南源塑膠控股有限公司
BP PLASTICS HOLDING BHD.
[Registration No. 200401006398 (644902-V)]

BPPLAS

# Annual Report 2020

STRETCHING BEYOND

YEARS ANNIVERSARY CELEBRATION 30

## 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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BPPLAS is a progressive Polyethylene (PE) Films and Bags 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 films, Lamination Base films, Collation Shrink films for food packaging, and various customised PE bags targeted for different industrial packaging applications to improve packaging integrity and/or shelf life.

# corporate DATA

## BOARD OF DIRECTORS

**Lim Kim Hock *(Chairman)***
*Independent Non-Executive Director*
**Lim Chun Yow**
*Managing Director*
**Tan See Khim**
*Executive Director*
**Hey Shiow 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
*SSM PC No: 201908002648*
*(MAICSA 0777689)*
Tan Ley Theng
*SSM PC No: 201908001685*
*(MAICSA 7030358)*

## SHARE REGISTRAR

**Securities Services (Holdings) Sdn Bhd** *197701005827 (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**
*201906000005 (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

BPPLAS

100% **BP Plastics Sdn. Bhd.**
(Registration No. 199101010792 (221104-W))

100% **BP Packaging Sdn. Bhd.**
(Registration No. 200101004440 (540196-U))

100% **BPPlas Plantation Sdn. Bhd.**
(Registration No. 201001020319 (904086-A))

# corporate PROFILE

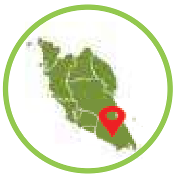
BP Plastics Holding Bhd., an investment holding company, was incorporated in Malaysia under the Companies Act 2016 on 9 March 2004.

The principal activities of its subsidiaries are as follows:

| Company | Date and Country of Incorporation | Equity Interest (%) | Principal Activities |
|---|---|---|---|
| BP Plastics Sdn. Bhd.<br>(Registration No: 199101010792 (221104-W)) | 18 July 1991/ Malaysia | 100 | Manufacturing |
| BP Packaging Sdn. Bhd.<br>(Registration No: 200101004440 (540196-U)) | 23 February 2001/ Malaysia | 100 | Manufacturing & Trading |
| BPPlas Plantation Sdn. Bhd.<br>(Registration No: 201001020319 (904086-A)) | 10 June 2010/ Malaysia | 100 | Dormant |

# corporate MILESTONES

**1990**



Founding of Lam Guan Plastic Industries in Batu Pahat, Johor

**1991**

Incorporation of BP Plastics Sdn Bhd

**1994**

Shifted operation to own factory at Sri Gading Industrial Park

**1999**

Certified for ISO 9002

**2000**

Ventured into Cast Stretch Film business

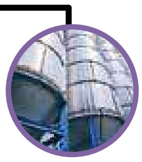
**2003**

Converted ISO 9002 to ISO 9001

**2005**

Listed on Bursa Malaysia Main Board on 23rd Feb

Embarked into Multi-Layer Co-Extrusion Blown Film



2006, Installation of SILO system

**2008**

Certified for ISO 14001 and ISO 18001

Completion of the Bonus Share issue of 1:2

Hit by 2008 Financial Crisis but bounced back the following year

**2013**

Expansion of new factory site

Invested in 8-colours Rotogravure Printing machine to venture into F&B Packaging Film with printing

**2015**

Opening of new Sales & Marketing office in KL

**2018**

Certified for ISO 14001:2015 and ISO 22000:2005 to further growth in the F&B Packaging Segment with hygiene requirements standards met

**2019**

Endeavor into sustainability efforts with installation of solar panels energy system

**2020**

YEARS ANNIVERSARY CELEBRATION 30

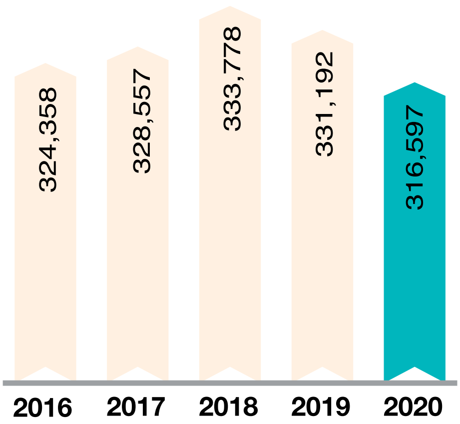
Certified for ISO 45001

Achieved highest PAT of RM30 mil since listing

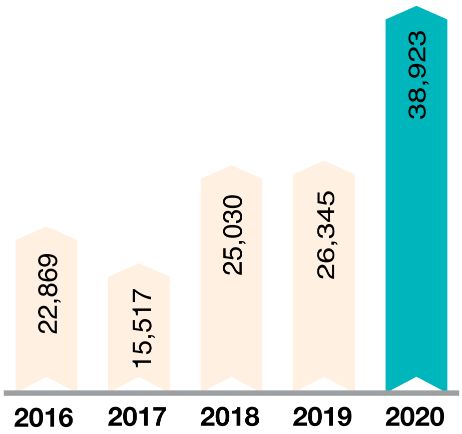
# financial HIGHLIGHTS

| | 2016 RM'000 | 2017 RM'000 | 2018 RM'000 | 2019 RM'000 | 2020 RM'000 |
|---|---|---|---|---|---|
| TURNOVER | 324,358 | 328,557 | 333,778 | 331,192 | 316,597 |
| EBITDA | 31,503 | 25,152 | 34,241 | 37,055 | 50,318 |
| PROFIT BEFORE TAX | 22,869 | 15,517 | 25,030 | 26,345 | 38,923 |
| PROFIT AFTER TAX | 17,867 | 12,834 | 21,358 | 21,204 | 29,661 |
| SHAREHOLDERS' FUNDS | 165,767 | 167,342 | 181,195 | 191,140 | 205,789 |
| ROE | 10.81% | 7.71% | 12.26% | 11.39% | 14.95% |
| NON CURRENT ASSET | 75,065 | 68,867 | 85,321 | 86,944 | 78,704 |
| ROA | 23.80% | 18.64% | 25.03% | 24.39% | 37.69% |
| EPS | 9.52 | 6.84 | 11.38 | 11.30 | 15.80 |
| Net Div (sen) | 8.00 | 4.00 | 6.00 | 6.00 | 8.00 |
| NTA per share (RM) | 0.88 | 0.89 | 0.97 | 1.02 | 1.10 |

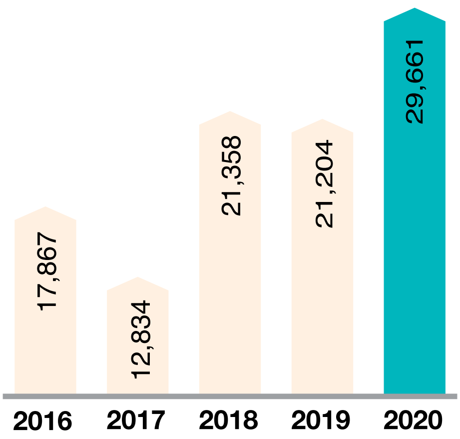
## TURNOVER (RM'000)



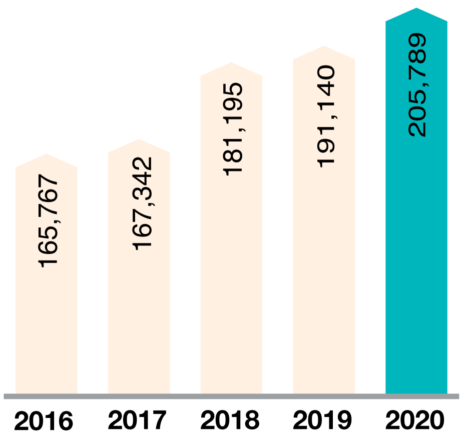

## PROFIT BEFORE TAX (RM'000)




## PROFIT AFTER TAX (RM'000)




## SHAREHOLDERS' FUND (RM'000)



# board of DIRECTORS

## LIM KIM HOCK

**Age**: 55

**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:** 58

**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:** 57

**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:** 58

**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**: 52

**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.

**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**: 56

**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 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:** 50

**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 and Licensed tax agent approved by Ministry of Finance.

**Working Experience and Occupation:** Ms. Chuah is currently the Managing Partner of the PCCO Group. She has over 26 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:** 41

**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

**Notes:**
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

## FOREWORD

The COVID-19 pandemic has drastically changed lives around the world, and a return to normalcy is still not in sight as the situation remains volatile and ever-changing. Resurgences of COVID-19, movement restrictions and nationwide lockdowns have forced a shift in the global plastic packaging system from a basis of out-of-home consumption and non-essential goods into a greater necessity for at-home consumption and essential goods. This has led to an indirect increase in the overall packaging needs. It is critical for the world to re-evaluate, work together, and take urgent actions to refocus on sustainability matters whilst many countries are still searching for a balance between saving lives and sustaining livelihoods. The pandemic has not only disrupted the global supply chain of many industries/sectors but has also impacted traditional demand trends and shifted usual trade flows. As people from all over the world from different walks of life try to regain a sense of normalcy, it is certain that some may never recover their usual standard of living in pre-COVID times. Some jobs or trades may be lost permanently while new ones emerge. But one thing for certain is that the prerequisite for those who manage to survive and thrive under the challenges posed by the pandemic, will depend largely on their ability to adapt, evolve and prepare for future crises.

## 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 2020 to 31 December 2020, 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 which include investors, customers, suppliers, employees, government, local communities and media.

## SUSTAINABILITY COMMITMENT

At BPPLAS, as part of the wider network of being a global citizen, we believe it is imperative to support the achievements of the UN SDGs, and Management has made it a key prerogative to integrate the sustainability agenda as an essential part of the Company’s vision, mission and strategies. BPPLAS is committed towards building a sustainable polyethylene (“PE”) packaging business within the Asian region. We aim to deliver strong financial performances and enhance stakeholder values as a long term objective, whilst maintaining our obligations to conduct business in a socially and environmentally responsible manner. In order to grow sustainably, we believe that there is a need to adopt a low carbon footprint strategy and embrace the circular economy within our business operations and practices.

# SUSTAINABILITY REPORT (CONT'D)

## SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Directors of BPPLAS ("the Board") is mindful of the ever-growing emphasis and encouragement by our various key stakeholders, particularly the investing community and shareholders, on the Group's Environmental, Social and Governance ("ESG") and sustainability related goals. The Board retains the role of main steward and holds overall accountability, oversight and review of the Group's sustainability matters through delegations to its Board Risk Management Committee ("BRMC") who is tasked with the identification and management of the Group's Economic, Environmental and Social ("EES") risks and opportunities.

The Management Risk Management Committee ("MRMC") which comprises of the Executive Directors, Senior Management and selected Heads of Department, will assist the BRMC by setting up designated sub-unit Risk and Sustainability Working Committees ("RSWCs"), who will be tasked with the dual role of implementing 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 includes the identifying, evaluating, managing and monitoring of EES risks and opportunities, as part of the Group's enterprise risk management framework. The MRMC will conduct periodic Risk and Sustainability assessments, 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 future strategies and implementation of action plans by the respective RSWCs.

During the year 2020, Management formed the COVID-19 Response Committee team to specifically handle the day-to-day management of COVID-19 related risks and impact on the Group's business operations. As part of the Group's long-term sustainability efforts, the Group plans to conduct the necessary reviews on the adequacy and sustainability of the Group's business continuity plans (BCPs), to enable for better preparation and readiness for future crisis management.

## STAKEHOLDER ENGAGEMENT

In BPPLAS, we believe that all our key stakeholders play a pivotal role in the growth and development of our business. We recognise the importance of continuous engagement and interaction with our stakeholders in keeping them aware and up to date on our latest progress, the measurable targets and results with regards to sustainability. More importantly, through various channels and modes of communications, we collect valuable feedback in order to better understand their respective concerns and respond or improve accordingly.

The table below highlights the groups of key stakeholders that we engage with in our business and the outcomes arising from these mutual interactions.

| Key Stakeholders | Mode of Engagement | Areas of Interest | Example of Outcome |
|---|---|---|---|
| Shareholders and Investors | - Annual General Meeting<br>- Corporate Website<br>- Investor Relations (IR) meetings<br>- Electronic Communication | - Return on investment<br>- Financial performance<br>- Business outlook & prospects | Dividend paid: **RM15,012,240** (FY2019: **RM11,259,180**) |
| Regulators/ Government | - Bursa Malaysia Reporting<br>- SST Reporting<br>- Income Tax Filing | - Compliance<br>- Government taxes contribution | Monthly CP204 tax installments, yearly final tax liability, and bi-monthly SST filings are submitted and paid on timely basis to the relevant government authorities. |
| Customers | - Customer Feedback/ Complaint<br>- Questionnaire/Survey<br>- Electronic Communication | - Product quality & sales<br>- Customer service | Physical goods returned (tonnes): **reduced by 40.53%** (FY2019: **increased by 314.93%**) |

# SUSTAINABILITY REPORT (CONT'D)

## STAKEHOLDER ENGAGEMENT (CONT'D)

The table below highlights the groups of key stakeholders that we engage with in our business and the outcomes arising from these mutual interactions. (Cont'd)

| Key Stakeholders | Mode of Engagement | Areas of Interest | Example of Outcome |
|---|---|---|---|
| Employee | - Team Building event<br>- Staff Appraisals<br>- Training | - Employee welfare and benefits | Employee benefits expense: **RM20,719,893** (FY2019: **RM19,397,621**) |
| Local Communities | - Community Engagement Programmes | - Social welfare and contributions | Blood donation contribution: **136 packs** (FY2019: **135 packs**) |
| Media | - Media/Press Release<br>- Advertising<br>- Electronic Communication | - New developments<br>- Promotion and brand awareness | Frequency of analyst meeting & discussion: **8** (FY2019: **8**) |

In FY2020, due to the regional border lockdowns and as part of the COVID-19 prevention measures, conventional face-to-face meetings were limited or non-existent. Leveraging on technology, most companies has switched to online meeting platforms (e.g. Zoom, Microsoft Teams etc.) to continue engaging with their key stakeholders such as customers and suppliers. Traditional customer and supplier (audit) visits were instead substituted with surveys/audit questionnaires with online meetings to re-affirm the results, feedback and follow up action plans. Most government agencies (e.g. MITI, MATRADE) and trade associations (e.g. MPMA, FMM) conducted online webinars to provide updates on the latest news, standard operating procedures ("SOPs) and/or regulations, technical briefings, as well as allowing members and other interested parties to participate and raise questions related to their trade or industry.

