February 2018 and 1 August 2018, with full attendance of all members of NRC.

The roles and responsibilities, as well as activities of the NRC, are broadly categorised into the following:

Nomination Matters

The NRC will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. The NRC 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 NRC 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.

In discharging its responsibilities, the NRC performed the following activities during the financial year ended 31 December 2018:

- Reviewed the effectiveness and composition of the Board;
- Evaluated the performance of the Board and Board Committees and each of its members;
- Assessed the independence status of the Independent Non-Executive Directors;
- Recommended the re-election of Mr. Tan See Khim and Mr. Lim Kim Hock who retired pursuant to Article 92 of the Company’s Articles of Association at the Company’s Fourteenth Annual General Meeting held on 30 May 2018;
- Recommended the re-election of Ms. Chuah Sue Yin who retired pursuant to Article 98 of the Company’s Articles of Association at the Company’s Fourteenth Annual General Meeting held on 30 May 2018;
- Recommended to the Board on the retention of Mr. Lim Kim Hock, who is Chairman of the Board, and who has served the Company for more than nine (9) years, to be retained as an Independent Non-Executive Director of the Company, pursuant to the Malaysian Code on Corporate Governance (“MCCG”); and
- Reviewed and approved the revised Terms of Reference of the NRC.

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Nomination Matters (Cont'd)

The NRC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director, 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 NRC on the composition and effectiveness of the Board Committees.

The Board is mindful that Practice 4.2 of MCGG recommends that 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 his re-designation as a non-independent director. In the event such director is to be retained as an independent director, the Board must first justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth (12) year, annual shareholders' approval must be sought through a two-tier voting process to retain the said director as an independent director as described in the Guidance to Practice 4.2 of MCGG.

Presently, Mr. Lim Kim Hock is an Independent Non-Executive Director of the Company who has served the Board for more than nine (9) years.

The NRC and the Board have determined at the annual assessment carried out that Mr. Lim Kim Hock remains objective and independent in expressing his views and in participating in deliberations and decision making of the Board and the Board Committee he serves. He has a thorough understanding of the business of the Group and the financial, accounting and commercial implications arising from its business and operations. The length of his services on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

Mr. Lim Kim Hock as a member of the NRC has abstained from any deliberations or voting pertaining to his own independence at the NRC and Board levels.

Remuneration Matters

The NRC is also responsible to develop a formal, independent and transparent remuneration policy and framework of the Directors and Senior Management, and to recommend the appropriate remuneration package to attract and retain talents within the Company, for the approval of the Board.

During the year, the NRC met and discharged the following duties on remuneration matters:

- Recommended the payment of fees and benefits to Ms. Chuah Sue Yin, the Independent Non-Executive Director who was appointed to the Board on 1 October 2017, as follows:
 - a) Director's fees for the period 1 October 2017 to 31 December 2017;
 - b) Director's benefits for the period from 1 October 2017 until 30 May 2018.
- Recommended the payment of Directors' fees for the financial year ended 31 December 2018;
- Recommended the payment of Directors' benefits to the Non-Executive Directors with effect from 1 June 2018 until the next Annual General Meeting of the Company in year 2019; and
- Reviewed and approved the adoption of the Directors' and Senior Management's Remuneration Policy.

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Remuneration Matters (Cont'd)

A copy of the Remuneration Policy of Directors and Senior Management is accessible on the Company's website at www.bpplas.com.

The NRC will meet at least once a year to carry out the annual review of the overall remuneration policy for Directors and Senior Management whereupon recommendations are submitted to the Board for approval. The NRC 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 NRC and the Board strive to reward the Directors and Senior Management based on accountability, fairness, and competitiveness, so as to ensure the remuneration packages of Directors and Senior Management 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 Directors and Senior Management.

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 the Directors. The determination of the remuneration of 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 and bonus.

During the financial year under review, the fees for the Executive Directors was proposed to be restructured into the salary component for each Executive Director with effect from 1 July 2018. The NRC noted that the proposed revision to the remuneration of the Managing Director and Executive Directors is competitive in reflecting the prevalent market rate and market conditions, taking into consideration the fiduciary duties expected from the Managing Director and Executive Directors.

The details of remuneration for the Directors of the Group and the Company for the financial year ended 31 December 2018 are set out below:

Group

In RM	Fees	Allowances	Salary, Bonus and EPF	Total
Executive Directors				
Lim Chun Yow	-	-	941,773	941,773
Tan See Khim	-	-	837,654	837,654
Hey Shioh Hoe	-	-	724,670	724,670
Subtotal	-	-	2,504,097	2,504,097
Non-Executive Directors				
Lim Kim Hock	96,000	4,100	-	100,100
Tan Ming-Li	52,000	4,100	-	56,100
Tan Hock Hin	52,000	4,100	-	56,100
Chuah Sue Yin	52,000	4,100	-	56,100
Subtotal	252,000	16,400	-	268,400
Total	252,000	16,400	2,504,097	2,772,497

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Remuneration Matters (Cont'd)

Company

In RM	Fees	Allowances	Salary, Bonus and EPF	Total
Non-Executive Directors				
Lim Kim Hock	96,000	4,100	-	100,100
Tan Ming-Li	52,000	4,100	-	56,100
Tan Hock Hin	52,000	4,100	-	56,100
Chuah Sue Yin	52,000	4,100	-	56,100
Total	252,000	16,400	-	268,400

The remuneration of the Senior Management (Group basis) for the financial year ended 31 December 2018 fall within the following band:

Range (RM)	Number of Senior Management
200,000 – 250,000	1

The Board is of the opinion that the disclosure on the remuneration of Senior Management on a named basis would not be in the best interest in the Company due to privacy and confidentiality concerns. The Board will ensure that the remuneration of the Senior Management commensurate with their duties and responsibilities, the performance of the Company and on par with market payouts.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT

INTRODUCTION

The Malaysian Code on Corporate Governance (“MCCG”) stipulates that the Board of Directors (the “Board”) 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 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 Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements (“MMLR”) 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 BP Plastics Holding Bhd. and its subsidiaries (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, managing and monitoring 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 RISK MANAGEMENT AND 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 analysis through its computerised information system.

The MD plays a pivotal role in communicating the Board’s expectations on the system of risk management and internal controls to Management. This is achieved, through his active participation in the day-to-day operations of the business as well as his attendance at various scheduled meetings of the Executive Committee and Management Committee, which are duly minuted. The Executive Committee and Management Committee, which comprise Heads of Department, meets on weekly and monthly basis respectively, to discuss on Manufacturing, Technical, Maintenance & Facilities, Store, Delivery & Logistics, Sales & Marketing, Finance & Information Technology (“IT”), Human Resource and Procurement issues. These meetings represent the platform by which the Group’s operational activities are monitored to ensure timely identification and resolution of any critical issues. The MD closely monitors the progress of these issues through follow-up on the status updates in the minutes, as well as regular interaction with the various Heads of Department.

The Group practises an “open door” policy whereby the Executive Directors, Management team 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.

Risk Management Report

The Board Risk Management Committee (“BRMC”) was formed on 1 October 2017 to consist entirely of Independent Non-Executive Directors in setting and overseeing the risk management framework and activities of the Group, in line with the step-up practice as set out in the MCCG.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

Risk Management Report (Cont'd)

The Composition of the BRMC is as follows:

Chairman

Tan Hock Hin Independent Non-Executive Director

Members

Tan Ming-Li Senior Independent Non-Executive Director

Chuah Sue Yin Independent Non-Executive Director

The terms of reference of the BRMC are accessible on the Company's website at www.bpplas.com.

During the financial year ended 31 December 2018, the BRMC met four (4) times with full attendance of all members of BRMC.

The BRMC took over the risk oversight role previously undertaken by the Audit Committee and reviews the Group's risk management processes to ascertain their adequacy and effectiveness. The BRMC is also responsible to ensure that the Group's Enterprise Risk Management ("ERM") Framework is established based on internationally recognised risk framework, and to recommend for Board's approval the ERM framework, policy and procedures.

The BRMC is assisted by a Management-level Risk Management Committee ("MRMC") which consists of the MD, Executive Directors, Risk Manager and respective Heads of Department. The MRMC is established to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified and facilitate the risk reporting to the Board. Periodic MRMC meetings were held in which the risk profiles of respective Operations and Supporting Functions are updated, significant risks identified and the implementation of appropriate mitigating controls and action plans discussed. Timely Enterprise Wide Risk Management ("EWRM") reports are also submitted to BRMC outlining the Group-wide risk profile and top risks highlighted for the attention of Board members at their scheduled meetings.