## MATERIALITY ASSESSMENT

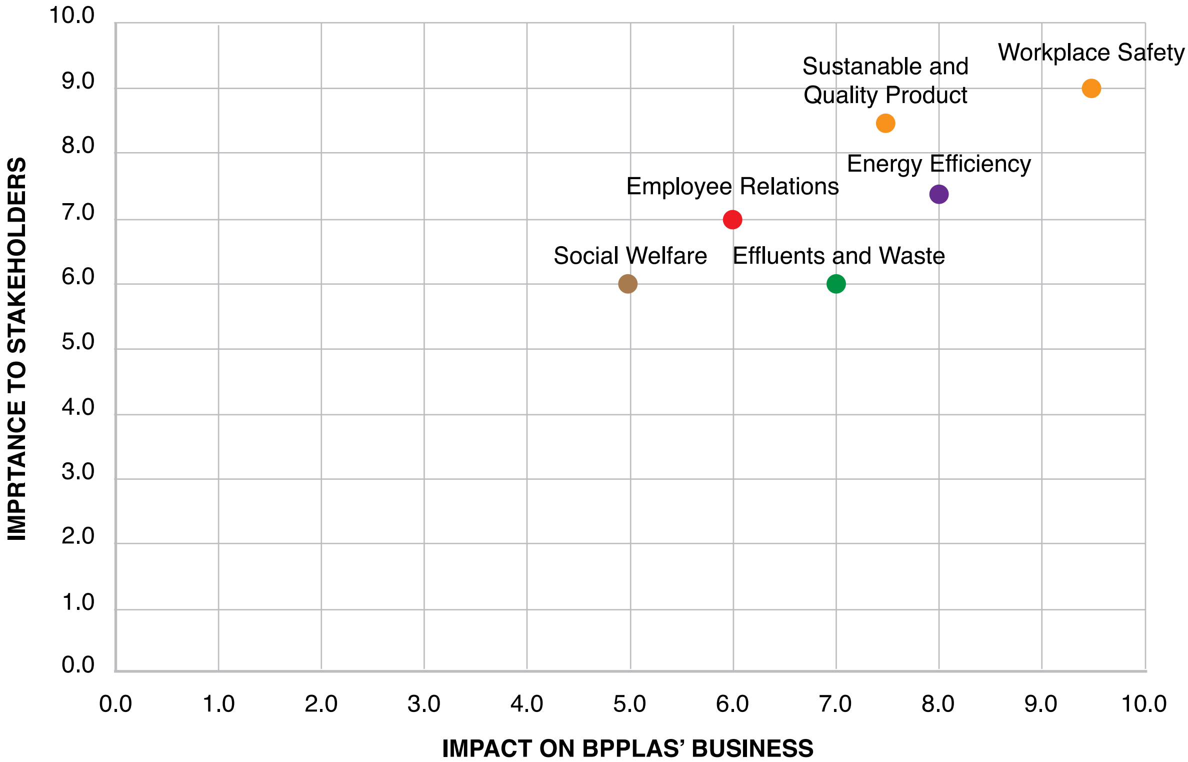
Based on the inputs derived from the various engagements with our internal and external stakeholders, the data and information were collated and summarised to come up with suitable follow up action plans to adequately address the more critical issues that were identified. Guided by the methodology in the Bursa Malaysia Sustainability Reporting Guide, Management conducted an internal review and revisited our previous materiality assessment basis to re-affirm the continued relevance of the Group's key sustainability issues. It is determined that the priority attributed to the materiality of each sustainability issue based on its significance to the business and impact/influence on our stakeholders, remain predominantly unchanged. Despite the disruptions from the COVID-19 pandemic, the Group remains committed on its path to upholding the six key sustainability issues that is at the core of our business operations and with added impetus for the Group to focus on achieving the set targets and related sustainability action plans that we wish to put in place.

# SUSTAINABILITY REPORT (CONT'D)

## MATERIALITY ASSESSMENT (CONT'D)

The following materiality matrix outlines our current key business sustainability issues:

**MATERIALITY MATRIX**



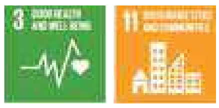
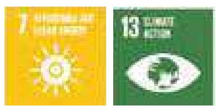

## SUSTAINABLE DEVELOPMENT GOALS

At the United Nations ("UN") Sustainable Development Summit back in September 2015, as part of the 193 UN Member States, Malaysia had also ratified and adopted the 2030 Agenda for Sustainable Development, comprising of the 17 Sustainable Development Goals ("SDGs") and its 169 associated targets. The SDGs are a global roadmap and establishment of partnership between public and private sectors, as well as civil societies across all countries both developed and developing. Its primary objectives being a collaboration to implement programs that can improve health and education, eradicate poverty, reduce inequality, spur economic growth, while at the same time, protecting the planet from adverse climate change. With this goal of a higher standard of living and shared prosperity, no one should be left behind in the pursuit of social and economic advancement.

# SUSTAINABILITY REPORT (CONT'D)

## SUSTAINABLE DEVELOPMENT GOALS (CONT'D)


We have reviewed the material issues with the most significant positive and negative impacts to our business and had identified the following 8 SDGs that were most relevant to the BPPLAS Group.

| Material Sustainability Matters | Description | Alignment with SDGs |
|---|---|---|
| **Social** | | |
| Workplace | Employee health and safety<br>Response to COVID-19 |  |
| Local communities | Blood donation campaign<br>Face mask contribution<br>Improve employees' living conditions |  |
| Employee welfare | Training and education<br>Workforce diversity and inclusion<br>Adherence to minimum wage |  |
| **Environmental** | | |
| Effluents and waste management | Recycle, reuse, reduce and product re-design<br>Waste management |  |
| Energy efficiency and renewable energy (solar panels) generation capacity | Reduce greenhouse gas ("GHG") emissions |  |
| **Economic** | | |
| Sustainable and quality product | Investment in new machines and innovative technology |  |

# SUSTAINABILITY REPORT (CONT'D)

## SOCIAL

### Workplace Safety – Environmental, Health and Safety

**Why It Matters**

Environmental, Health and Safety ("EHS") has always been a top priority at work. We strongly believe that health and safety is a key factor of our daily business operations and work culture. It is our duty to provide a safe and conducive working environment for all our employees and any external parties (e.g. contractors, suppliers and visitors) who enter our factory premises.

**Management Approach**

(a) Employee Health and Safety - Workplace

Our commitment to create a healthy and safe working environment for all employees is embedded in our EHS policy and objectives. It is the Management's objective to ensure that all our employees understand and take responsibility in fulfilling EHS objectives in daily business operations.

On an annual basis, the Occupational Safety and Health ("OHS") committee members attend relevant EHS trainings, regulatory updates and safety briefings organised by various government agencies/departments. This is important to ensure that their EHS knowledge is up-to-date, increasing awareness of the critical aspects of work safety and that they are competent and equipped with the right knowledge and resources to work safely.

The Group is conscious of the need to manage workplace safety and employees' security in tandem with business growth. The number of cases of injuries from industrial accidents in FY2020 has shown a downtrend but regrettably, the total cases of occupational poisoning and diseases cases has increased. The Group targets to implement safety performance gap analysis, and work towards zero accidents, zero fatalities goal, to reduce the number of lost man-days rate within the workplace to minimal accident rates (<80 days).

| Description | FY2020 | FY2019 |
|---|---|---|
| No of accident case | 12 | 26 |
| No of occupational poisoning and disease cases | 62 | 32 |
| Accidents rate (frequency) | 15.12 | 29.71 |
| Lost man-days rate (severity) | 80.64 | 431.95 |

(b) Employee Health and Safety - Response to COVID-19

*(i) COVID-19 Standard Operating Procedures ("SOP") and Preventive Measures*

The Group is deeply concerned by the COVID-19 pandemic and its current implications. In FY2020, the Group incurred RM149,784 in costs relating to implement preventive measures and safety protocols that are consistent with Ministry of Health ("MOH") guidelines, as follows:

- Daily checking and recording of body temperature at factory entrance.
- Hand sanitizer at all entrances and mandatory proper face mask wearing with cover of mouth and nose fully in public and common areas.
- MOH preventive measures such as COVID-19 awareness training, memo, posters, videos.
- Sanitation and cleaning process at operation shop floor 3 times a day.
- Social distancing of minimum 1 meter.
- Provision of hand wash and sanitiser.
- Air ventilation in meeting rooms, and sanitisation after each meeting.

# SUSTAINABILITY REPORT (CONT'D)

## SOCIAL (CONT'D)

### Workplace Safety – Environmental, Health and Safety (Cont'd)

(b) Employee Health and Safety - Response to COVID-19 (Cont'd)

The Group always strives to protect the employee's wellbeing and will take the necessary preventive measures to minimise the impact of the crises on workflow.

*(ii) COVID-19 Screening Test*

In February 2021, the Group had appointed a Social Security Organisation ("SOCSO") panel clinic, which conducted its first full COVID-19 Antigen test screening of 100% of its 202 foreign workers as mandated by the Government. During this initial screening, fortunately no clusters were detected and only one (1) worker tested positive, which was immediately followed by the Polymerase Chain Reaction ("PCR") test, confirming the testing result and Kementerian Kesihatan Malaysia ("KKM") was notified as required. Meanwhile, another four (4) foreign workers categorized as close contacts of the identified positive case, were subsequently quarantined at separate locations and another 1 local worker has been placed under self-quarantine at home. The rest of the foreign workers in the first screening was cleared with negative results. After the workstations and hostel accommodation where the positive foreign worker and close contacts stayed were fully disinfected and sanitized, plant operations were then allowed to return to normal.




On 19 March 2021, the Group had conducted another surveillance screening and COVID-19 Antigen re-testing for 24 workers that began to show some COVID-19 symptoms, of which 14 workers tested positive. Pursuant to the notice from KKM, one division of the Group's production plants was temporarily closed for 10 days for sanitisation and disinfection purposes. Following the required sanitisation, quarantine and isolation measures, the Group has obtained approval from KKM to resume normal operations on 27 March 2021. The Group's operation was not seriously affected by the temporary shutdown as another plant was allowed to operate as per normal. Key customers and vendors were informed to ensure minimal disruptions. The Group's operation has resumed in full after close contact and inflicted employees were certified fit to work on 4 April 2021.

The Group will continue to adhere and comply to SOPs implemented internally and/or by the Government with adoption of stringent protective measures and safety protocols, to contain the spread of COVID-19 in the workplace. The Group worked closely with the Malaysia Plastic Manufacturers Association ("MPMA") to compile and submit a name list with at least 80% of employees including both local and foreign workers who have registered with MySejahtera for an early qualification program in stage 2 which is brought forward by KKM to key red zone states.

# SUSTAINABILITY REPORT (CONT'D)

## SOCIAL (CONT'D)

### Social Welfare – Local Communities

**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 Approach**

(a) Blood Donation Campaign

The blood banks nationwide showed a declining supply trend since the outbreak of the COVID-19 in the country due to people's fears of COVID-19 contagion and many blood donation campaigns were forced to cancel due to low public response. Nevertheless, BPPLAS 11th Blood Donation 2020 event was successfully held as planned on 6th September 2020, at Level 1 of BP Mall, Batu Pahat with full COVID-19 mitigation measures and new rules put in place, such as body temperature checks, social distancing and donor pre-registration and appointment slips, to facilitate a quicker donor movement process. The total turnout of 136 blood donors' participation in this event was particularly meaningful as a form of support to the National Blood Bank to prevent blood supply reaching a critical level especially under the current unfavorable situation.

Past 3 years' Blood Donation Campaign contribution:

| Year | Result (packs) |
|---|---|
| 2018 | 176 |
| 2019 | 135 |
| 2020 | 136 |


(b) Face Mask Contribution

The Group has also donated surgical face masks in support of our local front liners such as our resident district police station which plays a crucial role in the Government's fight against the COVID-19 outbreak, through the daily manning of cross borders roadblocks stationed nationwide.

# SUSTAINABILITY REPORT (CONT'D)

## SOCIAL (CONT'D)

### Social Welfare – Local Communities (Cont'd)

(c) Improve Employees' Living Conditions

Amidst the challenging times of the COVID-19 pandemic, BPPLAS is ever more mindful in maintaining the appropriate living conditions for foreign workers. For the year under review, the Group heightened the need to provide accommodations with sufficient living space and amenities, amidst the outbreak of COVID-19.

The Group has spent more than RM305,000 this year (FY2019: RM179,000) to improve on foreign workers' accommodation in compliance with the amended Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446) which became effective on 1 September 2020 and met the criteria of minimum housing requirements and basic amenities.

Currently the Group's foreign workers' rented hostels has a Certificate for Accommodation that is valid for 3 years approved by the Ministry of Human Resources ("MOHR"), which is an indicator of the acceptable benchmark in providing comfortable and safe housing environment for foreign workers. For future planning, the Group had also acquired a piece of land with the intention of building its own Centralized Labour Quarters (CLQ) for better administrative management and control.

### Employee Welfare

**Why It Matters**

Employees are the Company's greatest assets as we believe that employees with the right skills, mindset and competitive capabilities are the main drivers of BPPLAS's growth. As we progressively expand our business and embark on Industrial Revolution 4.0 ("IR4.0") which focuses heavily on interconnectivity, automation, machine learning and real-time data, we recognise the need to upskill and re-train employees as part of their on-going career and job skills development and move towards a more productive, high-skilled and agile workforce of the future.

**Management Approach**

(a) Training and Education

We are committed to ensuring that appropriate staff training and development programmes are in place to improve and expand employee skills set and to ensure that they are equipped with necessary tools and resources to help them develop 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.

| Description | 2020 | 2019 | 2018 |
|---|---|---|---|
| Training expenditure (RM'000) | 14 | 136 | 70 |
| Total training hours | 6,306 | 8,582 | 3,346 |
| Training hour per employee | 15.5 | 20.8 | 8.5 |

# SUSTAINABILITY REPORT (CONT'D)

## SOCIAL (CONT'D)

### Employee Welfare (Cont'd)

**Management Approach (Cont'd)**

(a) Training and Education (Cont'd)

COVID-19 has significantly changed the way we carry out routines and regular affairs, including the conducting of seminars and training workshops. Most training or service providers, in collaboration with Government agencies/ departments, trade associations and/or suppliers, were able to provide sponsored free online webinars for customers/ members, resulting in some cost savings and much needed financial relief especially for the smaller SME businesses.

The following are the key seminars and trainings, including virtual and online webinar sessions attended by the BPPLAS Management and employees during the year:

| No. | Date of Training | Training Topics/Programmes |
|---|---|---|
| 1) | 12.2.2020 | Payroll Workshop Compliance with Legislation Malaysia 2020 |
| 2) | 19.2.2020 | Awareness Novel Corona Virus |
| 3) | 6.7.2020 | Operation Training Theory |
| 4) | 6.7.2020 | The Sustainability Accelerator – Workshop A |
| 5) | 27.7.2020 to 28.7.2020 | Run and Gun: Network Penetration Testing Online Training |
| 6) | 4.8.2020 to 6.8.2020 | RSH 100 Keselamatan Sinaran dan Kesihatan |
| 7) | 17.8.2020 | The Sustainability Accelerator Workshop B |
| 8) | 22.9.2020 to 23.9.2020 | CPR and First Aid |
| 9) | 28.9.2020 | The Sustainability Accelerator – Workshop C |
| 10) | 29.9.2020 | Sustainability Driven Packaging Solution |
| 11) | 7.10.2020 to 8.10.2020 | Mergers and Acquisition Due Diligence for Human Resources |
| 12) | 9.10.2020 | Preventing Forced Labour in Malaysia through Responsible Business Practice |
| 13) | 13.10.2020 | Plastics Circularity Opportunities and Barriers |
| 14) | 09.11.2020 | The Sustainability Accelerator – Workshop D |
| 15) | 24.11.2020 | Go ESG Asian Corporate Sustainability Virtual Summit |
| 16) | 22.12.2020 | iFlexi HRMS Webinar Year End Workshop 2020 |

(b) Workforce Diversity and Inclusion

BPPLAS is an employer that values equality, all appointments and employments are strictly based on merits and competency. The Group does not practice any form of gender, ethnicity and/or age discrimination, as all candidates are given fair and equal opportunity.

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

# SUSTAINABILITY REPORT (CONT'D)

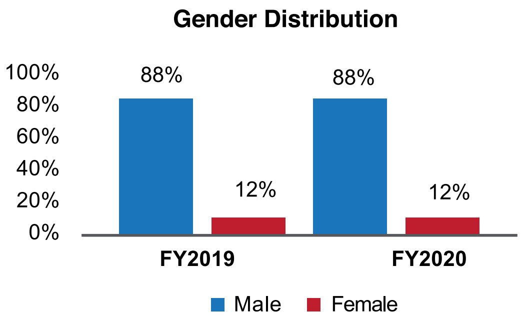
## SOCIAL (CONT'D)

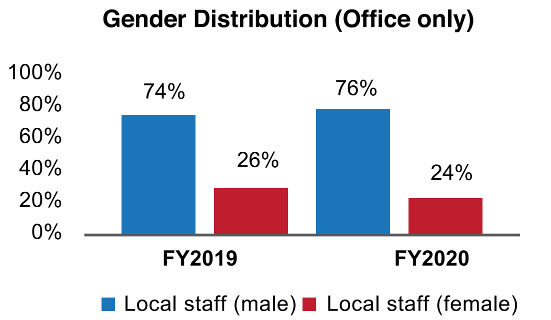
### Employee Welfare (Cont'd)

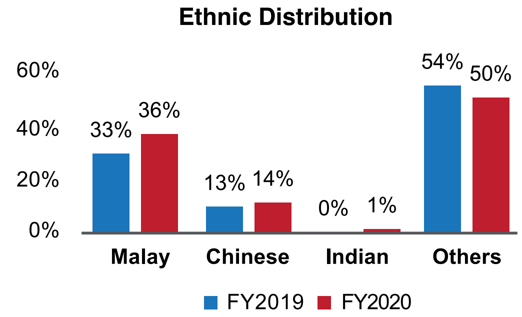
**Management Approach (Cont'd)**

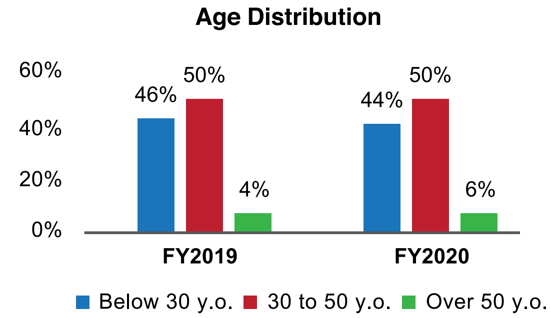
(b) Workforce Diversity and Inclusion (Cont'd)

The distribution of our workforce demographics is displayed is as set out below:




BPPLAS operations runs on a 24/7 basis, in order to ensure consistent and continuous delivery of our quality products in our aim to be a global supply chain market player and serve our worldwide customers' needs, wherever they are. In line with this, the Group hires a significant number of male workers for the night shifts, of which majority are non-Malaysians. If excluding the direct labor shop floor workforce, the indirect labor (office) female participation is 24% and 26% in FY2020 and FY2019 respectively. Despite a relatively low women representation, the Group consistently provides equal opportunities and ensures that everyone's rights are respected and is able to contribute equally at all levels of decision making and leadership.

During the year, local Malaysian employees intake has increased from 46% (FY2019) to 50% (FY2020), mainly due to the Government's freeze on recruitment of foreign workers in all sectors and international border closure. The Group took this opportunity to hire more local talents and youths to support the Government's calls to reduce reliance on foreign workers. Meanwhile, BPPLAS has also provided more job opportunities to the local community, with competitive remuneration packages and development opportunities offered.

(c) Adherence to Minimum Wage

The Group is in adherence with the minimum wage, which is currently at RM1,200 per month under the Minimum Wages Order 2020 that came into force since 1 February 2020. This is to ensure basic level of income so that the low-income groups are able to attain minimum acceptable living standards and elevate from poverty.

# SUSTAINABILITY REPORT (CONT'D)

## ENVIRONMENTAL

### Effluents and Waste Management

**Why It Matters**

BPPLAS believes that being environmentally responsible is more than just complying with rules and regulations. Thus, we strive for long-term sustainable economic development, while limiting the adverse effects on the planet and environment where possible. We work to promote responsible consumption, improve on waste management and limit resources depletion in order to minimize the adverse impact on the environment so that plastic waste can be more effectively managed, resulting in not only the diversion of plastic waste from the environment and landfill, but also a reduction in GHG emissions.

**Management Approach**

(a) Recycle, Reuse and Reduce (3Rs) Concept

Our corporate philosophy follows the 3Rs concepts of "Recycle, Reuse and Reduce". We have sufficient waste management know-how, technical expertise and capabilities to design the manufacturing process flow to incorporate the salvage and reclaim ("**Recycle**") of our internally generated plastics waste, rejects and scraps. This is facilitated by having 2 recycling machines with advanced technology and capacity to maximise waste recovery and enable the recycled materials to be looped back into production. The recycling capacity utilisations are 71% and 83% in FY2020 and FY2019 respectively.

The Recycling process is an enabler which also allows the outer packaging from our suppliers to be reused ("**Reuse**") as raw materials for suitable industrial packaging film application. The recycled materials consumption in the manufactured products are 8.4% and 9.1% in FY2020 and FY2019 respectively.

Reuse further helps us to ensure that we can reduce ("**Reduce**") our consumption of virgin raw materials at the same time keeping our waste footprint low, in support of the concept of circular economy and more efficient use of our valuable resources. As the Group remains focused on quality and product innovations, our Plant operations team were able to reduce the total plastics waste, rejects and scraps metric tonnes by 9.8% in FY2020 as compared to the previous year.

(b) Waste Management

As BPPLAS is certified with ISO 14001: 2015 Environment Management System, we are committed to operating in compliance with the Environmental Quality Act (Scheduled Wastes) Regulations 2005 and Environmental Quality (Industrial Effluent) Regulations 2009, Standard B.

| Category Group | FY2020 (mt) | FY2019 (mt) |
|---|---|---|
| Scheduled waste | 36.2 | 19.3 |
| General waste | 85.4 | 92.4 |

Scheduled waste:

Scheduled waste increased by 16.9mt in FY2020 mainly due to higher production outputs for food packaging film with printing which generates greater amount of waste in ink and solvents stored in drums. The Group is working hard to control scheduled waste production by taking extensive steps to decrease our printing section wastage and maximising printing output per run. We also ensure that all residual scheduled waste is properly stored and disposed by responsible and approved licensed contractors.

# SUSTAINABILITY REPORT (CONT'D)

## ENVIRONMENTAL (CONT'D)

### Effluents and Waste Management (Cont'd)

General waste:

General waste reduced by 7.0mt in FY2020 mainly due to increasing awareness amongst our people in sustainable waste management and their collective effort to help achieve our goal. This includes effort to reduce and reuse materials to limit waste going into landfills. We also work closely with our strategic partners/suppliers to supply non-hazardous product to mitigate environmental contamination and reduce our carbon footprint wherever possible.

### Energy Efficiency and Renewable Energy

**Why It Matters**

During the past year, the global struggle to stop the spread of COVID-19 and being caught between the dilemma of saving lives or livelihoods (jobs and employment), has mitigated the following economic and climate change agenda, particularly in relation to global warming which has taken a backseat. But in reality, the pandemic has not brought a chill to our world's climate and the extreme changes in weather patterns that has been taking place in recent times are of paramount concern. Based on the latest official climate data, the year 2020 was one of the three warmest on record, rivalling 2016 for the top spot, according to a consolidation of 5 leading international datasets by the World Meteorological Organisation ("WMO"). The average global temperature in 2020 was around 14.9°C, which is about 1.2°C above the pre-industrial (year 1850-1900) level, despite a La Nina event late at the end of the year which only had a temporary cooling effect.

**Management Approach**

Our approach on energy management is to ensure energy efficiency is achieved throughout our production plants and processes, with proper planning of machines' start-up and shutdown, to conserve and reduce consumption of energy. We also monitor the use and installation of heaters, chillers and compressors for the current or additional machinery and equipment, to ensure optimal levels of energy consumptions for production, as well as effective usage of equipment.

Back in September 2019, BPPLAS successfully installed solar panels at our factories to substitute part of our energy consumption towards green energy ("renewable energy") and reduce our overall energy consumption levels. This is also in line with the objective to play our part in climate change mitigation by reducing GHG emission in the atmosphere.

| Year | Solar power production (kWh) |
|---|---|
| 2019 (September to December only) | 366,633 |
| 2020 | 1,344,828 |

The installation of solar panels not only resulted in increased energy efficiency but also a reduced power consumption by 1,344,828 kWh for the year under review. In FY2020 until the date of this writing, the contribution of renewable energy in power generation has helped the Group's to reduce carbon emission totaling 1,199.22 tons and standard coal savings achieved was 481.14 tons, equivalent to planting 65,530 trees.

## ECONOMIC

### Deliver Sustainable and Quality Product

**Why It Matters**

In the past year, as humankind navigates through the COVID-19 pandemic, it has led to the rapid rise of global e-commerce and food delivery business, indirectly causing a surge in demand for packaging products. On top of this, the rising hygiene and consumer safety concerns has also contributed to the huge demand of personal protective equipment ("PPE"), face shields, disposable medical aprons, plastic gloves, medical bottles, sprayers and hand sanitizers during the COVID-19 period. These changes and market shifts have not only created new business opportunities on food packaging, but also refocus on the need for automation to reduce human contact during the production process of food packaging.

# SUSTAINABILITY REPORT (CONT'D)

## ECONOMIC (CONT'D)

### Deliver Sustainable and Quality Product (Cont'd)

**Why It Matters (Cont'd)**

At the same time, due to growing ESG concerns and emphasis by the investing community internationally, global brand owners, resin producers and plastic manufacturers, have been required to move into implementing concepts of circular economy and Extended Producer Responsibility ("EPR"), which is a producer-focused mechanism that aims to reduce waste, particularly plastic waste, by increasing recycling and decreasing dependency on new raw materials.

**Management Approach**

The Group with its Food Safety Policy established and accreditation since 2018 with ISO22000:2005 Food Safety Management Systems – Requirements for any organization in the Food Chain, is well positioned and has the ability to provide safe, hygienic and flexible packaging that complies with food safety requirements. In line with the Group's aspiration to be a future market leader and better positioned to serve the growing food packaging business industry, the Group has plans to migrate and update to the new ISO22000:2018 standard as part of our on-going commitment to continuously provide quality sustainable products to our customers.

Waste management and recycling are at the heart of the circular economy. BPPLAS has always been striving to produce maximum effort in increasing the consumption of recycled materials through reducing usage of virgin plastic materials without compromising the product quality and end use application of our packaging solutions. To meet this target, BPPLAS has been investing in new machines and innovative technology, as well as embarking on continuous research and product development, to create versatile, light weight, economical and 100% recyclable products, that doesn't compromise on customers basic packaging needs on products' safety protection and shelf life.

| Investment in New Machines and Innovative Technology | 2020 RM'000 | 2019 RM'000 | 2018 RM'000 |
|---|---|---|---|
| Building and facilities | - | 4,089 | 4,096 |
| Machines and equipment | 1,675 | 7,740 | 21,349 |

Apart from the continuous investments into machine advancement and processing technologies, we also continuously engage and work with our trusted and reliable network of suppliers worldwide to provide good quality Polyethylene ("PE") including technical collaboration and exploration on the potential use of new resins/polymers e.g. Post-Consumer Recycled plastics (PCR), which are more environmental or sustainability based. BPPLAS has been working with its partners to improve on product re-design and innovative solutions, particularly focusing on sustainability factors such as the use of more recycled content, improved recyclability of the end product, as well as minimising pollution to the environment.

## CONCLUSION

BPPLAS believes that we can aim to address the economic and environmental issues concurrently and can progressively move towards a sustainable economic model to achieve a more resilient and resistant system in the long run. The Group will continue to push forward with on-going initiatives and efforts to elevate sustainability awareness throughout the value chain from procurement, production, people and workplace until the end product to ensure that all our stakeholders are on board as part of the collective collaboration on ESG matters. As the Group's products are part of critically required packaging for food and other essential goods, the Management is committed towards building a sustainable and resilient PE packaging manufacturing business while balancing our social and environmental responsibilities. In addition, during this time of uncertainty, we will continue to do our part to support the country and the world in combatting and recovering from the COVID-19 pandemic.

# additional COMPLIANCE INFORMATION

## AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors and their affiliates for the financial year ended 31 December 2020 are as below:

| | Group RM | Company RM |
|---|---|---|
| **Audit services rendered** | 73,000 | 30,000 |
| **Non-audit services rendered** | | |
| Review of the Statement on Risk Management and Internal Control | 4,000 | 4,000 |
| Tax Services | 23,000 | 3,300 |

## 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 2020.

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

There were no material recurrent related party transactions of a revenue or trading nature during the financial year other than those disclosed in Note 27 to the financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 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 2020 ("FY2020")

The BPPLAS Group marked its 30th anniversary in 2020, a year filled with unprecedented challenges brought about by the COVID-19 pandemic. Notwithstanding the challenging socio-economic headwinds, the Group managed to successfully navigate the "new normal", and rounded off the year with a commendable performance.

It is with great pleasure that the Board of BPPLAS presents the MD&A of the Group for FY2020, outlining the Group's latest strategic plans, business operations overview, financial performance and position achieved in FY2020, as well as the business outlook, future growth and expansion plans for FY2021 and beyond.

### GROUP BUSINESS OVERVIEW

Focusing on its core competencies and business adaptability, the Group overcame adversity presented by the business environment to record the highest PBT, PAT and EBITDA figures since its listing on the Main Board of Bursa Malaysia in 2005, a significant achievement in conjunction with its 30th anniversary milestone.

Over the course of 2020, the COVID-19 pandemic prompted various extraordinary policies globally, including nationwide lockdowns and social distancing measures. This unprecedented global health crisis, accompanied by the related interventions have not only led to unforeseen adverse effects on international trade, tourism and travel, but also effected significant change in our normal, day-to-day working arrangements. In addition to prevailing external factors, such as the protracted US-China trade tensions at the start of year 2020, weakened consumer spending and slowing external demand further prompted Bank Negara Malaysia ("BNM") to execute a series of OPR interest rate cuts successively during the year, in an attempt to provide a more accommodative monetary policy environment. On top of global supply chain disruptions brought upon by the pandemic, the plastic packaging industry also faced commodity price volatilities throughout the year, which have mainly been attributable to events such as the Russia-Saudi Arabia oil price war, material shortages due to weather-related setbacks and resin plant outages in the United States ("US").

Despite the challenging and rapidly-changing business conditions, the Group managed to deliver an outstanding financial and operational performance in FY2020, emphasising its business resilience and agility. Throughout the different phases of movement control orders ("MCOs") and various restrictions implemented by the government, Management was able to promulgate the necessary COVID-19 risk management measures and business continuity plans to minimise operational disruptions and ensure the smooth running of its plants.

The implementation of MCO which started from 18 March 2020 had a minimal impact to the Group's operations as the Group successfully obtained approval from Ministry of International Trade and Industry ("MITI") and was allowed to operate with a reduced workforce of up to 50%, which was subsequently increased to 100% with no restrictions on operation hours. During that period, the Group adapted quickly to implement remote working and rotation arrangements across all business units to maintain productivity and efficiency, whilst prioritising the safety and health of the workforce in full compliance of the stringent Standard Operating Procedures ("SOP") prescribed by MITI and the National Security Council ("NSC"). The Group successfully demonstrated the determination, collaboration and adaptability of Management in strengthening the resilience of the business, evidenced by the (i) setting up the COVID-19 response team to deal with anticipated and potential risks; (ii) implementing frequent information sharing and action plans updates; (iii) improving risk communication channels (including proper and timely dissemination of information to staff and key stakeholders); and (iv) reviewing and enhancing existing and future supply chains, in addition to prioritising workplace and accommodation safety management. These action plans have better equipped the Group for future crisis management and offered valuable insights into the importance of having strong governance practices for long-term business sustainability.

The Group has been steadfastly serving domestic and overseas customers in a wide range of industries. During the year 2020, border closures and lockdown measures around the world constrained the ability of Management to have face-to-face engagements with the Group's key stakeholders, including customers. However, through adapting and embracing virtual (online meeting) alternatives, the sales and marketing team was able to break through conventional barriers to continuously serve and engage with customers worldwide.

# MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

**GROUP BUSINESS OVERVIEW (CONT'D)**

With the objective of continuously expanding its market reach and strengthening its market position, the Group seeks to grow the business by increasing sales among existing customers whilst acquiring new customers. At the same time, to capitalise on the growing demand for Polyethylene ("PE") plastic films and bags packaging in logistics and e-commerce, as well as food and essential products, the Group has planned to expand its production capacity.

One of the Group's key continuous focus is to drive product innovations and supply high quality products to customers. This is achieved by consistent upkeeping and upgrading of machinery and equipment, upskilling of employees, improving the Quality Management System ("QMS") in production, and enhancing process efficiency. Furthermore, Management closely monitors and manages rejection rates, materials wastage, energy efficiency, whilst seeking for ways to improve operations in line with the Group's sustainability initiatives.

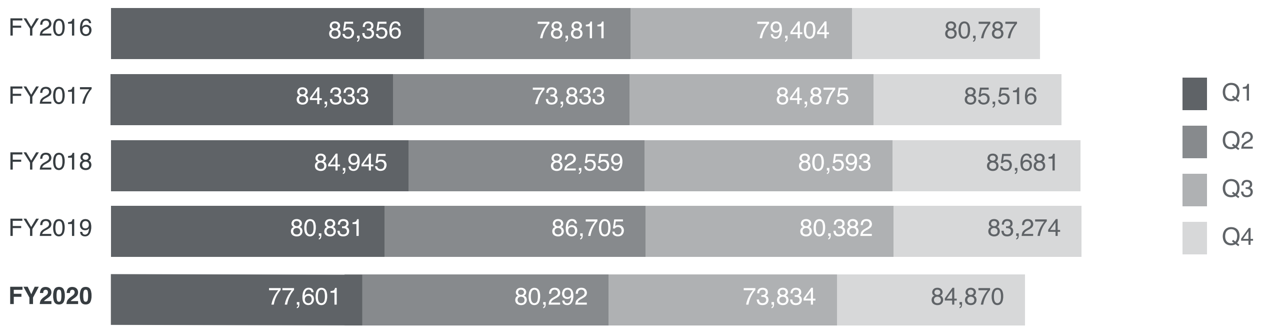
For years, in promoting stretch films to customers worldwide, the Group has been advocating for the use of appropriate stretch films gauging to ensure functional quality and protection for different usage purposes. The Group has successfully achieved sales growth in premium grade stretch films, which includes the high-quality thin gauge "Infinity" stretch films, whilst growing the business in Form-Fill-Seal ("FFS") food packaging films with customised printing. With its continued efforts in identifying and exploring ever-evolving market needs, the Group is determined to seize potential future opportunities to create value and generate meaningful growth.