Risk Management Framework

In pursuing the Group's continuous commitment to optimise shareholders value, the Group had, subsequent to the financial year end, appointed the external consultant, Axcelasia Columbus Sdn. Bhd. ("Axcelasia") to assist in the enhancement of its ERM Framework. The enhanced framework outlines the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions.

The risk assessment process which is in line with ISO 31000:2018 Risk Management, provides an integrated and structured approach in identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. It promotes risk ownership and continuous monitoring of significant risks identified by way of assigning accountabilities to the respective Heads of Department and/or identified risk owners.

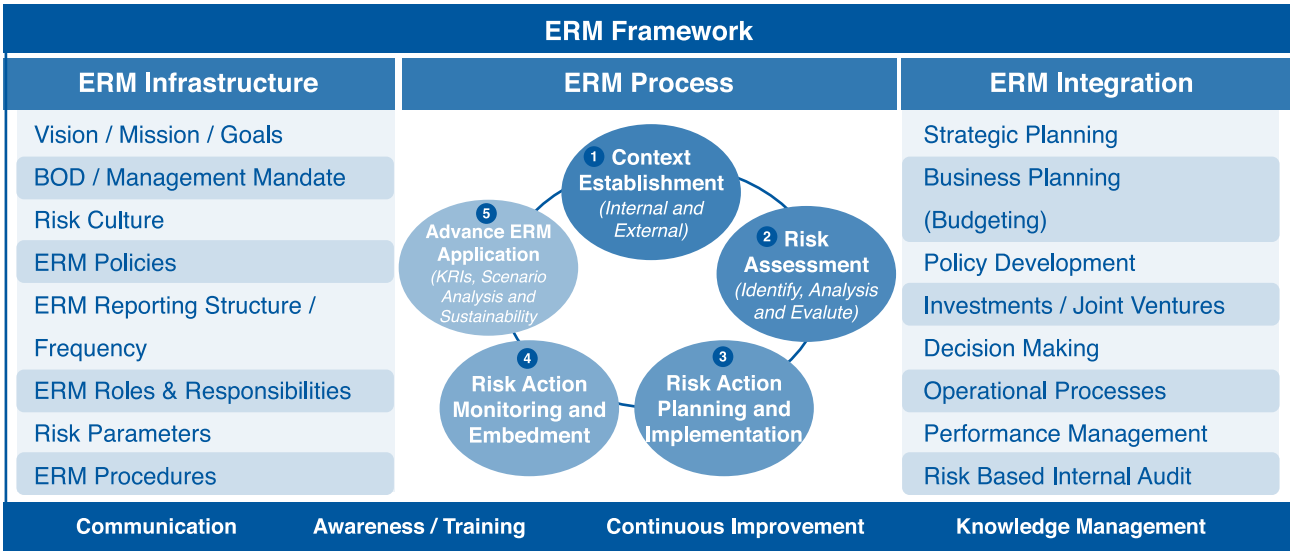
Significant risks identified were maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks were then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium, High and Extreme. Risk profiles established for both the Operations and Supporting Functions provided Management with a holistic view of the risks in its formulation of strategies and decision making process. BPPLAS will continuously assess, update and monitor the implementation of key action plans identified for the Group's top risks and ensure embedment into the internal controls system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

Risk Management Framework (Cont'd)

BPPLAS ERM Framework Overview:



The Policies of the Board for the ERM framework are:

- To integrate risk management into the management culture, business activities and decision making processes
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively;
- To manage risks pragmatically, to acceptable levels given the particular circumstances of each situation;
- To require that all papers submitted to the Board of Directors by Management relating to strategy, key project approval, significant action or investment must include a risk assessment report; and
- To continuously strive towards strengthening risk management practices through continuous learning and improvement.

Summary of Activities of BRMC

During the financial year under review, the BRMC had deliberated extensively on the proposed risk management framework from the MRMC and eventually concurred to engage Axcelasia for the framework enhancement services as well as the implementation of a risk management application system that is known as “EMS.Net Risk Management System”. Amongst the considerations were:

- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company’s business and recognise that business decisions involve the taking of appropriate risks; and
- set the risk appetite and establish a sound framework to manage risk.

The BRMC also considered the attributes of an effective risk management framework which will facilitate the Group to identify, assess, and mitigate risks systematically through the following:

- Ascertain functional responsibilities and accountabilities within the Group for management of risk;
- Help to set risk appetite and risk balance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;
- Ascertain risk strategies in line within the risk appetite and tolerance of the Group; and
- Allocate adequate resources to provide support to overall risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

Summary of Activities of BRMC (Cont'd)

The BRMC noted that continuous risk assessment is fundamental to the Group's risk management process where the risk owners from the Operations and Supporting Functions are responsible to develop the appropriate response strategies to mitigate the risks.

The BRMC had reviewed the EWRM Reports as well as the minutes of the MRMC for each quarter during the financial year under review. The BRMC duly noted that the existing process of risk monitoring undertaken by the Management was adequate and had not resulted in any material loss, contingency and uncertainty.

BPPLAS ERM Procedures

The initiation of the ERM procedures starts with context establishment which refers to the outlining of the internal and external considerations when managing risk and defining the risk criteria for the risk management policy. The objective of context establishment is to ensure the organisation's risk management approach is in line with the organisation's strategic, operational or financial objectives; which are crucial in meeting its on-going commitment, credibility, trust and value.

Once the context is established, the key business risks will be identified in the aspects of the organisational vision, mission, and then evaluate the risks from different perspectives i.e. operations, regulatory and compliance, governance, and external forces. For the ERM to be successful and effective, it is crucial to have a strong and sustained commitment from the Board, Management and all level of staff.

ERM Conclusion

With the enhanced ERM Framework in practise and continuous effort in improving the ERM, the BRMC and Board consider that the risk management framework is adequate and effective in all material aspects for the financial year under review.

Internal Audit Function

The Group has outsourced its internal audit function to an independent professional service provider to assist the Audit Committee ("AC") 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 internal control system in accordance with the scope of internal audit plan as approved by the AC.

The outsourced internal audit function is led by the Managing Director of the outsourced service provider whereby he is a professional member of the Institute of Internal Auditors Malaysia ("IIAM") and possesses the professional qualifications of Certified Internal Auditor ("CIA"); Certification in Risk Management Assurance ("CRMA"); and other relevant professional qualifications. The internal audit function is supported by a team of internal auditors who have the relevant work experiences. 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 AC. The internal audit independently reviews the system of risk management and internal controls implemented by Management within the Group and reports to the AC on the outcome of the internal audit thereof. The internal audit planning and execution were carried out with reference to an internationally recognised framework, which is the 'International Professional Practices Framework ('IPPF') issued by the Institute of Internal Auditors ("IIA") Inc.

During the financial year under review, the internal auditor carried out two (2) cycles of internal audit review on the operations of the Group, covering production, quality control & HSE management, sales & marketing, human resource management and IT management, focusing on the key risks associated with the operating processes therein.

The AC holds quarterly 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 system of risk management and internal controls. The Minutes of the AC meetings are subsequently tabled to the Board for notation and further action, where necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

THE GROUP'S SYSTEM OF 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:

- Group Organisation Structure and Authorisation Procedures

The Group maintains well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure. Limits of authorities are imposed for revenue and capital expenditure for all operating units to keep potential exposure under control. Major investments, acquisitions and disposals are appraised prior to approval by the Board.

- Executive and Management Committees

The Executive and Management Committees comprising Heads of Department meet on weekly and monthly basis respectively, to review the reports, monitor the business development and resolve key operational and management issues.

Scheduled periodic meetings of the Executive and Management Committees represent the fundamental platform by which the Group's operations, sales achievement, financial performance, IT, human resource and procurement matters are monitored. Under the purview of the MD and Executive Directors, the heads of the respective operational units of the Group are empowered with the responsibilities of managing their respective operations and business.

- Board Committees

Board Committees, namely the Audit Committee, Nominating and Remuneration Committee and Risk Management Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work.

- Annual Budget

A rigorous budgetary process is in place where major operating units' budgets are prepared for the ensuing year to be approved by the Board. Monthly monitoring of results against budget with major variances is being followed up and actions taken by Management, where necessary.

The Board reviews quarterly reports from the Management on the key operating statistics, significant changes in the business and external environment, which affect the operations of the Group at large.

- Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements, and statutory reporting needs.

- Code of Conduct and Whistle Blowing Channel

A Code of Conduct is established for all Directors and employees of the Group, which outlines the acceptable business behaviour and conduct and to provide guidance on how the Directors and employees should behave to demonstrate a culture of excellence while performing their duties. It also set out the standards of good and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

Other Internal Control Processes (Cont'd)

- Code of Conduct and Whistle Blowing Channel (Cont'd)

The Group also adopted a whistle blowing policy, providing an avenue for employees and external parties to report actual or suspected malpractice, misconduct or violations of the Group's policies and regulations in a safe and confidential manner.

The Group's Code of Conduct containing the whistle blowing policy is published in the website of the Company.

- Employees' Competency

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs. Relevant trainings and courses are provided to personnel across all functions to maintain a high level of competency and capability.

- Quality Management System

The Group has implemented a comprehensive Quality Management System which fully complies with ISO 9001:2015 Quality Management System – Requirements. As part of the requirements of the ISO 9001:2015 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 Management, where prompt actions are taken on areas requiring further improvement.

During the financial year under review, the Group was also successfully accredited with the certification of ISO 22000:2005 Food Safety Management Systems – Requirements for any organisation in the Food Chain. With the commitment to comply with ISO 22000 and to continually improve its effectiveness, the Group shall provide safe flexible packaging that complies with the applicable statutory and regulatory requirement. The Management has in place a Food Safety Policy and established food safety objectives to ensure safe products and services. The Food Safety policies and objectives shall be reviewed periodically for its continuing suitability.

- Health, Safety and Environment

The Group is also accredited with certifications for ISO 14001:2015 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management Systems. 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 Management team, where issues highlighted for further improvement are duly acted upon.

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 business 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 risk management and internal controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL AND BOARD RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

THE BOARD'S COMMITMENT (Cont'd)

The Board has received assurance from the MD and Financial Controller 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 Malaysia MMLR and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2018.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

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 DIRECTORS' RESPONSIBILITY

In Preparing the Financial Statements

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

In preparing the annual financial statements, the Directors have also:

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements;
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities;

The Directors confirmed that they have complied with the above requirements for the annual financial statements for year ended 31 December 2018.

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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 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the Company	21,358,182	8,187,475

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2017 were as follows:

	RM
<u>In respect of financial year ended 31 December 2018</u>	
– First single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 27 June 2018	3,753,060
– Second single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 28 December 2018	3,753,060
	<u>7,506,120</u>

On 28 February 2019, the Company declared third single tier interim dividend of 2 sen per ordinary share amounting to RM3,753,060 in respect of the current financial year, payable on 28 March 2019, to shareholders whose names appeared in the record of depositors on 15 March 2019. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2019.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of the directors of the Company who served during the financial year and up to the date of this report are as follows:

Lim Chun Yow *
 Tan See Khim *
 Hey Shioh Hoe *
 Lim Kim Hock
 Tan Ming-Li
 Tan Hock Hin
 Chuah Sue Yin

* *Directors of the Company and its subsidiaries*

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests.

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

DIRECTORS' INTERESTS

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

	1.1.2018	Number of ordinary shares		
		Acquired	Sold	31.12.2018
Direct interest				
Lim Chun Yow	16,760,003	666,400	-	17,426,403
Tan See Khim	16,759,999	500,000	-	17,259,999
Hey Shioh Hoe	14,309,998	300,000	-	14,609,998
Tan Hock Hin	15,000	-	-	15,000
Indirect interest #				
Lim Chun Yow	81,165,000	-	-	81,165,000
Tan See Khim	81,165,000	-	-	81,165,000
Hey Shioh Hoe	81,165,000	-	-	81,165,000

165,000 shares were deemed interested by virtue of Section 59(11) of the Companies Act 2016.

Lim Chun Yow, Tan See Khim and Hey Shioh Hoe by virtue of their interest in shares in the Company are also deemed to have interests in shares of all the Company's subsidiaries during the financial year to the extent of the Company has an interest, in accordance with Section 8 of the Companies Act 2016.

Other than disclosed above, the other directors in office at the end of the financial year had no interest in shares of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 9 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM15,592 respectively. No indemnity was given to or insurance effected for auditors of the Company.

TREASURY SHARES

As at 31 December 2018, the Company held as treasury shares a total of 35,000 of its 187,688,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM20,740 and further relevant details are disclosed in Note 21 to the financial statements.

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 ensure that any current assets, 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.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing 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.

DIRECTORS' REPORT (CONT'D)**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 in which this report is made.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 15 to the financial statements. The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

None of the subsidiaries had any interest in shares in the Company during the financial year.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 April 2019.

Lim Chun Yow

Tan See Khim

CORPORATE REVIEW

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STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

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 63 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 April 2019.

Lim Chun Yow

Tan See Khim

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chua Yi Fon, being the officer primarily responsible for the financial management of BP Plastics Holding Bhd., do solemnly and sincerely declare that the financial statements set out on pages 63 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Chua Yi Fon
on 5 April 2019
at Batu Pahat in the State of Johor

Chua Yi Fon

Before me,

Chiang Ee Chin (J247)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of BP Plastics Holding Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the statements of financial position as at 31 December 2018 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue Recognition

Refer to Note 4 in the financial statements

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Consolidated revenue recorded by the Group during the year amounted to RM333.8 million. In view of the Group's large volume of transactions, we considered revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. • Reviewing the terms of sales contracts to determine the point of transfer of risk and rewards on a sample basis. • Testing the recording of sales transactions, revenue cut-off and review of credit notes after year end. • Obtaining confirmations and reviewing collections relating to material trade receivables as at financial year end.

INDEPENDENT AUDITORS' REPORT (CONT'D) To the Members of BP Plastics Holding Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters (Cont'd)

Addition of Property, Plant and Equipment

Refer to Note 13 in the financial statements

Key Audit Matter	How our Audit Addressed the Key Audit Matter
During the year, the Group purchased property, plant and equipment amounted to RM25.7 million. As such, the existence of these assets is important in view of the significant amount involved.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Verifying cost of additions to the relevant invoices and board of directors' approval; and • Performing physical sighting on all major additions of property, plant and equipment.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT (CONT'D) To the Members of BP Plastics Holding Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D) To the Members of BP Plastics Holding Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

OTHER MATTERS

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Tan Guan Seng
03387/08/2020 J
Chartered Accountant

5 April 2019
Melaka

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	4	333,777,913	328,556,638	8,100,000	11,300,000
Cost of sales		(292,076,704)	(295,669,969)	-	-
Gross profit		41,701,209	32,886,669	8,100,000	11,300,000
Other items of income					
Other income	5	1,669,260	2,248,590	581,620	461,696
Other items of expenses					
Administrative and general expenses		(8,988,583)	(11,719,604)	(494,145)	(588,157)
Selling expenses		(8,749,618)	(7,834,968)	-	-
Net impairment losses on financial assets	6	(601,999)	(63,846)	-	-
Profit before taxation	7	25,030,269	15,516,841	8,187,475	11,173,539
Income tax expense	10	(3,672,087)	(2,682,365)	-	-
Profit net of tax, representing total comprehensive income for the year, attributable to owners of the Company		21,358,182	12,834,476	8,187,475	11,173,539
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11	11.38	6.84		

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Assets					
Non-current assets					
Property, plant and equipment	13	84,288,359	68,866,739	-	-
Investment property	14	1,032,848	-	-	-
Investment in subsidiaries	15	-	-	83,040,595	83,040,595
		85,321,207	68,866,739	83,040,595	83,040,595
Current assets					
Inventories	16	47,472,381	63,055,648	-	-
Trade and other receivables	17	42,341,432	43,766,385	2,000	2,000
Short-term investments	18	27,541,834	23,181,629	16,803,279	16,221,618
Current tax assets		2,507,109	1,799,501	3,415	10,442
Cash and bank balances	19	22,644,727	22,046,684	18,590	37,829
		142,507,483	153,849,847	16,827,284	16,271,889
Total assets		227,828,690	222,716,586	99,867,879	99,312,484
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	20	98,772,817	98,772,817	98,772,817	98,772,817
Treasury shares	21	(20,740)	(20,740)	(20,740)	(20,740)
Retained earnings		82,442,424	68,590,362	820,262	138,907
Total equity		181,194,501	167,342,439	99,572,339	98,890,984
Non-current liability					
Deferred tax liabilities	22	10,014,000	9,012,000	-	-
Current liabilities					
Trade and other payables	23	36,620,189	46,362,147	295,540	421,500
Total liabilities		46,634,189	55,374,147	295,540	421,500
Total equity and liabilities		227,828,690	222,716,586	99,867,879	99,312,484