**FINANCIAL PERFORMANCE HIGHLIGHTS**

**Overall Revenue**

| | FY2016 RM'000 | FY2017 RM'000 | FY2018 RM'000 | FY2019 RM'000 | FY2020 RM'000 |
|---|---|---|---|---|---|
| Q1 | 85,356 | 84,333 | 84,945 | 80,831 | 77,601 |
| Q2 | 78,811 | 73,833 | 82,559 | 86,705 | 80,292 |
| Q3 | 79,404 | 84,875 | 80,593 | 80,382 | 73,834 |
| Q4 | 80,787 | 85,516 | 85,681 | 83,274 | 84,870 |
| **Total Operating Revenue** | **324,358** | **328,557** | **333,778** | **331,192** | **316,597** |

**5-year Quarterly Sales (RM'000)**




The Group posted lower operating revenues of RM316.60 million in FY2020, representing a decline of 4.41% compared to RM331.19 million in the previous financial year. In fact, the Group's sales volumes had increased year-on-year by 2.80%. However, the decrease in operating revenue was mainly due to the lower average selling price due to the suppressed PE commodities pricing environment for the majority of FY2020, from Q1 2020 to Q3 2020.

# MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“FY2020”)

### FINANCIAL PERFORMANCE HIGHLIGHTS (CONT’D)

**Revenue by Geographical**

| | 2020<br>RM’000 | 2019<br>RM’000 | Variance<br>RM’000 |
|---|---|---|---|
| Asia countries | 187,262 | 201,110 | (13,848) |
| Malaysia | 91,383 | 90,095 | 1,288 |
| Other countries | 37,952 | 39,987 | (2,035) |
| **Total Operating Revenue** | **316,597** | **331,192** | **(14,595)** |

Overall, the Group’s total operating revenues for FY2020 were supported by major strategic business partners located in Asia, ASEAN and Australasia. The contribution from export markets amounted to RM225.21 million (approximately 71% of total operating revenue), representing a decline of 6.59% compared to the RM241.10 million (73% of total operating revenue) in the previous year. The lower export sales figures were mainly due to lower average selling prices and lowered demand arising out of lockdowns imposed in major markets in Europe, America and Asia Pacific.

Domestic market sales were remarkably resilient, recording a 1.43% increase from RM1.3 million to RM91.38 million in FY2020. This was largely attributable to customers in the essential goods and food and beverage (“F&B”) segment.

**Profitability**

| Description | 2020<br>RM’000 | 2019<br>RM’000 | Change<br>% |
|---|---|---|---|
| Revenue | 316,597 | 331,192 | (4.41)% |
| Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) | 50,318 | 37,055 | 35.79% |
| Profit before tax (“PBT”) | 38,923 | 26,345 | 47.74% |
| Profit after tax (“PAT”) | 29,661 | 21,204 | 39.88% |
| EBITDA margin | 15.89% | 11.19% | 4.70% |
| PBT margin | 12.29% | 7.95% | 4.34% |
| PAT margin | 9.37% | 6.40% | 2.97% |

For FY2020, the Group yet again recorded historical highs in PBT, PAT and EBITDA since the Group’s IPO listing in FY2005. The increased PBT of RM38.92 million, translating to an increase of 47.74% compared to RM26.35 million in FY2019, was driven by lower raw materials prices, enhanced production and process efficiencies, and costs and product mix optimisations.

Concurrently, PAT also grew by 39.88% to RM29.66 million, as compared to RM21.20 million in FY2019, despite a higher effective tax rate in the current year. The Group’s effective tax rate in FY2020 was 24.50%, higher than the rate of 20.40% recorded in FY2019 where one of the Group’s subsidiaries was able to claim the green investment tax allowances (“GITA”) incentive under the Income Tax Act, 1967.

Through adopting appropriate cost-rationalisation measures and coordinated pricing strategies, the Group was able to lower its annual operating costs to withstand the competitive pricing pressures within the industry.

At the same time, focusing on continuous product innovation, streamlining of product mixes, developing higher value-added (“specialty”) customised blown film products, and complement by large volume bulk orders of high quality differentiated premium stretch film products, the Group was able to deliver a higher profit margin for FY2020.

# MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

### FINANCIAL POSITION

As at 31 December 2020, the financial position and liquidity of the Group remained solid and healthy with Cash and Cash Equivalents of RM84.07 million (FY2019: RM44.97 million). The Group had continued to deliver on its commitment to shareholders and maintained good dividend payouts throughout the current year despite the challenging headwinds. The Group's balance sheet remains leverage-free with no borrowings as at the end of the financial year.

Total shareholders' funds was higher at RM205.79 million (FY2019: RM191.14 million) and Net Tangible Assets ("NTA") per share stood at RM1.10 (FY2019: RM1.02) as at this financial year end.

### SHARE PERFORMANCE FY2020

| | |
|---|---|
| Year High: | RM1.76 |
| Year Low | RM0.61 |
| Year Close: | RM1.45 |
| Daily Average Trading Volume: | 287,200 shares |
| Market Capitalisation as at Financial Year End: | RM272.10 million |

### CAPITAL EXPENDITURE ("CAPEX") INVESTMENT

During FY2020, in exercise of prudence and in view of the headwinds arising from the COVID-19 pandemic, the Group scaled down its CAPEX investment despite remaining cognizant of the need to continuously re-invest into new technologies and expand into new business segments where new opportunities arise. The Group deployed approximately RM3 million of internally generated funds for the purchase of new machineries, ancillary tools and equipment to support production activities. This was in line with the Group's aspiration to pursue business growth, particularly in the food packaging films segment. In addition, the Group had also acquired a piece of land with the intention of building its own Centralized Labour Quarter ("CLQ") in the near future, to comply with its obligations under the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) and more importantly, to protect workers from COVID-19 risks due to the sharing of common facilities such as canteens and washrooms.

Anticipating a post-COVID business recovery and in view of the sustained and growing global demand for plastic films packaging products, the Group has allocated approximately RM35.6 million of CAPEX investments in FY2021 as part of the Group's ongoing strategic expansion plans to enhance shareholder value. Major investments in the pipeline include a new 9th Cast Stretch Film machine, where installation and commissioning are expected to be completed by the end of 2021. This new technology stretch film machine will not only increase production capacity, but also broaden product offerings to cater for market demands for more sophisticated packaging requirements and sustainability-based packaging. Another potential investment is the implementation of a new Enterprise Resource Planning ("ERP") system, which is expected to enhance overall business process integration, improve productivity and strengthen data analytics capabilities to augment Management's decision-making processes.

The projected CAPEX will be financed through internally generated funds.

### DIVIDEND OR DISTRIBUTION POLICY

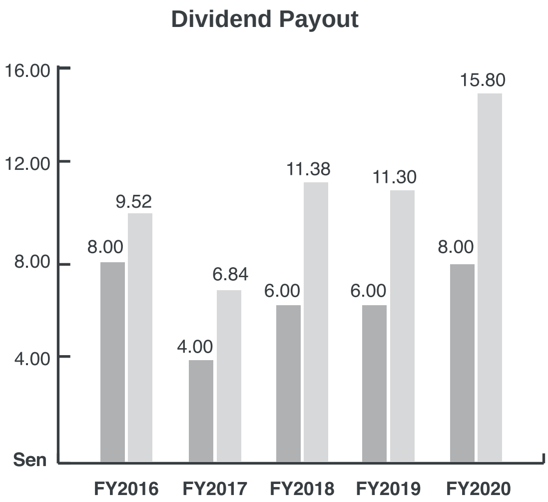
Since the announcement of dividend policy on 15 February 2016, the Group has consistently achieved the dividend payout ratio of a minimum 40% of its net profits to shareholders annually, without compromising the Group's available Cash and Cash Equivalents position, planned CAPEX and other investment plans. It has always been the Group's key goal to enhance shareholder value.

# MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

### DIVIDEND OR DISTRIBUTION POLICY (CONT'D)

Total dividends declared and paid by the Group for FY2020 amounted to RM15.01 million, representing a 50.6% dividend payout ratio (FY2019: 53.1%).

| | RM'000 |
|---|---:|
| In respect of FY2020: | |
| – First Single-tier interim dividend of 2 sen per share, paid on 25 June 2020 | 3,753 |
| – Second Single-tier interim dividend of 2 sen per share, paid on 25 September 2020 | 3,753 |
| – Third Single-tier interim dividend of 2 sen per share, paid on 23 December 2020 | 3,753 |
| – Fourth Single-tier interim dividend of 2 sen per share, paid on 26 March 2021 | 3,753 |
| **Total dividends paid for FY2020** | **15,012** |




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

| Year | DPS (Sen) | EPS (Sen) | Dividend RM'000 | PAT RM'000 | Dividend Ratio |
|---|---:|---:|---:|---:|---:|
| FY2016 | 8.00 | 9.52 | 15,012 | 17,867 | 84.0% |
| FY2017 | 4.00 | 6.84 | 7,506 | 12,834 | 58.5% |
| FY2018 | 6.00 | 11.38 | 11,259 | 21,358 | 52.7% |
| FY2019 | 6.00 | 11.30 | 11,259 | 21,204 | 53.1% |
| FY2020 | 8.00 | 15.80 | 15,012 | 29,661 | 50.6% |
| | | | | 5-year Average | 58.3% |

# MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

**ANTICIPATED OR KNOWN RISKS**

The Group remains vigilant of the fluid and dynamic business environment that could potentially impact the Group's ordinary course of business, operations, long-term strategy and profitability. It is essential for the Group to identify and understand forthcoming challenges, in order to undertake precautionary measures and minimise exposures to undesirable risks and financial losses.

The following are the main factors identified by Management that may affect the financial and operational performances of the Group:

**A. Manpower Shortage**

Shortage of labour has become a key challenge to many industries since the government announced its decision in July 2020 to only allow employment of foreign workers in the construction, plantation and agriculture sectors. Despite the government's underlying aim of reducing the economy's reliance on foreign workers and widening employment opportunities for the local Malaysians affected by the pandemic, the manufacturing sector has struggled to recruit and retain sufficient local workers.

In line with government's initiatives, the Group is looking into training and upskilling of the existing workforce, recruiting and retaining the right talents, while facilitating the adoption of more technologically-advanced machinery and equipment, and process automation enhancements. The advancement is expected to ease the Group's dependency on labour-intensive output, achieve cost optimisation, and ultimately increase productivity and accelerate business growth.

**B. Risk of Workplace COVID-19 Clusters**

Since the start of the COVID-19 pandemic, strict adherence to SOPs has been of utmost importance to the Group.

As mandated by the government, the Group conducted an initial full screening of all foreign workers in February 2021, which helped prevent the formation of a COVID-19 cluster. On 19 March 2021, the Group conducted a surveillance screening and COVID-19 Antigen re-testing for 24 employees who began to show signs of COVID-19 symptoms, of which 14 employees tested positive. Pursuant to the notice from Kementerian Kesihatan Malaysia ("KKM"), one division of the Group's production plants was temporarily closed for 10 days for sanitisation and disinfection purposes. Following the required sanitisation, quarantine and isolation measures, the Group obtained approval from KKM to resume normal operations on 27 March 2021. Since then, the Group resumed back operation in stages. During the partial operation shutdown, the Group notified key customers and suppliers to reschedule delivery and supplies to ensure minimum disruption. The Group does not envisage material financial impact from the temporary shutdown as another plant has been operating as per normal.

Moving forward, the Group wishes to re-affirm its commitment to complying to SOPs through the adoption of stringent protective measures and safety protocols across all business units to ensure the health and safety of all employees and key stakeholders. The Group has worked closely with the Malaysia Plastic Manufacturers Association (MPMA) to compile and submit a name list with at least 80% of all employees (including both local and foreign workers) who have registered with MySejahtera for an early qualification vaccination programs in stage 2 brought forward by KKM to key red zone states.

# MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“FY2020”)

**ANTICIPATED OR KNOWN RISKS (CONT’D)**

Apart from the above, other external factors beyond the Group’s control that might affect the Group’s business activities are as follows:

**A. <u>COVID-19 Pandemic and Recovery</u>**

The pace of economic recovery from the pandemic is expected to be uneven and uncertain across various continents in the near term. The rollouts of vaccines have brought optimism on a potential return to normalcy. Concerns however remain over the efficacy of the vaccines as new virus mutations continue to emerge.

Furthermore, the resurgence of COVID-19 cases across the globe and the spread of more contagious variant(s) in March 2021 have led to mounting concerns, with several European countries re-implementing lockdown measures. The emerging variants pose significant risk of further exacerbating the current situation.

Management remains alert and vigilant in ensuring that effective business continuity plans are in place, and the Group’s strategy is sustainably and proactively formulated based on market demands and the evolving business environment.

**B. <u>Trade Tensions between US and China</u>**

The trade tensions between US and China continues even after the inauguration of Joe Biden as the 46th US President on 20 January 2021.

The recent meeting between top officials of US and China in March 2021 was notably confrontational and has highlighted growing tensions between the two countries. The Biden administration has thus far signaled a tough stance in managing US-China trade relationships, which is unlikely to represent a significant deviation from that of the Trump administration. Protracted trade conflicts between the two largest economies in the world continue to present unpredictable challenges to global market demands and activities.

As a company that engages in international trade of imports and exports, the Group constantly monitors the potential impact on the business for stronger supply chain and procurement management, in addition of identifying new business opportunities.

**C. <u>Forex Volatility</u>**

As an open trade economy, Malaysia has been relatively susceptible to the vagaries of market sentiment. Crude oil price plunges, political uncertainty and foreign fund outflows from emerging markets could potentially result in significant forex fluctuations throughout the year.

A significant portion of the Group’s revenue and purchases (approximately 71% and 70%, respectively) are transacted using foreign currencies, predominantly in United States Dollar (“USD”).

While natural hedges in currency risks occur to some extent in the ordinary course of business, the Group’s exposure to forex volatilities is managed through internal control policies, with constant forex risk monitoring and appropriate mitigation to reduce forex exposures.

# MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

**ANTICIPATED OR KNOWN RISKS (CONT'D)**

**D. Raw Materials Supply and Pricing**

The price of raw materials for plastic films packaging (i.e. resins) can potentially be affected by the prices of crude oils - which serves as feedstock for petrochemicals – as well as the supply and demand of global polymers production.

WTI crude oil prices entered into unprecedented low levels in April 2020 due to oversupply situation between major oil producers within the Organization of Petroleum Exporting Countries ("OPEC") and its allies, coupled with reductions in demand arising out of global pandemic lockdowns. However, entering the second half of the 2020, oil prices have continued to rebound following agreed OPEC cuts in production and emerging optimism over recovery from the pandemic.

Global supply of PE tightened when Hurricane Laura struck the coastal areas of Texas and Louisiana in the US in August 2020, forcing many resin producers to declare and enforce force majeure clauses in their contracts. Resin producers were unable to operate and export their products globally due to plant outages, serious floods, infrastructure damages and port closures.

During mid-Feb of FY2021, an unprecedented -20°C winter storm struck the Houston area in the US, causing serious power and water supplies disruption to the majority of petrochemical producers located in the region. Consequently, resins supplies that had already been previously limited were further disrupted. The prolonged supply shortages have now led to spikes in resins prices.

In a volatile raw material supply and pricing environment, the Group remains vigilant to ensure that consistent and stable resin supply is maintained by sourcing from multiple reliable and reputable suppliers from different countries and regions, and implementing appropriate pricing strategies to take into account the prevailing commodities prices.