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2018

	Note	Non-Distributable			Total RM
		Share capital RM	Treasury shares RM	Distributable Retained earnings RM	
2018 Group					
Balance at 1 January 2018		98,772,817	(20,740)	68,590,362	167,342,439
Profit after taxation / Total comprehensive income		-	-	21,358,182	21,358,182
Transactions with owners					
Dividends on ordinary shares	12	-	-	(7,506,120)	(7,506,120)
Balance at 31 December 2018		98,772,817	(20,740)	82,442,424	181,194,501

	Note	← Non-Distributable → Distributable			Total RM	
		Share capital RM	Share premium RM	Treasury shares RM		Retained earnings RM
2017 Group						
Balance at 1 January 2017		93,844,000	4,928,817	(20,740)	67,015,066	165,767,143
Profit after taxation / Total comprehensive income		-	-	-	12,834,476	12,834,476
Transactions with owners						
Dividends on ordinary shares	12	-	-	-	(11,259,180)	(11,259,180)
Transfer to share capital upon implementation of the Companies Act 2016	20	4,928,817	(4,928,817)	-	-	-
Total transactions with owners		4,928,817	(4,928,817)	-	(11,259,180)	(11,259,180)
Balance at 31 December 2017		98,772,817	-	(20,740)	68,590,362	167,342,439

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 December 2018

	Note	Non-Distributable			Total RM
		Share capital RM	Treasury shares RM	Distributable Retained earnings RM	
2018					
Company					
Balance at 1 January 2018		98,772,817	(20,740)	138,907	98,890,984
Profit after taxation / Total comprehensive income		-	-	8,187,475	8,187,475
Transactions with owners					
Dividends on ordinary shares	12	-	-	(7,506,120)	(7,506,120)
Balance at 31 December 2018		98,772,817	(20,740)	820,262	99,572,339

	Note	← Non-Distributable →			Distributable Retained earnings RM	Total RM
		Share capital RM	Share premium RM	Treasury shares RM		
2017						
Company						
Balance at 1 January 2017		93,844,000	4,928,817	(20,740)	224,548	98,976,625
Profit after taxation / Total comprehensive income		-	-	-	11,173,539	11,173,539
Transactions with owners						
Dividends on ordinary shares	12	-	-	-	(11,259,180)	(11,259,180)
Transfer to share capital upon implementation of the Companies Act 2016	20	4,928,817	(4,928,817)	-	-	-
Total transactions with owners		4,928,817	(4,928,817)	-	(11,259,180)	(11,259,180)
Balance at 31 December 2017		98,772,817	-	(20,740)	138,907	98,890,984

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Operating activities				
Profit before taxation	25,030,269	15,516,841	8,187,475	11,173,539
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	9,188,748	9,635,244	-	-
Depreciation of investment property	22,453	-	-	-
Gain on disposal of property, plant and equipment	(108,880)	(50,365)	-	-
Allowance for impairment losses on receivables	665,845	63,846	-	-
Reversal of impairment losses on receivables	(63,846)	-	-	-
Inventories written down	210,368	-	-	-
Interest income	(1,074,255)	(878,853)	(581,620)	(461,696)
Fair value changes on financial instruments	-	(735,000)	-	-
Unrealised loss on foreign exchange	17,867	357,486	-	-
Operating cash flows before changes in working capital	33,888,569	23,909,199	7,605,855	10,711,843
Decrease in inventories	15,372,899	9,643,375	-	-
Decrease in receivables	649,462	4,320,910	-	-
(Decrease)/increase in payables	(9,586,335)	(19,490,706)	(389,500)	8,598
Cash flows from operations	40,324,595	18,382,778	7,216,355	10,720,441
Income taxes paid	(3,393,124)	(4,314,895)	(4,653)	(5,477)
Income taxes refunded	15,431	4,411	11,680	-
Net cash flows from operating activities	36,946,902	14,072,294	7,223,382	10,714,964

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

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Investing activities					
Interest received		1,074,255	878,853	581,620	461,696
Proceeds from disposal of property, plant and equipment		108,880	51,150	-	-
Purchase of property, plant and equipment		(25,665,669)	(3,438,039)	-	-
Net cash flows (used in)/ from investing activities		(24,482,534)	(2,508,036)	581,620	461,696
Financing activities					
Advance from/(to) a subsidiary		-	-	263,540	(2,773,674)
Dividends paid	12	(7,506,120)	(11,259,180)	(7,506,120)	(11,259,180)
Net cash flows used in financing activities		(7,506,120)	(11,259,180)	(7,242,580)	(14,032,854)
Net increase/(decrease) in cash and cash equivalents		4,958,248	305,078	562,422	(2,856,194)
Effects of exchange rate changes on cash and cash equivalents		-	(145,272)	-	-
Cash and cash equivalents at 1 January		45,228,313	45,068,507	16,259,447	19,115,641
Cash and cash equivalents at 31 December	19	50,186,561	45,228,313	16,821,869	16,259,447

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2018

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 activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

2. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 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 IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 140 – Transfers of Investment Property

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

2. BASIS OF PREPARATION (Cont'd)

- 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:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective date
MFRS 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant 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, plant 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(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 expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Trade and Other Receivables

The loss allowance for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the days past due, past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

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 the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Basis of Consolidation (Cont'd)

(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.

(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 9 (2017 – MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 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) *Foreign Currency Transactions and Balances*

Transactions in foreign currencies are converted into the respective financial currencies on initial recognition, using the exchange rates 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 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) *Amortised Cost*

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) *Fair Value through Profit or Loss*

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

(b) Financial Liabilities

(i) Financial Liabilities at 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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity instruments

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

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

(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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

Accounting Policies Applied Until 31 December 2017

The comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.5 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.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

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.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:

Leasehold land:	Over the lease period of 50 years
Factory buildings:	50 years
Office buildings:	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

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for 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 and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The principal annual rate used for this purpose is:

Office buildings: 50 years

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

3.8 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the lifetime approach. The expected credit losses on these financial assets are estimated using the judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the days past due, past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

Accounting Policies Applied Until 31 December 2017

The comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset that could be reliably estimated.

(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 an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

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 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Income Tax

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances 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 (legal or constructive) 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 2018

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

3.13 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses 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.

3.14 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3.15 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary shares is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of share options granted to employees.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Fair Value Measurements (Cont'd)

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.

3.17 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) *Sale of Goods*

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Revenue from Other Sources and Other Operating Income

(a) Dividend Income

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

(b) Interest Income

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

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

3.19 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 consists of the following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income from subsidiary	-	-	8,100,000	11,300,000
Sales of goods	333,777,913	328,556,638	-	-
	333,777,913	328,556,638	8,100,000	11,300,000
Represented by geographical markets:				
Asia countries	200,650,242	204,580,697	-	-
Malaysia	90,629,487	80,540,524	8,100,000	11,300,000
Others	42,498,184	43,435,417	-	-
	333,777,913	328,556,638	8,100,000	11,300,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

5. OTHER INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income from the following financial assets:				
– fair value through profit or loss	860,164	631,707	581,620	461,696
– loans and receivables	-	247,146	-	-
– amortised cost	214,091	-	-	-
Gain on fair value changes on financial instruments:				
– fair value through profit or loss	-	735,000	-	-
Gain on foreign exchange - realised	43,850	-	-	-
Gain on disposal of property, plant and equipment	108,880	50,365	-	-
Rental income from investment property	25,988	-	-	-
Miscellaneous	416,287	584,372	-	-
	1,669,260	2,248,590	581,620	461,696

6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Group	
	2018 RM	2017 RM
Impairment losses during the financial year:		
– Individually impaired under MFRS 139 (Note 17)	-	63,846
– Additions under MFRS 9 (Note 17)	665,845	-
Reversal of impairment losses (Note 17)	(63,846)	-
	601,999	63,846