**E. Global Container Shortages**

During the second half of 2020, severe container shortages and port congestion issues resulted in surging freight costs. Freight rates, as measured by the composite index of the Shanghai Containarised Freight Index ("SCFI"), jumped to its highest level, reaching 2,570.68 on 26 March 2021, representing 214% increase from USD818.17 on 24 April 2020, which was the lowest point in FY2020. Malaysian exporters and importers have since been experiencing delays and disruptions to their shipments' delivery.

The shortages were also exacerbated by an imbalance of trade flows between the Asian region and US and European markets, as a result of uneven economic recoveries from the COVID-19 pandemic. Though the issues may not be easily resolved in the near future, it is expected that an equilibrium of trade flows will eventually be achieved in line with the economic recovery from the pandemic.

The Group will continue to monitor the situation and costs, while working closely with suppliers and customers to ensure smooth transportation of goods.

**BUSINESS OUTLOOK AND PROSPECT**

A year has passed since the implementation of the first lockdown by various countries to contain the spread of the COVID-19 pandemic.

As at the time of this writing, Malaysia had undergone a second round of MCO, namely MCO 2.0, which came into effect from 13 January 2021 to 4 March 2021, subsequently moved into Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") from 5 March 2021 and further extend to 28 April 2021.

# MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“FY2020”)

**BUSINESS OUTLOOK AND PROSPECT (CONT’D)**

In 2020, overall Malaysia’s gross domestic product (“GDP”) contracted by 5.6% (2019: positive growth of 4.3%). This is the largest contraction since the 1998 Asian Financial Crisis. BNM reduced the Overnight Policy Rate (“OPR”) four times in 2020, lowering it by a total of 125 basis points. Yet, in view of improving economic activity, the OPR has been maintained at 1.75% since July 2020. At the time of this writing, the Malaysian government has implemented six stimulus packages worth RM340 billion since the start of pandemic in March 2020. The government aims to support the country’s economic recovery, and provide assistance to businesses and sectors that remain significantly affected by the COVID-19 pandemic.

Published in January 2021, the global economy in 2021 is forecasted to grow by 5.5% according to the International Monetary Fund (“IMF”), and 4% according to the World Bank.

At the annual parliamentary event for China in March 2021, Chinese Premier, Li Keqiang announced an economic growth target of above 6% for 2021. The target is widely perceived to be conservative, following an expected V-shaped economic recovery from the pandemic. In the aftermath of COVID-19, the recovery of the Malaysian economy will likely remain closely tied with China’s economic recovery, given that China has been Malaysia’s largest trading partner for 12 consecutive years, as well as its strong economic influence.

In the US, President Joe Biden signed the USD1.9 trillion COVID-19 relief package in March 2021, one of the largest stimulus plans in US history. Coupled with the accelerating pace of vaccination and slowdown of infection rates, the mammoth spending bill is viewed as an important driver of the US economy, which will in turn accelerate global recovery.

Meanwhile, the Malaysian government projects the country’s GDP to grow between 6% to 7.5% despite the challenging global economic outlook. This project is slightly more optimistic but broadly in line with the 6.5% and 6% by the IMF and World Bank respectively. Nevertheless, supported by the various stimulus measures implemented, the local economy has seen encouraging signs of improvements in 2021, though a firm recovery is expected to take some time.

On another positive note, a total of 15 countries, with 10 countries from the Association of Southeast Asian Nations (“ASEAN”) and 5 regional partners comprising of China, Japan, Korea, Australia and New Zealand, signed the Regional Comprehensive Economic Partnership (“RCEP”) on 15 November 2020. This marks the world’s largest free-trade agreement (“FTA”), encompassing around 30% of the global population and GDP. The RCEP is expected to benefit Malaysian companies by offering significant market access, strengthening supply chain links across the region, and increasing economic co-operation. In addition, many industries including the plastics industry will see tariff elimination and reduction on imports and/or exports within the participating countries.

Playing a key supporting role to many essential sectors, including logistics, electrical and electronics, food and beverages, as well as other industrial and consumer packaging, the plastic packaging industry was the industry least affected by the pandemic and is expected to continue growing. In the same time, in view of widening awareness of environmental and climate change concerns, the Group remains committed towards achieving its objectives on sustainability, whilst growing the business operations.

As optimism begins to grow over the beginning of 2021, the Group is looking forward a return to normality through the intensive vaccinations programmes, the reopening of borders, and the resumption of face-to-face engagements and interactions with customers. In the meantime, the Group’s Management and staff at all levels remain focus to the ongoing implementation of COVID-19 risk mitigation action plans, diversification of supply chain sources, and in a position to undertake new capacities and technology adoption. Additionally, the Group is prepared to leverage on new opportunities arising out of accelerating packaging demand, while remaining cautious in carefully balancing the risk and returns of its planned investments.

In spite of the headwinds, the Group is confident of delivering a profitable performance for financial year ending 31 December 2021, building on the strong fundamentals of the Group and with the continued support from its various stakeholders.

**Lim Chun Yow**
Managing Director
22 April 2021

# corporate governance OVERVIEW STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

Despite an unprecedented year of challenges brought on by the cononavirus disease ("**COVID**")-19 pandemic, the Management and Board of Directors ("**Board**") of BP Plastics Holding Bhd ("**BPPLAS**") with the help of our key stakeholders (i.e. employees, suppliers and customers), was able to successfully steer through the many trials along the way. Looking back in gratitude on our shared achievements, we are also at the same time ever cognisant of the need to continue instill and embed good governance practices throughout the Company's value chain and recognise the importance of future preparedness through putting in place appropriate business contingency and continuity plans.

Nevertheless, with renewed commitment to further improve in coming FY2021 and beyond, we hereby present the Corporate Governance Overview Statement ("**CG Overview Statement**") to provide all our stakeholders, which include our shareholders and investing community, with an overview of the corporate governance ("**CG**") practices of the Company put in place during the financial year ended 31 December 2020.

This overview summarises the application by the Company of the key Principles set out in the Malaysian Code on Corporate Governance ("**MCCG**"), as well as the application of the Practices pursuant to the MCCG ("**MCCG Practices**"), with the detailed explanation on the application of each Practices reported under the Group's Corporate Governance Report ("**CG Report**") which is available on the Company's website at www.bpplas.com.

This CG Overview 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 and Remuneration Committee ("**NRC**") Terms of Reference,
- Risk Management Committee ("**RMC**") Terms of Reference,
- Corporate Disclosure Policy,
- Anti-Bribery and Anti-Corruption ("**ABAC**") Framework and Policy.

This Statement was approved by the Board of Directors on 22 April 2021.

**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, to promote corporate accountability and to ensure a 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 it is aligned to the three (3) key principles and recommendations of the MCCG as outlined below:-

A. Board leadership and effectiveness;
B. Effective audit and risk management; and
C. 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 "TORs". The TORs of the Board AC, NRC and RMC are available on the Company's website www.bpplas.com. The table below summarises the key responsibilities and oversight areas of the respective Board Committees:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**Board Responsibilities (Cont'd)**

**Board led by the Chairman**
Primarily responsible for the leadership, orderly conduct and effectiveness of the Board

| Audit Committee | Nominating and Remuneration Committee | Risk Management Committee |
|---|---|---|
| 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 |

**Managing Director**
Oversees the operations of the Group and implementation of the Board's policies, decisions and business strategies

| Management Committee ("MANCO") | Executive Committee ("EXCO") | Management-level RMC |
|---|---|---|

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.

The Group's Board Charter was last reviewed on 14 May 2020, and the Board will continue to perform periodic review on the Board Charter to ensure they remain consistent with the Board's objectives, current laws/regulations and good governance practices.

In line with the Anti-Corruption Amendments, as well as the regulatory compliance with the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**") Section 17A Corporate Liability provisions which came into effect on 1 June 2020, the Board has conducted the necessary review to ensure that BPPLAS has the adequate procedures, policies and controls for the prevention of corrupt acts and practices and had adopted an Anti-Bribery and Anti-Corruption ("**ABAC**") Framework and Policy on 29 May 2020. A copy of the ABAC Framework and ABAC Policy is available at the Company's website at www.bpplas.com.

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 www.bpplas.com.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

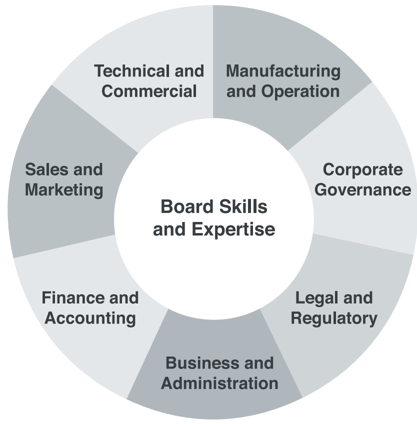
**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**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 Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), where at least one-third of its members are Independent Non-Executive Directors. This is also in line with MCCG Practice 4.1 which prescribes that at least half of the board comprises independent 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.

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 each of the Directors of the Company with their multi varied experiences, backgrounds and qualifications provide effective contribution and support to the functions of the Board. All newly appointed Directors will undergo the Mandatory Accreditation Programme as required by Bursa Malaysia.

| 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** | | |
| 50 – 55 | 3 | 43% |
| > 55 | 4 | 57% |

The Board currently has a women representation on Board of 29%, and although the Board has not set specific targets, it is ever mindful of the call by the Government and MCCG to have more women representation on boards of companies. The Board and NRC will endeavour 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 2020 ("FY2020")

**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, strategic business plans, major investments, findings from both the External and Internal Auditors, and any other proposals or significant matters requiring direction of the Board. The Board members deliberate, assess the viability of business propositions and corporate proposals, looking particularly at 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. Due to the various Movement Control Orders ("**MCOs**") and travel restrictions put in place by the Government throughout the year to curb the spread of COVID-19 pandemic, the Board and the respective Board Committees had switched to alternative online meeting platforms (i.e. virtual conference) in lieu of the conventional face-to-face meetings, as the new form of conducting meetings after the COVID-19 outbreak started at the beginning of FY2020.

During the financial year under review, attendances of Directors to the meeting during FY2020 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 Shiow Hoe | 5/5 | 1/1 | | | |
| Lim Kim Hock | 5/5 | 1/1 | | 1/1 | |
| Tan Ming-Li | 5/5 | 1/1 | 5/5 | 1/1 | 2/2 |
| Tan Hock Hin | 5/5 | 1/1 | 5/5 | 1/1 | 2/2 |
| Chuah Sue Yin | 5/5 | 1/1 | 5/5 | 1/1 | 2/2 |

The Directors remain fully committed in discharging their statutory duties and responsibilities, as reflected by their full attendance at Board meetings held during the FY2020. All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year pursuant to the MMLR of Bursa Malaysia.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**Board Meetings (Cont'd)**

In line with Paragraph 15.08 of MMLR of Bursa Malaysia, the following are the conferences, training programmes and seminars in various capacities attended by the Directors of the Company in FY2020:

| Name | Training/Seminar/Forum/Conference Attended | Date |
|---|---|---|
| **Executive Directors:** | | |
| Lim Chun Yow | • Malaysia Tax Budget 2021 | 7 December 2020 |
| | • Forced Labour: The US, UK and Australian Perspective | 17 December 2020 |
| Tan See Khim | • ABAC Policy Briefing | 18 June 2020 |
| Hey Shiow Hoe | • ABAC Policy Briefing | 18 June 2020 |
| | • Management Review Meeting ISO22000 | 12 November 2020 |
| **Independent Non-Executive Directors:** | | |
| Lim Kim Hock | • Impact on Auditor Reporting of COVID-19 & MCO Restrictions | 23 July 2020 |
| | • National Tax Conference 2020 | 25–26 August 2020 |
| | • Impact of COVID-19 on Compliance with various MFRS/IFRS | 3 September 2020 |
| | • Budget Seminar 2020 | 17 November 2020 |
| Tan Ming-Li | • COVID-19 & Current Economic Reality: Implications for Financial Stability | 14 April 2020 |
| | • Outthink the Competition: Excelling in a Post COVID-19 World | 5 May 2020 |
| | • Wong & Partners: Corporate Liability under Malaysia Anti Corruption Laws | 23 June 2020 |
| Tan Hock Hin | • Ethics & Compliance Training - Health and Safety, Preventing Fraud, Records Retention and Disposal | 6 April 2020 |
| | • Sales Excellence - Customer Credit | 22 May 2020 |
| | • Stage Gate Process - Project Stage Gate Management | 22 May 2020 |
| | • Cybersecurity | 12 October 2020 |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**Board Meetings (Cont'd)**

| Name | Training/Seminar/Forum/Conference Attended | Date |
|---|---|---|
| **Independent Non-Executive Directors:** | | |
| Chuah Sue Yin | • Audit Sampling Procedures for Small & Medium Audit Practices incorporating ISA 300,315,450,500,530 and other relevant ISAs | 19 February 2020 |
| | • MIA Webinar Series: Online Meeting – Security Challenges & Solutions | 21 April 2020 |
| | • MIA Webinar Series – Business Survival during the COVID-19 era | 22 April 2020 |
| | • The Day After Tomorrow Webinar Series : Creating Jobs in the Post-COVID World | 3 June 2020 |
| | • Good Company Training for Director | 23 June 2020 |
| | • Impact of COVID-19 on Financial Reporting | 7 July 2020 |
| | • Practical Audit Quality Considerations – Planning the Audit in the Pandemic Environment | 9 July 2020 |
| | • How Small Firms Can Evolve in the COVID-19 Environment | 13 July 2020 |
| | • Practical Audit Quality Considerations – Performing the Audit in the Pandemic Environment | 16 July 2020 |
| | • Digital Financial Institutions Series : Managing Virtual Banking and Insurance Businesses | 21 July 2020 |
| | • Practical Audit Quality Considerations – Auditor Reporting in the Pandemic Environment and Looking Ahead | 23 July 2020 |
| | • Banking on Governance, Insuring Sustainability | 4 August 2020 |
| | • Technology Risk Management | 5 August 2020 |
| | • National Tax Conference 2020 | 25-26 August 2020 |
| | • FutureFit Professional Accountants : Technologically FutureFit Accountants | 30 September 2020 |
| | • E-Commerce / Digital Service Tax – Direct & Indirect Tax Perspectives | 16 October 2020 |
| | • MACC Battle Against Corruption | 23 October 2020 |
| | • Analysis of Recent Tax & Custom Cases | 5 November 2020 |
| | • ISA 540 (Revised) : An Illustrated Guide to Implementing Auditing Accounting Estimates & Related Disclosures (Part 2) | 6 November 2020 |
| | • 2021 Budget Seminar | 19 November 2020 |
| | • Fraud Risk Management Workshop | 25 November 2020 |
| | • Session 1 : Webinar on Transfer Pricing (Understanding the new Transfer Pricing requirements) | 8 December 2020 |

**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 within the market and industry, 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 2020 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.

Details of the remuneration for each of the Directors on a named basis are set out under Practice 7.1 of the Corporate Governance Report uploaded on the Group's website at www.bpplas.com.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 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 MMLR of Bursa Malaysia and MCCG 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 TORs of the AC has incorporated the requirements pursuant to Practice 8.2 of the MCCG 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 TORs of the AC is available for reference on the Company's website at www.bpplas.com.

In line with Practice 8.3 of the MCCG, the AC has the policies and procedures and is guided by the factors prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia, 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 MCCG, 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, 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 is to ensure that the Group's assets are safeguarded in the interest of preserving the investment of shareholders.

The Group's and the Company'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 timely basis.

The risk identification process, which is done at least once per annum, entails reviewing and assessing all key factors within the Group's business context from an external perspective, i.e. from macro-environment, sustainability, cybersecurity, to industry and internal operating risks. Risks are categorised as strategic or operational risk and further classified into distinct categories, i.e. financials, operations, industry, compliance and people. For the current year, the MRMC had conducted corruption risk assessment in line with the MACC Act 2009 and the Bursa Malaysia Anti-Corruption Amendments which came into effect on 1 June 2020, as well as the related COVID-19 risk and mitigation measures such as compliance with the National Security Council (NSC) Standard Operating Procedures ("**SOPs**"), business continuity risks assessment and cybersecurity risks assessment due to increase in online and remote access to enable work from home for employees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

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

**Risk Management and Internal Control Framework (Cont'd)**

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. On the other hand, the Board RMC supports the Board by having oversight of the Group's risk management framework and to set up and monitor the risk policy implementation by the Group, 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 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. 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 updates. 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 in electronic format in the form of PDF file that can be downloaded from its website. The Company leverages on technology to enhance the quality of engagement with the shareholders, and to broaden the channels of information dissemination. 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. Moving forward, the Group will be exploring on the possibilities to implement voting in absentia and allow remote shareholders' participation for future AGMs. The Group will strive to ensure the stability and robustness, as well as accuracy, of such e-platforms before implementing this.

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 2020 ("FY2020")

**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 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 MMLR of Bursa Malaysia, 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 general meeting. In adherence with the Bursa 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.

The Sixteenth AGM of the Company held on 10 August 2020, was conducted in accordance with the directives of the Ministry of Health, the General Standard Operating Procedures on Event Implementation of Government and Private Institutions issued by the National Security Council, as well as the Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

Administrative guide in respect of the the Sixteenth AGM was issued to introduce safety measures and controls to be undertaken by the Company to safeguard the well-being of our shareholders/proxies during the Sixteenth AGM, as well as to comply with the Government and/or authorities' directive and guidelines on public gathering and events which may be issued from time to time.

**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 environmental, social and governance (ESG) matters, future crisis management and business continuity risks assessment and action plan as the key focus areas, for the near-and long-term business strategies of the Group.

In view of the challenging business environment arising from COVID-19 pandemic, the Board will also focus on business recovery and long term sustainability of the Group to ensure continuity of value creation fo stakeholders.

The Board will provide the appropriate guidance and oversight to the Senior Management team as they work towards developing a more resillient and robust sustainability agenda for the Group, at the same time on-going initiatives in enhancing the Group's supporting business information systems platforms and putting in place essential cybersecurity risk strategies, will also be a concurrent priority as we move into rapidly growing digital and online based environment whereby remote work-from-home (WFH), online e-commerce and virtual meetings are the new norm.

# audit committee REPORT

## 1. COMPOSITION

The Audit Committee ("**AC**") comprises the following members:

| | |
|---|---|
| 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 |

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 Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

The composition of the AC is in compliance with Paragraph 15.09 and 15.10 of MMLR of Bursa Malaysia 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 MMLR of Bursa Malaysia and the MCCG. The TOR of the AC is 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 2020 ("**FY2020**"). The Managing Director, Executive Directors, Financial Controller, department heads and representatives of the External and Internal Auditors attend AC meetings as and when invited, 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 |

## 4. SUMMARY OF WORK OF AC

The AC's main scope of works for the financial year ended 31 December 2020 are summarised as follows:

**Financial Reporting and Audited Financial Statements of the Group and Company**

The AC reviewed the following prior to making the recommendations to the Board for approval as follows:

| Date of Meeting | Review of Unaudited Quarterly Financial Statements / Audited Financial Statements |
|---|---|
| 24 April 2020 | Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2019 |
| 14 May 2020 | First Quarter ended 31 March 2020 |
| 10 August 2020 | Second Quarter ended 30 June 2020 |
| 23 November 2020 | Third Quarter ended 30 September 2020 |
| 24 February 2021 | Fourth Quarter ended 31 December 2020 |

# AUDIT COMMITTEE REPORT (CONT'D)

## 4. SUMMARY OF WORK OF AC (CONT'D)

**Financial Reporting and Audited Financial Statements of the Group and Company (Cont'd)**

The above review is to ensure that the Group's quarterly financial reporting and Audited Financial Statements of the Group and Company, as well as 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 MMLR of Bursa Malaysia.

Subsequent to the reporting period, the AC had on 22 April 2021 reviewed the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2020 at its meeting, and recommended the same to the Board for approval.

**External Audit**

On 23 November 2020, the AC reviewed the Audit Planning Memorandum for financial year ended 31 December 2020 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, development in Malaysian Financial Reporting Standards and overview of impact of coronavirus disease (COVID)-19.

On 24 February 2021, 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 2020, 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 17th 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 to discuss issues of concern that the External Auditors may have, arising from the statutory audit for the financial year ended 31 December 2020. There were no areas of concern that were brought to the attention of AC.

**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, Tricor Axcelasia Sdn. Bhd. ("**Tricor 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.

# AUDIT COMMITTEE REPORT (CONT'D)

## 4. SUMMARY OF WORK OF AC (CONT'D)

**Internal Audit ("IA") – Summary of the work of IA Function (Cont'd)**

The AC approves the biennial risk based audit plan of the Group presented by Tricor 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 2020, Tricor 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:

- Sales and Marketing;
- Production, Quality Control and Health, Safety and Environment ("HSE") Management;
- Strategic Management;
- HSE Management & Administration;
- Information Technology; and
- Financial Management.

The AC had evaluated and reviewed the internal audit function in terms of scope, competency, resources and independence. The AC was 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 Tricor 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 FY2020 amounted to RM51,878 as compared to RM51,156 in FY2019.

**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's 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

**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 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 one (1) time on 24 February 2020 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 2020:

- Reviewed the effectiveness and composition of the Board and Board Committees;
- 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. Lim Chun Yow and Mr. Tan Hock Hin who retired pursuant to Clause 122 of the Company's Constitution at Company's Sixteenth Annual General Meeting held on 10 August 2020; and
- 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 thirteen (13) years, to be retained as an Independent Non-Executive Director of the Company, pursuant to the Malaysian Code on Corporate Governance ("MCCG").

The NRC conducted an annual assessment of the Board and Board Committees' effectiveness 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 the Directors on the Board and Board Committees' effectiveness as compiled by the Company Secretary were tabled to the Board for review and deliberation.

# NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

**Nomination Matters (Cont'd)**

The Board is satisfied with the assessment conducted by the NRC on the composition and effectiveness of the Board Committees. The Board views that the current size and the existing composition of the Board and Board Committees 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 mindful that Practice 4.2 of MCCG 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 (12th) 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 MCCG.

Presently, Mr. Lim Kim Hock was appointed as an Independent Non-Executive Director of the Company on 22 February 2008 and therefore, has served the Board in the capacity for a cumulative term of more than thirteen (13) years. The Board proposes to retain Mr. Lim Kim Hock as Independent Non-Executive Director, subject to the shareholders' approval through a two-tier voting process as described in the Guidance to Practice 4.2 of the MCCG at the forthcoming Seventeenth (17th) Annual General Meeting of the Company.

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. As a professional practicing accountant, Mr. Lim Kim Hock continues to discharge his duties as Chairman professionally and impartially. This, coupled with his thorough understanding of the business of the Group and the financial, accounting and commercial implications arising from its business and operations makes him a valuable, fit and objective director on the Board. 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 financial year ended 31 December 2020, the NRC met and discharged the following duties on remuneration matters:

- Recommended the payment of Directors' fees for the financial year ended 31 December 2020;
- Recommended the payment of Directors' benefits to the Non-Executive Directors with effect from 11 August 2020 until the next Annual General Meeting of the Company in year 2021; and
- Reviewed succession planning as well as senior management's remuneration.

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

# NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

**Remuneration Matters (Cont'd)**

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. The fees for the Executive Directors are restructured into salary component for each Executive Director. The objective is to better reflect the competitiveness as well as prevalent market rate and market conditions, taking into consideration the fiduciary duties expected from the Managing Director and 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.

The details of remuneration for the Directors of the Group and the Company for the financial year ended 31 December 2020 are set out below:

**Group**

| In RM | Fees | Meeting Allowances | Salary, Bonus and EPF | Total |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| Lim Chun Yow | - | - | 1,125,623 | 1,125,623 |
| Tan See Khim | - | - | 1,021,502 | 1,021,502 |
| Hey Shiow Hoe | - | - | 917,374 | 917,374 |
| **Subtotal** | **-** | **-** | **3,064,499** | **3,064,499** |
| **Non-Executive Directors** | | | | |
| Lim Kim Hock | 96,000 | 5,000 | - | 101,000 |
| Tan Ming-Li | 52,000 | 5,000 | - | 57,000 |
| Tan Hock Hin | 52,000 | 5,000 | - | 57,000 |
| Chuah Sue Yin | 52,000 | 5,000 | - | 57,000 |
| **Subtotal** | **252,000** | **20,000** | **-** | **272,000** |
| **Total** | **252,000** | **20,000** | **3,064,499** | **3,336,499** |

# NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

**Remuneration Matters (Cont'd)**

**Company**

| In RM | Fees | Meeting Allowances | Salary, Bonus and EPF | Total |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Lim Kim Hock | 96,000 | 5,000 | - | 101,000 |
| Tan Ming-Li | 52,000 | 5,000 | - | 57,000 |
| Tan Hock Hin | 52,000 | 5,000 | - | 57,000 |
| Chuah Sue Yin | 52,000 | 5,000 | - | 57,000 |
| **Total** | **252,000** | **20,000** | **-** | **272,000** |

The Non-Executive Directors only received Directors' fees and meeting allowances from the Company and did not receive other form of remuneration from the Group for the financial year ended 31 December 2020.

The remuneration of the Senior Management (Group basis) for the financial year ended 31 December 2020 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 is 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**")'s 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 Executive Directors, Management team and Executives are encouraged to voice out any matters to the MD for prompt response. This culture provides opportunity for the quick and efficient resolution of issues by drawing on the ideas, knowledge and skillsets of employees from all levels 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 2020, the BRMC met two (2) times with full attendance of all members of BRMC.

The BRMC 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.

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

BPPLAS has an ERM framework that 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.

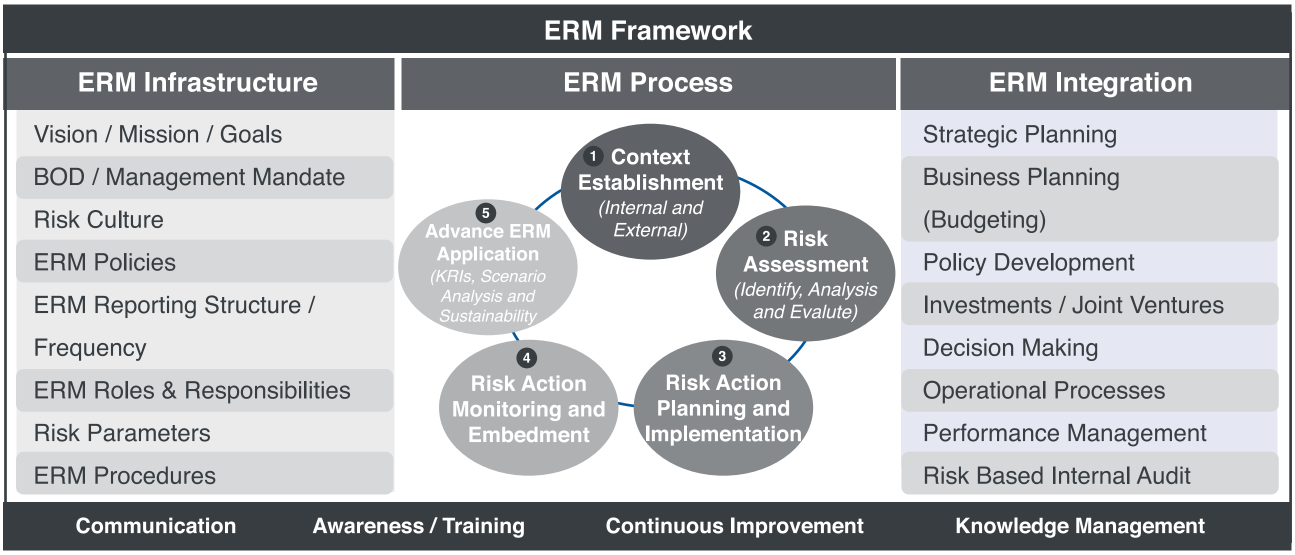
Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium, High and Extreme. Risk profiles established for both the Operations and Supporting Functions provides Management with a holistic view of the risks considerations 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 when required.

# 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 relevant project/proposal papers submitted to the Board of Directors by Management on strategic key projects or investments above the prescribed threshold amount, must include a risk impact or 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 reviewed and deliberated the salient matters in the executive summary reported by the MRMC. The BRMC noted that the existing process of risk monitoring undertaken by the Management is adequate with no occurrence of material loss.

The Minutes of the BRMC meetings are subsequently tabled to the Board for notation and further action, where necessary.

The BRMC had also reviewed and approved the foreign exchange policy and procedures, and the Anti-Bribery and Anti-Corruption (ABAC) Framework and Policy. The ABAC Framework and Policy is available on the Company's website at www.bpplas.com.

The BRMC and Board is of the view that the risk management framework is adequate and effective in all material aspects for the financial year under review.

# 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)

### Internal Audit Function

The Group has outsourced its internal audit function to an external professional service provider, Tricor Axcelasia Sdn. Bhd. ("**Tricor Axcelasia**"), 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 a Senior Executive Director, Mr. Derek Lee of Tricor Axcelasia, whereby he is a chartered 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 sales and marketing, production, quality control and Health, Safety and Environment ("HSE") management, strategic management, HSE management and administration, information technology, and financial management, focusing on the key risks associated with the operating processes therein. The scope of internal audit was determined after discussion with management and taking into consideration of input from AC (if any). The approved IA scope has considered the relevant aspects and level of governance, risk management and internal control practices at the Group and operating processes that subject to internal audit. Root cause of audit findings, where applicable, has been reported in the IA report.

During the respective quarterly AC meetings, the AC deliberated on the findings and recommendations for improvement highlighted by the internal auditors and is satisfied on the adequacy and operating effectiveness of the Group's system of risk management and internal controls, as well as the recommended action plans to remediate the internal audit findings for each IA cycle completed during the year. 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 above prescribed thresholds are appraised prior to approval by the Board.

  There is an organisation chart with clear hierarchy structure of monitoring and reporting lines. Operational reporting process covering periodic reporting from the Heads of Management to Executive Directors are continuously streamlined to assure that business operations progress in accordance with the desired objectives and targets.

- 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 achievements, 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 responsibilities of managing their respective operations and business.

- Board Committees

  Board Committees, namely 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 are being followed up and actions taken by Management, where necessary.

  The Board reviews regular 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.

# 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

  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 standard on ethical practices, and aims to maintain confidence in the integrity of the Group's business practices.

  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 on the website of the Company at www.bpplas.com.

- 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.

  The Group is also 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 the relevant internal operating processes, the Group is able to produce flexible packaging that complies with the applicable food safety regulations. The Management has in place a Food Safety Policy and established food safety objectives to ensure safe manufacturing envrironment and conditions to produce products. The Food Safety policies and objectives shall be reviewed periodically for its continuing relevance.

- Health, Safety and Environment

  The Group is also accredited with certifications for ISO 14001:2015 Environmental Management System – Requirements with guidance for use, and ISO 45001:2018 Occupational Health and Safety Management Systems – Requirements with guidance for use. 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.

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

## THE BOARD'S COMMITMENT

The Board established 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.

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 MMLR of Bursa Malaysia 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 2020.

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 2020, 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; and
- 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 2020.

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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 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 16 to the financial statements.

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Profit net of tax, attributable to owners of the Company | 29,661,135 | 21,065,354 |

## DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2019 were as follows:

| | RM |
|---|---|
| In respect of financial year ended 31 December 2019 | |
| – Third single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 26 March 2020 | 3,753,060 |
| In respect of financial year ended 31 December 2020 | |
| – First single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 25 June 2020 | 3,753,060 |
| – Second single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 25 September 2020 | 3,753,060 |
| – Third single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 23 December 2020 | 3,753,060 |
| | 15,012,240 |

On 24 February 2021, the Company declared a fourth single tier interim dividend of 2 sen per ordinary share amounting to RM3,753,060 in respect of the current financial year, payable on 26 March 2021, to shareholders whose names appeared in the record of depositors on 12 March 2021. 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 2021.

## 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.

# DIRECTORS' REPORT (CONT'D)

## 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

The names of 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 Shiow 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 as disclosed in Note 27(b) to the financial statements.

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' REPORT (CONT'D)

## 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:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **1.1.2020** | **Acquired** | **Sold** | **31.12.2020** |
| **Direct interest** | | | | |
| Lim Chun Yow | 17,426,403 | 30,000 | - | 17,456,403 |
| Tan See Khim | 17,259,999 | 571,000 | - | 17,830,999 |
| Hey Shiow Hoe | 14,609,998 | - | - | 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 Shiow Hoe | 81,165,000 | - | - | 81,165,000 |

# *81,000,000 shares were deemed interest by virtue of his substantial shareholdings in LG Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and 165,000 shares were deemed interest by virtue of his spouse shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.*

Lim Chun Yow, Tan See Khim and Hey Shiow 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.