7. PROFIT BEFORE TAXATION

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration:				
– audit fees				
– current financial year	69,000	66,000	28,000	26,000
– overprovision in the previous financial year	-	(2,000)	-	(2,000)
– non-audit fees	4,000	4,000	4,000	4,000
Depreciation of property, plant and equipment (Note 13)	9,188,748	9,635,244	-	-
Depreciation of investment property (Note 14)	22,453	-	-	-
Loss on foreign exchange:				
– realised	-	2,224,600	-	-
– unrealised	17,867	357,486	-	-
Rental expenses (Note 8)	153,350	142,900	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wages and salaries	15,273,994	14,068,986	-	187,500
Social security contribution	108,418	102,645	-	-
Defined contribution plan	1,236,833	1,136,420	-	-
Hostel rental (Note 7)	153,350	142,900	-	-
Other staff related expenses	721,115	787,863	-	-
	17,493,710	16,238,814	-	187,500

Included in the employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,439,301 (2017: RM2,139,953) and Nil (2017: RM187,500) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<u>Executive directors' remuneration:</u>				
Salaries and other emoluments	2,050,272	1,640,625	-	-
Fees	-	187,500	-	187,500
Defined contribution plan	389,029	311,828	-	-
Estimated money value of benefits-in-kind	64,796	41,071	-	-
	2,504,097	2,181,024	-	187,500
<u>Non-executive directors' remuneration:</u>				
Fees	252,000	204,000	252,000	204,000
Allowances	17,100	10,500	17,100	10,500
	269,100	214,500	269,100	214,500
<u>Analysis excluding benefits-in-kind:</u>				
Total executive directors' remuneration (Note 8)	2,439,301	2,139,953	-	187,500
Total non-executive directors' remuneration	269,100	214,500	269,100	214,500
Total directors' remuneration	2,708,401	2,354,453	269,100	402,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

10. INCOME TAX EXPENSE

Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group	
	2018 RM	2017 RM
Current income tax:		
Tax expense for the year	2,700,000	4,800,000
Overprovision in prior years	(29,913)	(1,530,635)
	2,670,087	3,269,365
Deferred tax (Note 22):		
Relating to origination and reversal of temporary differences	713,000	(1,259,000)
Underprovision in prior years	289,000	672,000
	1,002,000	(587,000)
Income tax expense recognised in profit or loss	3,672,087	2,682,365

Reconciliation Between Tax Expense and Accounting Profit

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	25,030,269	15,516,841	8,187,475	11,173,539
Taxation at Malaysian statutory tax rate of 24%	6,007,265	3,724,042	1,964,994	2,681,649
Effect of:				
– income not subject to tax	(207,210)	(110,807)	(2,083,589)	(2,822,807)
– expenses not deductible for tax purposes	255,686	227,765	118,595	141,158
– reduction in tax rate	-	(300,000)	-	-
– utilisation of tax incentives	(2,642,741)	-	-	-
Overprovision of income tax expense in prior years	(29,913)	(1,530,635)	-	-
Underprovision of deferred tax in prior years	289,000	672,000	-	-
Income tax expense recognised in profit or loss	3,672,087	2,682,365	-	-

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the previous financial year, based on the percentage of increase in chargeable income of the Company and its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company 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 earnings per share for the years ended 31 December:

	2018 RM	Group 2017 RM
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	21,358,182	12,834,476
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share computation	187,653,000	187,653,000
Basic earnings per share (sen)	11.38	6.84

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

12. DIVIDENDS

	2018 RM	Group 2017 RM
<u>In respect of financial year ended 31 December 2017:</u>		
– Fourth single tier interim dividend for 2016: 2 sen per share	-	3,753,060
– First single tier interim dividend for 2017: 2 sen per share	-	3,753,060
– Second single tier interim dividend for 2017: 2 sen per share	-	3,753,060
<u>In respect of financial year ended 31 December 2018:</u>		
– First single tier interim dividend for 2018: 2 sen per share	3,753,060	-
– Second single tier interim dividend for 2018: 2 sen per share	3,753,060	-
	7,506,120	11,259,180

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
Group					
Cost:					
At 1 January 2017	33,119,524	126,629,937	8,074,326	-	167,823,787
Additions	-	1,389,420	595,363	1,453,256	3,438,039
Disposals and write off	-	-	(836,460)	-	(836,460)
At 31 December 2017 and 1 January 2018	33,119,524	128,019,357	7,833,229	1,453,256	170,425,366
Additions	2,642,311	21,348,585	1,564,851	109,922	25,665,669
Disposals and write off	-	(1,524,561)	(407,754)	-	(1,932,315)
Reclassification	1,453,256	-	-	-	(1,453,256)
Transfer to investment property (Note 14)	(1,122,660)	-	-	-	(1,122,660)
At 31 December 2018	36,092,431	147,843,381	8,990,326	109,922	193,036,060
Accumulated depreciation:					
At 1 January 2017	6,590,158	79,263,534	6,905,366	-	92,759,058
Depreciation charge for the year (Note 7)	645,447	8,526,581	463,216	-	9,635,244
Disposals and write off	-	-	(835,675)	-	(835,675)
At 31 December 2017 and 1 January 2018	7,235,605	87,790,115	6,532,907	-	101,558,627
Depreciation charge for the year (Note 7)	649,507	8,097,232	442,009	-	9,188,748
Disposals and write off	-	(1,524,561)	(407,754)	-	(1,932,315)
Transfer to investment property (Note 14)	(67,359)	-	-	-	(67,359)
At 31 December 2018	7,817,753	94,362,786	6,567,162	-	108,747,701
Net carrying amount					
At 31 December 2017	25,883,919	40,229,242	1,300,322	1,453,256	68,866,739
At 31 December 2018	28,274,678	53,480,595	2,423,164	109,922	84,288,359

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

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

* Land and buildings

	Freehold land RM	Leasehold land RM	Factory buildings RM	Office buildings RM	Total RM
Cost:					
At 1 January 2017	1,089,647	8,017,903	21,498,951	2,513,023	33,119,524
At 31 December 2017 and 1 January 2018	1,089,647	8,017,903	21,498,951	2,513,023	33,119,524
Additions	-	-	2,642,311	-	2,642,311
Reclassification	-	-	1,453,256	-	1,453,256
Transfer to investment property (Note 14)	-	-	-	(1,122,660)	(1,122,660)
At 31 December 2018	1,089,647	8,017,903	25,594,518	1,390,363	36,092,431
Accumulated depreciation:					
At 1 January 2017	-	2,014,239	4,475,889	100,030	6,590,158
Depreciation charge for the year	-	165,191	429,996	50,260	645,447
At 31 December 2017 and 1 January 2018	-	2,179,430	4,905,885	150,290	7,235,605
Depreciation charge for the year	-	165,191	456,509	27,807	649,507
Transfer to investment property (Note 14)	-	-	-	(67,359)	(67,359)
At 31 December 2018	-	2,344,621	5,362,394	110,738	7,817,753
Net carrying amount					
At 31 December 2017	1,089,647	5,838,473	16,593,066	2,362,733	25,883,919
At 31 December 2018	1,089,647	5,673,282	20,232,124	1,279,625	28,274,678

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 2018

14. INVESTMENT PROPERTY

	2018 RM	Group 2017 RM
Cost:-		
At 1 January	-	-
Transfer from property, plant and equipment (Note 13)	1,122,660	-
At 31 December	1,122,660	-
Accumulated depreciation:		
At 1 January	-	-
Depreciation during the financial year (Note 7)	22,453	-
Transfer from property, plant and equipment (Note 13)	67,359	-
At 31 December	89,812	-
	1,032,848	-
Represented by:		
Building	1,032,848	-
Fair value	1,039,500	-

- (a) The investment property of the Group has been bound under a negative pledge to banks for banking facilities granted to the Group.
- (b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.
- (c) The following items are recognised in profit or loss:

	2018 RM	Group 2017 RM
Rental income	25,988	-
Direct operating expenses:		
– Quit rent and assessment	3,212	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost		
At the beginning of year	83,407,741	57,407,741
Addition during the financial year	-	26,000,000
At the end of year	83,407,741	83,407,741
Accumulated impairment losses	(367,146)	(367,146)
	83,040,595	83,040,595

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Percentage of issued share capital held by parent (%)		Principal activities
		2018	2017	
Subsidiaries of the Company:				
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Dormant
BPPlas Plantation Sdn. Bhd.	Malaysia	100	100	Dormant

16. INVENTORIES

	Group	
	2018 RM	2017 RM
Raw materials	33,339,773	47,208,558
Work-in-progress	3,616,296	6,093,212
Spare parts	1,365,878	1,223,921
Finished goods	9,150,434	8,529,957
	47,472,381	63,055,648
Recognised in profit or loss:		
Inventories recognised as cost of sales	292,076,704	295,669,969
Inventories written down	210,368	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Trade receivables				
Third parties	38,493,781	39,779,364	-	-
Less: Loss allowances	(665,845)	(63,846)	-	-
	37,827,936	39,715,518	-	-
Other receivables				
Sundry receivables	4,440,415	4,010,768	2,000	2,000
Goods and services tax receivables	73,081	40,099	-	-
	4,513,496	4,050,867	2,000	2,000
	42,341,432	43,766,385	2,000	2,000

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movement in allowance accounts:

	Group	
	2018 RM	2017 RM
At 1 January	63,846	-
Addition during the financial year (Note 6)	665,845	63,846
Reversal of impairment losses (Note 6)	(63,846)	-
At 31 December	665,845	63,846

18. SHORT-TERM INVESTMENTS

	2018		2017	
	Carrying amount RM	Market value RM	Carrying amount RM	Market value RM
Fair value through profit or loss financial assets				
– Money market funds (Note 19)	27,541,834	27,541,834	23,181,629	23,181,629

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

18. SHORT-TERM INVESTMENTS (Cont'd)

	Company			
	2018 Carrying amount RM	Market value RM	2017 Carrying amount RM	Market value RM
Fair value through profit or loss financial assets – Money market funds (Note 19)	16,803,279	16,803,279	16,221,618	16,221,618

Investment in money market funds are placed with licensed investment banks and asset management companies in Malaysia which are highly liquid and readily convertible to cash.

Included in the money market funds of the Group and of the Company are Islamic money market fund amounting to RM5,978,365 (2017: RM5,768,761).

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 3.61% (2017: 3.58%) and 3.59% (2017: 3.59%) respectively.

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

19. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash on hand and at banks	19,214,727	21,471,684	18,590	37,829
Repository deposits with a licensed bank	3,430,000	575,000	-	-
Cash and bank balances	22,644,727	22,046,684	18,590	37,829
Short-term investments classified as fair value through profit or loss financial assets (Note 18)	27,541,834	23,181,629	16,803,279	16,221,618
Cash and cash equivalents	50,186,561	45,228,313	16,821,869	16,259,447

The weighted average effective interest rates for the repository deposits with a licensed bank of the Group at the reporting date were 2.95% (2017: 2.80%).

The average maturities of deposits of the Group as at the reporting date were 7 days (2017: 10 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

20. SHARE CAPITAL

	Group and Company			
	2018 Number of shares	2017	2018 RM	2017 RM
Issued and fully paid				
At 1 January	187,688,000	187,688,000	98,772,817	93,844,000
Transferred from share premium account	-	-	-	4,928,817
At 31 December	187,688,000	187,688,000	98,772,817	98,772,817

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 ordinary share at meetings of the Company.

21. 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 (2017: Nil). The repurchased shares in the previous financial years are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016. None of the treasury shares held were resold or cancelled during the current financial year.

22. DEFERRED TAX LIABILITIES

	At 1 January RM	Recognised in Profit or Loss (Note 10) RM	At 31 December RM
Group			
2018			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	9,182,000	1,046,000	10,228,000
Unrealised loss on foreign exchange	(170,000)	166,000	(4,000)
	9,012,000	1,212,000	10,224,000
<i>Deferred Tax Assets</i>			
Other temporary differences	-	(210,000)	(210,000)
	9,012,000	1,002,000	10,014,000
2017			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	9,691,000	(509,000)	9,182,000
Unrealised gain/(loss) on foreign exchange	84,000	(254,000)	(170,000)
	9,775,000	(763,000)	9,012,000
<i>Deferred Tax Assets</i>			
Fair value changes on financial instruments	(176,000)	176,000	-
	9,599,000	(587,000)	9,012,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
<u>Trade payables</u>				
Third parties	25,967,187	38,869,856	-	-
<u>Other payables</u>				
Sundry payables	6,893,654	5,428,028	-	-
Deposit received	8,346	-	-	-
Sales tax payables	141,370	-	-	-
Accrued operating expenses	3,609,632	2,064,263	32,000	421,500
Amount due to a subsidiary	-	-	263,540	-
	10,653,002	7,492,291	295,540	421,500
	36,620,189	46,362,147	295,540	421,500

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2017: 30 to 60 days) terms.

(b) Sundry Payables and Accrued Operating Expenses

These amounts are non-interest bearing and normally settled within twelve months (2017: twelve months).

(c) Related Company Balances

Amount due to a subsidiary is non-interest bearing, unsecured and repayable on demand.

24. COMMITMENTS

	Group	
	2018 RM	2017 RM
Purchase of property, plant and equipment	5,206,548	16,403,834

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

25. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:

	2018 RM	Company 2017 RM
Subsidiaries		
Dividend income	8,100,000	11,300,000

(c) Compensation of Key Management Personnel

The key management personnel of the Group and of the Company include executive directors of the Company and certain members of senior management of the Group.

The remuneration of the key management personnel during the financial year were as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and other emoluments	2,050,272	2,116,785	-	-
Fees and allowances	-	187,500	-	187,500
Defined contribution plan	389,029	374,442	-	-
Estimated money value of benefits-in-kind	64,796	77,107	-	-
	2,504,097	2,755,834	-	187,500

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

26. 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 (exclude goods and services tax receivables) - current	17
Trade and other payables (exclude sales tax payables) - current	23

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.

B. Fair Value Hierarchy

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:

	Fair Value of Financial Instruments Carried At Fair Value Level 2 RM	Carrying Amount RM
Group		
2018		
Financial assets		
Short-term investment	27,541,834	27,541,834
2017		
Financial assets		
Short-term investment	23,181,629	23,181,629
Company		
2018		
Financial assets		
Short-term investment	16,803,279	16,803,279
2017		
Financial assets		
Short-term investment	16,221,618	16,221,618

The fair value of short-term investment is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

27.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	2018 RM	Group 2017 RM
Asia countries	16,474,748	19,278,656
Malaysia	18,148,274	18,847,221
Others	3,204,914	1,589,641
	37,827,936	39,715,518

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.1 Financial Risk Management Policies (Cont'd)

(a) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and days past due.

The expected credit losses on these financial assets are estimated using the judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the days past due, past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The Group considers any receivables having financial difficulty or with significant balances and outstanding for more than 180 days overdue are deemed credit impaired.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:

Group 2018	Gross Amount RM	Loss Allowances RM	Carrying Amount RM
Not past due	28,386,448	(124,665)	28,261,783
1 to 30 days past due	7,533,486	(52,381)	7,481,105
31 to 60 days past due	1,373,913	(8,897)	1,365,016
61 to 90 days past due	420,731	(1,188)	419,543
91 to 120 days past due	300,887	(398)	300,489
More than 120 days past due	3,845	(3,845)	-
	38,019,310	(191,374)	37,827,936
Credit impaired: – individually impaired	474,471	(474,471)	-
	38,493,781	(665,845)	37,827,936

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.1 Financial Risk Management Policies (Cont'd)

(a) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

In the last financial year, the loss allowances on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:

Group 2017	Gross Amount RM	Individual Impaired RM	Carrying Amount RM
Neither past due	26,222,594	(415)	26,222,179
1 to 30 days past due	8,826,986	-	8,826,986
31 to 60 days past due	2,994,344	-	2,994,344
61 to 90 days past due	1,253,025	-	1,253,025
91 to 120 days past due	228,509	-	228,509
More than 120 days past due	253,906	(63,431)	190,475
	39,779,364	(63,846)	39,715,518

The movement in the loss allowances in respect of trade receivables are disclosed in Note 17 to the financial statements.

Other Receivables

There is no expected credit losses for other receivables, thus no impairment is required.