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' 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 RM11,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## TREASURY SHARES

As at 31 December 2020, 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 23 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 all known bad debts had been written off 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 further 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.

# DIRECTORS' REPORT (CONT'D)

## 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.

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS TO THE REPORTING DATE

The significant events during the financial year and subsequent events to the reporting date are disclosed in Note 31 to the financial statements.

## 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 16 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.

# DIRECTORS' REPORT (CONT'D)

**AUDITORS**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of 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 22 April 2021.

**Lim Chun Yow**

**Tan See Khim**

# 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., state that, in the opinion of the directors, the accompanying financial statements set out on pages 69 to 113 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 2020 and of their financial performance and cash flows for the year end on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 April 2021.

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 accompanying financial statements set out on pages 69 to 113 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 abovementioned
Chua Yi Fon
at Batu Pahat in the State of Johor
on 22 April 2021.

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 2020 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 69 to 113.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 RM316.6 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. | Our procedures included, amongst others:<br>• Testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements.<br>• Reviewing the terms of sales contracts to determine the point of transfer of risk and rewards on a sample basis.<br>• Testing the recording of sales transactions, revenue cut-off and review of credit notes after year end.<br>• 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)**

**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.

**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.

# 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)**

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: (Cont'd)

- 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, actions taken to eliminate threats or safeguards applied.

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**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

**Tan Guan Seng**
03387/08/2022 J
Chartered Accountant

22 April 2021
Melaka

# statements of profit or loss
## AND OTHER COMPREHENSIVE INCOME
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Revenue** | 4 | 316,597,497 | 331,191,858 | 21,200,000 | 12,250,000 |
| Cost of sales | | (260,257,987) | (288,175,758) | - | - |
| **Gross profit** | | 56,339,510 | 43,016,100 | 21,200,000 | 12,250,000 |
| **Other items of income** | | | | | |
| Other income | 5 | 1,976,572 | 2,028,343 | 436,682 | 582,734 |
| **Other items of expenses** | | | | | |
| Administrative and general expenses | | (10,803,860) | (10,178,002) | (549,028) | (568,122) |
| Selling expenses | | (8,741,529) | (8,721,656) | - | - |
| Net impairment losses on financial assets | 6 | 152,516 | 200,268 | - | - |
| **Profit before taxation** | 7 | 38,923,209 | 26,345,053 | 21,087,654 | 12,264,612 |
| Income tax expense | 10 | (9,262,074) | (5,140,647) | (22,300) | - |
| **Profit net of tax, representing total comprehensive income for the year, attributable to owners of the Company** | | 29,661,135 | 21,204,406 | 21,065,354 | 12,264,612 |
| **Earnings per share attributable to owners of the Company (sen per share):** | | | | | |
| Basic | 11 | 15.81 | 11.30 | | |

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

# statements of FINANCIAL POSITION

AT 31 DECEMBER 2020

| | Note | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | 72,373,504 | 80,425,925 | - | - |
| Investment property | 14 | 987,942 | 1,010,395 | - | - |
| Right-of-use assets | 15 | 5,342,899 | 5,508,091 | - | - |
| Investment in subsidiaries | 16 | - | - | 83,040,595 | 83,040,595 |
| | | 78,704,345 | 86,944,411 | 83,040,595 | 83,040,595 |
| **Current assets** | | | | | |
| Inventories | 17 | 84,106,763 | 63,842,838 | - | - |
| Trade and other receivables | 18 | 40,819,767 | 38,810,324 | 1,002,000 | 182,740 |
| Short-term investments | 19 | 56,825,992 | 37,539,632 | 22,584,437 | 17,386,014 |
| Current tax assets | | - | 1,136,509 | - | - |
| Fixed deposits with a licensed bank | 20 | 6,021,258 | - | - | - |
| Cash and bank balances | 21 | 21,218,937 | 7,428,338 | 112,062 | 41,494 |
| | | 208,992,717 | 148,757,641 | 23,698,499 | 17,610,248 |
| **Total assets** | | 287,697,062 | 235,702,052 | 106,739,094 | 100,650,843 |
| **Equity and liabilities** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 22 | 98,772,817 | 98,772,817 | 98,772,817 | 98,772,817 |
| Treasury shares | 23 | (20,740) | (20,740) | (20,740) | (20,740) |
| Retained earnings | | 107,036,545 | 92,387,650 | 7,878,808 | 1,825,694 |
| **Total equity** | | 205,788,622 | 191,139,727 | 106,630,885 | 100,577,771 |
| **Non-current liability** | | | | | |
| Deferred tax liabilities | 24 | 9,890,000 | 10,399,000 | - | - |
| **Current liabilities** | | | | | |
| Trade and other payables | 25 | 68,582,231 | 34,163,325 | 45,400 | 29,200 |
| Current tax liabilities | | 3,436,209 | - | 62,809 | 43,872 |
| | | 72,018,440 | 34,163,325 | 108,209 | 73,072 |
| **Total liabilities** | | 81,908,440 | 44,562,325 | 108,209 | 73,072 |
| **Total equity and liabilities** | | 287,697,062 | 235,702,052 | 106,739,094 | 100,650,843 |

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

# statements of CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Note | Share capital RM | Non Distributable Treasury shares RM | Distributable retained earnings RM | Total RM |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Group** | | | | | |
| **Balance at 1 January 2020** | | 98,772,817 | (20,740) | 92,387,650 | 191,139,727 |
| **Profit after taxation / Total comprehensive income** | | - | - | 29,661,135 | 29,661,135 |
| **Transactions with owners** | | | | | |
| Dividends on ordinary shares | 12 | - | - | (15,012,240) | (15,012,240) |
| **Balance at 31 December 2020** | | 98,772,817 | (20,740) | 107,036,545 | 205,788,622 |
| **2019** | | | | | |
| **Group** | | | | | |
| **Balance at 1 January 2019** | | 98,772,817 | (20,740) | 82,442,424 | 181,194,501 |
| **Profit after taxation / Total comprehensive income** | | - | - | 21,204,406 | 21,204,406 |
| **Transactions with owners** | | | | | |
| Dividends on ordinary shares | 12 | - | - | (11,259,180) | (11,259,180) |
| **Balance at 31 December 2019** | | 98,772,817 | (20,740) | 92,387,650 | 191,139,727 |

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

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Note | Share capital RM | Non Distributable Treasury shares RM | Distributable retained earnings RM | Total RM |
|---|---|---|---|---|---|
| **2020** | | | | | |
| **Company** | | | | | |
| **Balance at 1 January 2020** | | 98,772,817 | (20,740) | 1,825,694 | 100,577,771 |
| **Profit after taxation / Total comprehensive income** | | - | - | 21,065,354 | 21,065,354 |
| **Transactions with owners** | | | | | |
| Dividends on ordinary shares | 12 | - | - | (15,012,240) | (15,012,240) |
| **Balance at 31 December 2020** | | 98,772,817 | (20,740) | 7,878,808 | 106,630,885 |
| **2019** | | | | | |
| **Company** | | | | | |
| **Balance at 1 January 2019** | | 98,772,817 | (20,740) | 820,262 | 99,572,339 |
| **Profit after taxation / Total comprehensive income** | | - | - | 12,264,612 | 12,264,612 |
| **Transactions with owners** | | | | | |
| Dividends on ordinary shares | 12 | - | - | (11,259,180) | (11,259,180) |
| **Balance at 31 December 2019** | | 98,772,817 | (20,740) | 1,825,694 | 100,577,771 |

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

# statements of CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| **Operating activities** | | | | |
| Profit before taxation | 38,923,209 | 26,345,053 | 21,087,654 | 12,264,612 |
| Adjustments for: | | | | |
| Bad debt written off | 50,255 | - | - | - |
| Depreciation of property, plant and equipment | 11,207,626 | 10,522,675 | - | - |
| Depreciation of investment property | 22,453 | 22,453 | - | - |
| Depreciation of right-of-use assets | 165,192 | 165,191 | - | - |
| Gain on disposal of property, plant and equipment | (101,100) | (18,672) | - | - |
| Allowance for impairment loss on trade receivables | 8,555 | 125,780 | - | - |
| Property, plant and equipment written off | - | 1,082 | - | - |
| Reversal of allowance for impairment loss on trade receivables | (161,071) | (326,048) | - | - |
| Reversal of inventories previously written down | - | (210,368) | - | - |
| Interest income | (1,415,784) | (1,579,189) | (436,682) | (582,734) |
| Unrealised (gain)/loss on foreign exchange | (167,490) | 118,257 | - | - |
| Operating cash flows before changes in working capital | 48,531,845 | 35,166,214 | 20,650,972 | 11,681,878 |
| Increase in inventories | (20,263,925) | (16,160,089) | - | - |
| Decrease in trade and other receivables | 929,142 | 3,445,612 | - | - |
| Increase/(Decrease) in trade and other payables | 34,769,197 | (2,289,355) | 16,200 | (2,800) |
| Cash flows from operations | 63,966,259 | 20,162,382 | 20,667,172 | 11,679,078 |
| Income taxes paid | (7,265,829) | (4,245,835) | (3,363) | (3,963) |
| Income taxes refunded | 2,067,473 | 860,786 | - | 51,250 |
| **Net cash flows from operating activities** | 58,767,903 | 16,777,333 | 20,663,809 | 11,726,365 |

*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 2020

| | Note | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|---|
| **Investing activities** | | | | | |
| Deposit paid for purchase of property, plant and equipment | | (3,019,125) | - | - | - |
| Interest received | | 1,415,784 | 1,579,189 | 436,682 | 582,734 |
| Advances to a subsidiary | | - | - | (819,260) | (180,740) |
| Proceeds from disposal of property, plant and equipment | | 101,100 | 20,150 | - | - |
| Purchase of property, plant and equipment | | (3,155,205) | (12,336,083) | - | - |
| **Net cash flows (used in)/from investing activities** | | (4,657,446) | (10,736,744) | (382,578) | 401,994 |
| **Financing activities** | | | | | |
| Repayment to a subsidiary | | - | - | - | (263,540) |
| Dividends paid | 12 | (15,012,240) | (11,259,180) | (15,012,240) | (11,259,180) |
| **Net cash flows used in financing activities** | | (15,012,240) | (11,259,180) | (15,012,240) | (11,522,720) |
| **Net increase/(decrease) in cash and cash equivalents** | | 39,098,217 | (5,218,591) | 5,268,991 | 605,639 |
| **Cash and cash equivalents at 1 January** | | 44,967,970 | 50,186,561 | 17,427,508 | 16,821,869 |
| **Cash and cash equivalents at 31 December** | 21 | 84,066,187 | 44,967,970 | 22,696,499 | 17,427,508 |

**Cash outflows for leases as a lessee**

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| **Included in net cash from operating activities:** | | |
| Payment relating to short-term leases | 225,340 | 174,350 |
| **Total cash outflows for leases** | 225,340 | 174,350 |

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

# notes to the FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**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 16 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)**

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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 2020

### 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 |
|---|---|
| Amendments to MFRS 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16: Interest Rate Benchmark Reform – Phase 2 | 1 January 2021 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 116: Property, Plant and Equipment Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |

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**

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, there is still the risk of possible impact to the financial statements within the next financial year.

*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 2020

**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 Receivables***

The loss allowance for trade financial assets 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 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.

**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 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Basis of Consolidation (Cont'd)**

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.

***(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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.2 Basis of Consolidation (Cont'd)**

***(d) Loss of Control (Cont'd)***

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 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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Financial Instruments (Cont'd)

***(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.

*Equity instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

***(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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.4 Financial Instruments (Cont'd)**

***(b) Financial Liabilities (Cont'd)***

*(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.

***(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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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.

**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:

| | |
|---|---|
| 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, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. 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 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Investment Properties**

Investment properties are properties which are owned or right-to-use asset held 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 which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definiton of investment property is measured initially similarly as other right-of-use assets.

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 Leases**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset at the lease commencement date. The right-of-use assets are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.8 Leases (Cont'd)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

**3.9 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 simplified 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 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.

***(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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.9 Impairment (Cont'd)**

***(b) Impairment of Non-financial Assets (Cont'd)***

An impairment loss is recognised in profit or loss.

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.

**3.10 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.

**3.11 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.11 Income Tax (Cont'd)**

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.

**3.12 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.

**3.13 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.

**3.14 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.

**3.15 Contingent liabilities**

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

A contingent liability is not recognised but is disclosed in the notes to the financial statements, 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.16 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.

**3.17 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.

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.

**3.18 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.18 Revenue from Contracts with Customers (Cont'd)

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.

**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.

#### 3.19 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.

#### 3.20 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 4. REVENUE

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Dividend income from subsidiary | - | - | 21,200,000 | 12,250,000 |
| Sales of goods | 316,597,497 | 331,191,858 | - | - |
| | 316,597,497 | 331,191,858 | 21,200,000 | 12,250,000 |
| Represented by geographical markets: | | | | |
| Asia countries | 187,262,030 | 201,109,601 | - | - |
| Malaysia | 91,383,589 | 90,095,106 | 21,200,000 | 12,250,000 |
| Others | 37,951,878 | 39,987,151 | - | - |
| | 316,597,497 | 331,191,858 | 21,200,000 | 12,250,000 |

### 5. OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Interest income from the following financial assets: | | | | |
| – fair value through profit or loss | 836,360 | 1,397,797 | 348,423 | 582,734 |
| – amortised cost | 579,424 | 181,392 | 88,259 | - |
| Gain on foreign exchange: | | | | |
| – unrealised | 167,490 | - | - | - |
| Gain on disposal of property, plant and equipment | 101,100 | 18,672 | - | - |
| Rental income from investment property | 41,580 | 41,580 | - | - |
| Miscellaneous | 250,618 | 388,902 | - | - |
| | 1,976,572 | 2,028,343 | 436,682 | 582,734 |

### 6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Impairment losses: | | |
| – trade receivables (Note 18) | 8,555 | 125,780 |
| Reversal of impairment losses: | | |
| – trade receivables (Note 18) | (161,071) | (326,048) |
| | (152,516) | (200,268) |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 7. PROFIT BEFORE TAXATION

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Auditors' remuneration: | | | | |
| – audit fees | 73,000 | 69,000 | 30,000 | 28,000 |
| – non-audit fees | 4,000 | 4,000 | 4,000 | 4,000 |
| Bad debt written off | 50,255 | - | - | - |
| Depreciation of: | | | | |
| – property, plant and equipment (Note 13) | 11,207,626 | 10,522,675 | - | - |
| – investment property (Note 14) | 22,453 | 22,453 | - | - |
| – right-of-use assets (Note 15) | 165,192 | 165,191 | - | - |
| Direct operating expenses on investment property | 3,195 | 3,212 | - | - |
| Loss on foreign exchange: | | | | |
| – realised | 69,806 | 168,767 | - | - |
| – unrealised | - | 118,257 | - | - |
| Lease expenses: | | | | |
| – short-term leases (Note 8) | 225,340 | 174,350 | - | - |
| Property, plant and equipment written off | - | 1,082 | - | - |

### 8. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Wages and salaries | 18,108,229 | 16,935,391 |
| Social security contribution | 192,837 | 153,075 |
| Defined contribution plan | 1,514,531 | 1,337,816 |
| Lease expenses: | | |
| – short-term leases (Note 7) | 225,340 | 174,350 |
| Other staff related expenses | 678,956 | 796,989 |
| | 20,719,893 | 19,397,621 |

Included in the employee benefits expense of the Group is executive directors' remuneration amounting to RM2,992,649 (2019: RM2,689,200) as further disclosed in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 9. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM** | **RM** | **RM** | **RM** |
| Executive directors' remuneration: | | | | |
| Salaries and other emoluments | 2,515,270 | 2,260,270 | - | - |
| Defined contribution plan | 477,379 | 428,930 | - | - |
| Estimated money value of benefits-in-kind | 71,850 | 73,650 | - | - |
| | 3,064,499 | 2,762,850 | - | - |
| Non-executive directors' remuneration: | | | | |
| Fees | 252,000 | 252,000 | 252,000 | 252,000 |
| Allowances | 20,000 | 20,000 | 20,000 | 20,000 |
| | 272,000 | 272,000 | 272,000 | 272,000 |
| Analysis excluding benefits-in-kind: | | | | |
| Total executive directors' remuneration (Note 8) | 2,992,649 | 2,689,200 | - | - |
| Total non-executive directors' remuneration | 272,000 | 272,000 | 272,000 | 272,000 |
| Total directors' remuneration | 3,264,649 | 2,961,200 | 272,000 | 272,000 |