Repository Deposits with a Licensed Bank, Cash and Bank Balances

The repository deposits with a licensed bank, cash and bank balances are placed with credit-worthy financial institutions with high credit rating. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

(b) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.1 Financial Risk Management Policies (Cont'd)

(c) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Indonesia Rupiah ("IDR") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

Foreign Currency Exposure

	Group	
	2018 RM	2017 RM
<u>Financial Assets</u>		
<u>Trade and other receivables</u>		
United States Dollar	12,904,742	8,759,531
Singapore Dollar	6,720,514	8,842,055
Indonesia Rupiah	690,650	2,522,979
Euro	1,051,047	1,979,762
Japanese Yen	32,249	-
Thailand Baht	11,322	-
	21,410,524	22,104,327
<u>Cash and bank balances</u>		
United States Dollar	16,204,998	14,605,509
Singapore Dollar	1,032,565	3,566,299
Euro	423,926	830,399
	17,661,489	19,002,207

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.1 Financial Risk Management Policies (Cont'd)

(c) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Group 2018 RM	2017 RM
Financial Liabilities		
<u>Trade and other payables</u>		
United States Dollar	(20,943,155)	(33,226,029)
Euro	(1,141,239)	(59,800)
	(22,084,394)	(33,285,829)
<u>Net currency exposure</u>		
United States Dollar	8,166,585	(9,860,989)
Singapore Dollar	7,753,079	12,408,354
Indonesia Rupiah	690,650	2,522,979
Euro	333,734	2,750,361
Japanese Yen	32,249	-
Thailand Baht	11,322	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.1 Financial Risk Management Policies (Cont'd)

(c) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:

	Group	
	2018 RM	2017 RM
Effect on Profit After Taxation		
USD/RM – strengthened 8% (2017: 5%)	497,000	(374,000)
– weakened 8% (2017: 5%)	(497,000)	374,000
SGD/RM – strengthened 4% (2017: 5%)	236,000	472,000
– weakened 4% (2017: 5%)	(236,000)	(472,000)
IDR/RM – strengthened 6% (2017: 5%)	31,000	96,000
– weakened 6% (2017: 5%)	(31,000)	(96,000)
EUR/RM – strengthened 3% (2017: 5%)	8,000	104,000
– weakened 3% (2017: 5%)	(8,000)	(104,000)
JPY/RM – strengthened 5%	1,200	-
– weakened 5%	(1,200)	-
THB/RM – strengthened 5%	430	-
– weakened 5%	(430)	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

Any reasonably possible change in the interest rates of floating rate repository deposits at the end of the reporting period does not have material impact on the profit after taxation of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in prices of short-term investment.

Any reasonably possible change in the prices of the short-term investment at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

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

The gearing ratio of the Group at the end of the reporting period is not presented as the Group is in net cash position.

27.3 Classification of Financial Instruments

	Group 2018 RM	Company 2018 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investment (Note 18)	27,541,834	16,803,279
<u>Amortised cost</u>		
Trade and other receivables (Note 17)	42,268,351	2,000
Cash and bank balances (Note 19)	22,644,727	18,590
	64,913,078	20,590
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables (Note 23)	36,478,819	295,540
	Group 2017 RM	Company 2017 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investment (Note 18)	23,181,629	16,221,618
<u>Loans and receivables financial assets</u>		
Trade and other receivables (Note 17)	43,726,286	2,000
Cash and bank balances (Note 19)	22,046,684	37,829
	65,772,970	39,829
Financial liabilities		
<u>Other financial liabilities</u>		
Trade and other payables (Note 23)	46,362,147	421,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

27. FINANCIAL INSTRUMENTS (Cont'd)

27.4 Gains or Losses Arising from Financial Instruments

	Group 2018 RM	Company 2018 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	860,164	581,620
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(517,548)	-
Financial liabilities		
<u>Amortised cost</u>		
Net gains recognised in profit or loss	155,623	-
	Group 2017 RM	Company 2017 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	1,366,707	461,696
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(2,568,135)	-
Financial liabilities		
<u>Financial liabilities measured at amortised cost</u>		
Net gains recognised in profit or loss	169,349	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2018

28. SEGMENT INFORMATION

(a) Geographical Location

	2018 RM	2018 %	Group 2017 RM	2017 %
Operating revenue:				
Asia countries	200,650,242	60%	204,580,697	62%
Malaysia	90,629,487	27%	80,540,524	25%
Others	42,498,184	13%	43,435,417	13%
	333,777,913	100%	328,556,638	100%

In determining the geographical segments of the Group, sales are based on the country or region 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 manufacturing of plastics packaging products which are carried out in Malaysia.

(b) Major Customers

There is no revenue from major customer with the revenue equal to or more than 10% (2017: 10%) of the Group revenue.

29. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 5 April 2019.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2019

SHARE CAPITAL

Number of issued shares	: 187,688,000 Ordinary Shares (including 35,000 treasury shares)
Voting rights	: One vote per Ordinary Share
Number of shareholders	: 2,645

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Issued	%
1 – 99	43	1.63	1,664	0.00
100 – 1,000	262	9.91	184,150	0.10
1,001 – 10,000	1,576	59.58	7,640,771	4.07
10,001 – 100,000	678	25.63	21,215,415	11.30
100,001 – 9,382,649 *	82	3.10	31,501,000	16.79
9,382,650 and above **	4	0.15	127,110,000	67.74
Total	2,645	100.00	187,653,000	100.00

Note:

(*) means less than 5% of issued shares

(**) means 5% and above of issued shares

CATEGORY OF SHAREHOLDINGS

No.	Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
		Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1.	Individual	2,103	27	89,643,440	448,050	47.77	0.24
2.	Body Corporate						
	a) Bank/Finance Companies	-	-	-	-	-	-
	b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
	c) Industrial and Commercial Companies	21	1	81,979,450	1	43.68	-
3.	Government Agencies/Institutions	-	-	-	-	-	-
4.	Nominees	483	10	13,957,609	1,624,450	7.44	0.87
5.	Others	-	-	-	-	-	-
	Total	2,607	38	185,580,499	2,072,501	98.89	1.11

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 22 March 2019

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of BP Plastics Holding Bhd. (holding 5% or more of the issued shares) 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 Issued Shares Held	% ¹	No. of Issued Shares Held	% ¹
LG Capital Sdn. Bhd.	81,000,000	43.16	-	-
Lim Chun Yow	17,426,403	9.28	81,000,000 *	43.16
Tan See Khim	17,259,999	9.20	81,000,000 *	43.16
Hey Shiow Hoe	14,609,998	7.79	81,000,000 *	43.16

Note:

- (¹) Deemed interest by virtue of his substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (²) Excluding a total of 35,000 ordinary shares bought-back by the Company and retained as treasury shares as at 22 March 2019.

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	Direct Interest		Indirect Interest	
	No. of Issued Shares Held	% ¹	No. of Issued Shares Held	% ¹
Lim Chun Yow	17,246,403	9.28	81,165,000 *	43.25
Tan See Khim	17,259,999	9.20	81,165,000 *	43.25
Hey Shiow Hoe	14,609,998	7.79	81,165,000 *	43.25
Lim Kim Hock	-	-	-	-
Tan Ming-Li	-	-	-	-
Tan Hock Hin	15,000	0.01	-	-
Chuah Sue Yin	-	-	-	-

Note:

- (¹) Deemed interest by virtue of:
- i) His substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016; and
- ii) His spouse's shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.
- (²) Excluding a total of 35,000 ordinary shares bought-back by the Company and retained as treasury shares as at 22 March 2019.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 22 March 2019

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares	% ¹
1.	LG Capital Sdn. Bhd.	81,000,000	43.16
2.	Tan See Khim	17,209,999	9.17
3.	Lim Chun Yow	15,750,003	8.39
4.	Hey Shiow Hoe	13,149,998	7.01
5.	Tay Khiang Puang	2,589,400	1.38
6.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (PHEIM)</i>	1,730,000	0.92
7.	Lim Chun Yow	1,676,400	0.89
8.	Hey Shiow Hoe	1,460,000	0.78
9.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an for Citibank New York (Norges Bank 14)</i>	1,266,600	0.67
10.	Gan Hong Liang	1,196,250	0.64
11.	Teuh Chin Keong	1,180,200	0.63
12.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust</i>	1,170,000	0.62
13.	Tan Gian Hock	1,125,000	0.60
14.	Lim Chin Siong	1,055,000	0.56
15.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teh Shiou Cherng (J D B Tunggal BR-CL)</i>	670,000	0.36
16.	Soh Yong Beng	620,700	0.33
17.	Tan Soon Lan	581,150	0.31
18.	Lam Jin Fatt	550,000	0.29
19.	Lim Boon Kheng	540,700	0.29
20.	Yeoh Kean Beng	493,000	0.26
21.	Lim Siau Mei	476,400	0.25
22.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Tang Khai Yew (PCS)</i>	434,600	0.23
23.	Lim Ying Ying	404,950	0.22
24.	Tan Suan Chin	400,000	0.21
25.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SCE)</i>	379,400	0.20
26.	Maybank Nominees (Tempatan) Sdn Bhd <i>Lim Chin Siong</i>	365,600	0.19
27.	Siow Kin Leong	354,500	0.19
28.	Lim Kew Seng	310,050	0.17
29.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Thiam Swee</i>	310,000	0.17
30.	Tay Khiang Puang	299,700	0.16
	Total	148,749,600	79.25

Note:

⁽¹⁾ Excluding a total of 35,000 ordinary shares bought-back by the Company and retained as treasury shares as at 22 March 2019.

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)	15	19.11.2003	1,644	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	A parcel of industrial land improved upon with: – 1 unit Single-Storey Detached Factory (Factory) – 1 unit Double-Storey Office Building (Office)	24 22	08.06.1994 28.08.1996	1,596	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)	21	29.04.1997	1,562	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)	15	28.05.2003	1,950	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)	17	07.11.2001	2,878	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: – 1 unit Single-Storey Detached Factory (Factory) – 1 unit Single-Storey Detached Factory & Warehouse (Factory & Warehouse) – 1 unit Single-Storey Detached Factory & Warehouse (Warehouse)	13 6 1	07.04.2006	16,275	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)
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)
9. Unit No.8-01, Mukim 842, Lot 15, Tempat Sungei Puteh Mukim : Kuala Lumpur	Freehold	1,370 sq ft	Office Suites (Office)	5	01.11.2014	1,280	(06-Oct-11)
10. Unit No.8-03, Mukim 842, Lot 15, Tempat Sungei Puteh Mukim : Kuala Lumpur	Freehold	1,155 sq ft	Office Suites (Office)	5	01.11.2014	1,033	(06-Oct-11)

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the FIFTEENTH ANNUAL GENERAL MEETING of BP Plastics Holding Bhd. (“Company”) will be held at Emerald Room, Level 2, The Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Wednesday, 29 May 2019 at 3:00 p.m. for the following purposes:-

AGENDA

- | | | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. | Please refer to Explanatory Note A |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Article 92 of the Company’s Articles of Association and being eligible, offered themselves for re-election: | |
| | (i) Mr. Hey Shioh Hoe | Ordinary Resolution 1 |
| | (ii) Ms. Tan Ming-Li | Ordinary Resolution 2 |
| 3. | To approve the payment of Directors’ fees of RM252,000 for the financial year ending 31 December 2019. | Ordinary Resolution 3 |
| 4. | To approve the payment of Directors’ benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 30 May 2019 until the next Annual General Meeting of the Company in 2020. | Ordinary Resolution 4 |
| 5. | To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

To consider and if thought fit, to pass the following Ordinary and Special Resolutions, with or without any modifications:

6. **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016 **Ordinary Resolution 6**

“THAT, subject always to the Companies Act 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, 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 pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being; AND THAT 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 Securities; AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

7. ORDINARY RESOLUTION

PROPOSED RETENTION OF MR. LIM KIM HOCK AS INDEPENDENT NON-EXECUTIVE DIRECTOR Ordinary Resolution 7

“THAT Mr. Lim Kim Hock be and is hereby retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance.”

8. SPECIAL RESOLUTION

PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

Special Resolution

“THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix I despatched together with the Company’s Annual Report 2018, be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

9. 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 2019

EXPLANATORY NOTE A

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda is not put forward to the shareholders for voting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Payment of Directors’ Fees and Benefits

Section 230(1) of the Companies Act 2016 (“Act”) provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Pursuant thereto, shareholders’ approval will be sought for the fees and benefits payable to the Directors at the Fifteenth Annual General Meeting (“15th AGM”) of the Company in Ordinary Resolutions 3 and 4.

1.1 Ordinary Resolution 3 – payment of Directors’ fees for the financial year ending 31 December 2019

This resolution is to facilitate payment of Directors’ fees on current financial year basis. In the event the Directors’ fees proposed is insufficient due to enlarged Board size, approval will be sought at the next AGM for additional fees to meet the shortfall.

1.2 Ordinary Resolution 4 - payment of Directors’ benefits to the Non-Executive Directors

The proposed Resolution 4, if passed, will authorise the payment of benefits to the Non-Executive Directors up to an amount of RM30,000 from 30 May 2019 until the next AGM of the Company in year 2020 (“Period”). The Directors’ benefits payable for the Period comprises the meeting attendance allowance payable to the Non-Executive Directors for attendance of Board and/or Board Committee meetings, whenever meetings are called during the Period.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (Cont'd)

2. Ordinary Resolution 6 - Authority to issue and allot shares pursuant to the Companies Act 2016

The proposed Resolution 6 is for the purpose of seeking a renewal of the general mandate given to the Directors of the Company to issue and allot shares as approved by the shareholders at the 14th AGM of the Company ("Previous Mandate").

As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

Resolution 6, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the 15th AGM of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

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

3. Ordinary Resolution 7 - proposed retention of Mr. Lim Kim Hock as Independent Non-Executive Director

Mr. Lim Kim Hock was appointed as Independent Non-Executive Director of the Company on 22 February 2008 and has therefore, served the Board for a cumulative term of more than nine (9) years.

In accordance with the Malaysian Code on Corporate Governance, the Board via the Nominating and Remuneration Committee after having assessed the independence of Mr. Lim Kim Hock, regarded him to be independent, based amongst others, the following justifications and recommends that the approval of the shareholders be sought to re-appoint Mr. Lim Kim Hock as Independent Non-Executive Director of the Company:-

- the aforementioned Independent Director has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- the aforementioned Independent Director is able to exercise independent judgement and act in the best interests of the Company;
- the aforementioned Independent Director has consistently demonstrated his independence and professionalism and effectively contributed and added value to the Company through the Board Committee that he serves as well as the Board; and
- there are significant advantages to be gained from a long-serving Independent Director who has many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, he is able to provide invaluable contributions with independence in his role as Independent Non-Executive Director.

4. Special Resolution – Proposed adoption of new Constitution of the Company

The proposed Special Resolution, if passed, will primarily bring the Company's Constitution in line with the Companies Act 2016 and the changes made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as to enhance administrative efficiency.

In view of the substantial amendments to be made on the existing Memorandum and Articles of Association ("M&A"), the Board proposed that the existing M&A be revoked in its entirety and by the replacement thereof with a new Constitution. Please refer to the new Constitution set out in Appendix I despatched together with the Company's Annual Report 2018.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A proxy may but need not be a member of 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. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints two (2) proxies to attend and vote at the same Meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company 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, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of who shall be a director, or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialed.
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 forty-eight (48) hours before the time appointed of holding the above Meeting or at any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD)**

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

PROXY FORM



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

CDS Account No.	
Number of Shares Held	

*I/We, (Name in full and block letters) _____
NRIC/Passport/Company No. _____ Contact No. _____
of (Full address) _____

being a *member/members of **BP PLASTICS HOLDING BHD.** (“the **Company**”), hereby appoint:

Full Name (In Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

** and / or * delete if inapplicable*

Full Name (In Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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 Fifteenth Annual General Meeting of the Company to be held at Emerald Room, Level 2, The Katerina Hotel, 8 Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim on Wednesday, 29 May 2019 at 3:00 p.m. and at any adjournment thereof.

My / our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr. Hey Shiew Hoe who retires pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
2.	To re-elect Ms. Tan Ming-Li who retires pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered herself for re-election.		
3.	To approve the payment of Directors' fees of RM252,000 for the financial year ending 31 December 2019.		
4.	To approve the payment of Directors' benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 30 May 2019 until the next Annual General Meeting of the Company in 2020.		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	Authority to issue and allot shares pursuant to the Companies Act 2016.		
7.	Proposed retention of Mr. Lim Kim Hock as Independent Non-Executive Director.		
SPECIAL RESOLUTION			
Proposed Adoption of New Constitution of the Company.			

Please indicate with an “X” in the appropriate spaces how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion.

Dated this _____ day of _____ 2019

* Signature of Member / Common Seal

** Strike out whichever not applicable*

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A proxy may but need not be a member of 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. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints two (2) proxies to attend and vote at the same Meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company 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, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of who shall be a director, or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialed.
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 forty-eight (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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