### 10. INCOME TAX EXPENSE

Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM** | **RM** | **RM** | **RM** |
| Current income tax: | | | | |
| Tax expense for the year | 9,842,300 | 5,020,000 | 22,300 | - |
| Overprovision in prior year | (71,226) | (264,353) | - | - |
| | 9,771,074 | 4,755,647 | 22,300 | - |
| Deferred tax (Note 24): | | | | |
| Relating to origination and reversal of temporary differences | (305,000) | 355,000 | - | - |
| (Over)/Underprovision in prior year | (204,000) | 30,000 | - | - |
| | (509,000) | 385,000 | - | - |
| Income tax expense recognised in profit or loss | 9,262,074 | 5,140,647 | 22,300 | - |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. INCOME TAX EXPENSE (CONT'D)

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 | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Profit before taxation | 38,923,209 | 26,345,053 | 21,087,654 | 12,264,612 |
| Taxation at Malaysian statutory tax rate of 24% | 9,341,570 | 6,322,813 | 5,061,037 | 2,943,507 |
| Effect of: | | | | |
| – income not subject to tax | (200,727) | (335,471) | (5,171,622) | (3,079,856) |
| – expenses not deductible for tax purposes | 396,457 | 317,930 | 132,885 | 136,349 |
| – utilisation of tax incentives | - | (930,272) | - | - |
| Overprovision of income tax expense in prior year | (71,226) | (264,353) | - | - |
| (Over)/Underprovision of deferred tax in prior year | (204,000) | 30,000 | - | - |
| Income tax expense recognised in profit or loss | 9,262,074 | 5,140,647 | 22,300 | - |

### 11. EARNINGS PER SHARE

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

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

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share | 29,661,135 | 21,204,406 |
| | 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) | 15.81 | 11.30 |

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12. DIVIDENDS

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| In respect of financial year ended 31 December 2018: | | |
| – Third single tier interim dividend of 2 sen per share | - | 3,753,060 |
| In respect of financial year ended 31 December 2019: | | |
| – First single tier interim dividend of 2 sen per share | - | 3,753,060 |
| – Second single tier interim dividend of 2 sen per share | - | 3,753,060 |
| – Third single tier interim dividend of 2 sen per share | 3,753,060 | - |
| In respect of financial year ended 31 December 2020: | | |
| – First single tier interim dividend of 2 sen per share | 3,753,060 | - |
| – Second single tier interim dividend of 2 sen per share | 3,753,060 | - |
| – Third single tier interim dividend of 2 sen per share | 3,753,060 | - |
| | 15,012,240 | 11,259,180 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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 2019** | 36,092,431 | 147,843,381 | 8,990,326 | 109,922 | 193,036,060 |
| Effect of adoption of MFRS 16 (Note 15) | (8,017,903) | - | - | - | (8,017,903) |
| **As restated** | 28,074,528 | 147,843,381 | 8,990,326 | 109,922 | 185,018,157 |
| Additions | 4,089,473 | 7,740,444 | 42,408 | 463,758 | 12,336,083 |
| Disposals and write off | - | (71,000) | (100,268) | - | (171,268) |
| Reclassification | - | 109,922 | - | (109,922) | - |
| **At 31 December 2019 and 1 January 2020** | 32,164,001 | 155,622,747 | 8,932,466 | 463,758 | 197,182,972 |
| Additions | 755,676 | 1,674,699 | 239,043 | 485,787 | 3,155,205 |
| Disposals and write off | - | (496,778) | (183,054) | - | (679,832) |
| Reclassification | - | 542,132 | - | (542,132) | - |
| **At 31 December 2020** | 32,919,677 | 157,342,800 | 8,988,455 | 407,413 | 199,658,345 |
| **Accumulated depreciation:** | | | | | |
| **At 1 January 2019** | 7,817,753 | 94,362,786 | 6,567,162 | - | 108,747,701 |
| Effect of adoption of MFRS 16 (Note 15) | (2,344,621) | - | - | - | (2,344,621) |
| **As restated** | 5,473,132 | 94,362,786 | 6,567,162 | - | 106,403,080 |
| Depreciation charge for the year (Note 7) | 556,943 | 9,356,968 | 608,764 | - | 10,522,675 |
| Disposals and write off | - | (69,522) | (99,186) | - | (168,708) |
| **At 31 December 2019 and 1 January 2020** | 6,030,075 | 103,650,232 | 7,076,740 | - | 116,757,047 |
| Depreciation charge for the year (Note 7) | 738,103 | 9,855,108 | 614,415 | - | 11,207,626 |
| Disposals and write off | - | (496,778) | (183,054) | - | (679,832) |
| **At 31 December 2020** | 6,768,178 | 113,008,562 | 7,508,101 | - | 127,284,841 |
| **Net carrying amount** | | | | | |
| At 31 December 2019 | 26,133,926 | 51,972,515 | 1,855,726 | 463,758 | 80,425,925 |
| At 31 December 2020 | 26,151,499 | 44,334,238 | 1,480,354 | 407,413 | 72,373,504 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**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 2019** | 1,089,647 | 8,017,903 | 25,594,518 | 1,390,363 | 36,092,431 |
| Effect of adoption of MFRS 16 (Note 15) | - | (8,017,903) | - | - | (8,017,903) |
| **As restated** | 1,089,647 | - | 25,594,518 | 1,390,363 | 28,074,528 |
| Additions | - | - | 4,089,473 | - | 4,089,473 |
| **At 31 December 2019 and 1 January 2020** | 1,089,647 | - | 29,683,991 | 1,390,363 | 32,164,001 |
| Additions | 736,813 | - | 18,863 | - | 755,676 |
| **At 31 December 2020** | 1,826,460 | - | 29,702,854 | 1,390,363 | 32,919,677 |
| **Accumulated depreciation:** | | | | | |
| **At 1 January 2019** | - | 2,344,621 | 5,362,394 | 110,738 | 7,817,753 |
| Effect of adoption of MFRS 16 (Note 15) | - | (2,344,621) | - | - | (2,344,621) |
| **As restated** | - | - | 5,362,394 | 110,738 | 5,473,132 |
| Depreciation charge for the year | - | - | 529,136 | 27,807 | 556,943 |
| **At 31 December 2019 and 1 January 2020** | - | - | 5,891,530 | 138,545 | 6,030,075 |
| Depreciation charge for the year | - | - | 710,296 | 27,807 | 738,103 |
| **At 31 December 2020** | - | - | 6,601,826 | 166,352 | 6,768,178 |
| **Net carrying amount** | | | | | |
| At 31 December 2019 | 1,089,647 | - | 23,792,461 | 1,251,818 | 26,133,926 |
| At 31 December 2020 | 1,826,460 | - | 23,101,028 | 1,224,011 | 26,151,499 |

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 2020

### 14. INVESTMENT PROPERTY

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| **Cost:** | | |
| At 1 January/31 December | 1,122,660 | 1,122,660 |
| **Accumulated depreciation:** | | |
| At 1 January | 112,265 | 89,812 |
| Depreciation during the financial year (Note 7) | 22,453 | 22,453 |
| At 31 December | 134,718 | 112,265 |
| **Net carrying amount at 31 December** | 987,942 | 1,010,395 |
| Represented by: | | |
| Office building | 987,942 | 1,010,395 |
| Fair value | 1,231,230 | 1,307,460 |

(a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods of 2 years (2019: 2 years) and an option that is exercisable by the customers to extend their leases for 2 years (2019: 1 year).

The Group requires 2 months of advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

The undiscounted operating lease payments receivable are as follows:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Within 1 year | 41,580 | 15,593 |
| Between 1 and 2 years | 15,593 | - |
| | 57,173 | 15,593 |

(b) The investment property of the Group has been bound under a negative pledge to banks for banking facilities granted to the Group.

(c) The fair values of the investment properties are within level 3 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 15. RIGHT-OF-USE ASSETS

| | Leasehold land RM |
|---|---|
| **Group** | |
| **Cost:** | |
| **At 1 January 2019** | - |
| Effect of adoption of MFRS 16 (Note 13) | 8,017,903 |
| **At 31 December 2019 (restated), 1 January 2020 and 31 December 2020** | 8,017,903 |
| **Accumulated depreciation:** | |
| **At 1 January 2019** | - |
| Effect of adoption of MFRS 16 (Note 13) | 2,344,621 |
| **As restated** | 2,344,621 |
| Depreciation charge for the year (Note 7) | 165,191 |
| **At 31 December 2019 and 1 January 2020** | 2,509,812 |
| Depreciation charge for the year (Note 7) | 165,192 |
| **At 31 December 2020** | 2,675,004 |
| **Net carrying amount** | |
| At 31 December 2019 | 5,508,091 |
| At 31 December 2020 | 5,342,899 |

(a) The Group leases certain pieces of leasehold land of which the leasing activities are summarised below:

The Group has entered into 6 agreements for the use of land. The leases are for a period of 50 years with no renewal or purchase option included in the agreements.

(b) The right-of-use assets of the Group has 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 2020

### 16. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Unquoted shares, at cost | 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** |
|---|---|---|---|---|
| | | **2020** | **2019** | |
| ***Subsidiaries of the Company:*** | | | | |
| BP Plastics Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing of plastic products |
| BP Packaging Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and trading of plastic products |
| BPPlas Plantation Sdn. Bhd. | Malaysia | 100 | 100 | Dormant |

### 17. INVENTORIES

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Raw materials | 67,792,786 | 49,475,140 |
| Work-in-progress | 4,713,268 | 4,100,984 |
| Spare parts | 1,501,670 | 1,522,179 |
| Finished goods | 10,099,039 | 8,744,535 |
| | 84,106,763 | 63,842,838 |
| Recognised in profit or loss: | | |
| Inventories recognised as cost of sales | 260,257,987 | 288,175,758 |
| Reversal of inventories previously written down | - | (210,368) |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 18. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Current** | | | | |
| **Trade receivables** | | | | |
| Third parties | 36,706,198 | 37,369,684 | - | - |
| Less: Allowance for impairment losses | (313,061) | (465,577) | - | - |
| | 36,393,137 | 36,904,107 | - | - |
| **Other receivables** | | | | |
| Sundry receivables | 1,407,505 | 1,906,217 | 2,000 | 2,000 |
| Deposit paid for purchase of property, plant and equipment | 3,019,125 | - | - | - |
| Amount due from a subsidiary | - | - | 1,000,000 | 180,740 |
| | 4,426,630 | 1,906,217 | 1,002,000 | 182,740 |
| | 40,819,767 | 38,810,324 | 1,002,000 | 182,740 |

**(a) *Trade Receivables***

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 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 | |
|---|---|---|
| | 2020 RM | 2019 RM |
| At 1 January | 465,577 | 665,845 |
| Charge for the year (Note 6) | 8,555 | 125,780 |
| Reversal of impairment loss on receivables (Note 6) | (161,071) | (326,048) |
| At 31 December | 313,061 | 465,577 |

**(b) *Amount Due from a Subsidiary***

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 19. SHORT-TERM INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Fair value through profit or loss on financial assets | | | | |
| – Money market funds (Note 21) | 56,825,992 | 37,539,632 | 22,584,437 | 17,386,014 |

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 RM4,285,284 (2019: RM6,184,262).

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 2.52% (2019: 3.92%) and 2.46% (2019: 3.73%) respectively. There is no maturity period for money market funds as these money are callable on demand.

### 20. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group at the end of the reporting period bore effective interest rates of 2.12% (2019: Nil) per annum. The fixed deposits have maturity periods of 90 days (2019: Nil) for the Group.

### 21. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Cash and bank balances | 21,218,937 | 7,428,338 | 112,062 | 41,494 |
| Short-term investments classified as fair value through profit or loss financial assets (Note 19) | 56,825,992 | 37,539,632 | 22,584,437 | 17,386,014 |
| Fixed deposits with a licensed bank | 6,021,258 | - | - | - |
| Cash and cash equivalents | 84,066,187 | 44,967,970 | 22,696,499 | 17,427,508 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | Number of shares | | RM | RM |
| **Issued and fully paid** | | | | |
| At 1 January / 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.

### 23. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(6) of the Companies Act 2016. 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, resold or cancelled by the Company during the current financial year (2019: Nil).

### 24. DEFERRED TAX LIABILITIES

| | At 1 January RM | Effect of adoption of MFRS 16 RM | Recognised in Profit or Loss (Note 10) RM | At 31 December RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2020** | | | | |
| *Deferred Tax Liabilities* | | | | |
| Property, plant and equipment | 10,208,000 | - | (602,000) | 9,606,000 |
| Right-of-use assets | 329,000 | - | (10,000) | 319,000 |
| Unrealised loss on foreign exchange | - | - | 40,000 | 40,000 |
| | 10,537,000 | - | (572,000) | 9,965,000 |
| *Deferred Tax Assets* | | | | |
| Other temporary differences | (138,000) | - | 63,000 | (75,000) |
| | 10,399,000 | - | (509,000) | 9,890,000 |
| **2019** | | | | |
| *Deferred Tax Liabilities* | | | | |
| Property, plant and equipment | 10,228,000 | (339,000) | 319,000 | 10,208,000 |
| Right-of-use assets | - | 339,000 | (10,000) | 329,000 |
| Unrealised loss on foreign exchange | (4,000) | - | 4,000 | - |
| | 10,224,000 | - | 313,000 | 10,537,000 |
| *Deferred Tax Assets* | | | | |
| Other temporary differences | (210,000) | - | 72,000 | (138,000) |
| | 10,014,000 | - | 385,000 | 10,399,000 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 25. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Trade payables | | | | |
| Third parties | 58,392,574 | 24,912,197 | - | - |
| Other payables | | | | |
| Sundry payables | 5,437,370 | 4,355,264 | - | - |
| Deposit received | 11,346 | 8,346 | - | - |
| Sales tax payables | 149,251 | 148,916 | - | - |
| Accrued operating expenses | 4,591,690 | 4,738,602 | 45,400 | 29,200 |
| | 10,189,657 | 9,251,128 | 45,400 | 29,200 |
| | 68,582,231 | 34,163,325 | 45,400 | 29,200 |

**(a) *Trade Payables***

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2019: 30 to 60 days) terms.

**(b) *Sundry Payables and Accrued Operating Expenses***

These amounts are non-interest bearing and normally settled within twelve months (2019: twelve months).

### 26. COMMITMENTS

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Purchase of property, plant and equipment | 17,628,587 | 274,718 |

### 27. 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 27. RELATED PARTY DISCLOSURES (CONT'D)

**(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:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Subsidiaries** | | | | |
| Dividend income | - | - | 21,200,000 | 12,250,000 |
| **Person connected to director of the Group** | | | | |
| Lease expenses | 24,000 | 24,000 | - | - |

**(c) Compensation of Key Management Personnel**

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

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

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Salaries and other emoluments | 2,515,270 | 2,260,270 |
| Defined contribution plan | 477,379 | 428,930 |
| Estimated money value of benefits-in-kind | 71,850 | 73,650 |
| | 3,064,499 | 2,762,850 |

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

## 28. 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

| | Note |
|---|---|
| Trade and other receivables (current) | 18 |
| Trade and other payables (current) | 25 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or repayable on demand term.

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** | | |
| **2020** | | |
| **Financial assets** | | |
| Short-term investments | 56,825,992 | 56,825,992 |
| **2019** | | |
| **Financial assets** | | |
| Short-term investments | 37,539,632 | 37,539,632 |
| **Company** | | |
| **2020** | | |
| **Financial assets** | | |
| Short-term investments | 22,584,437 | 22,584,437 |
| **2019** | | |
| **Financial assets** | | |
| Short-term investments | 17,386,014 | 17,386,014 |

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.

## 29. 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.

### 29.1 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 the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoings basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Asia countries | 14,713,680 | 14,570,502 |
| Malaysia | 20,256,028 | 20,005,663 |
| Others | 1,423,429 | 2,327,942 |
| | 36,393,137 | 36,904,107 |

*(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 2020

**29. FINANCIAL INSTRUMENTS (CONT'D)**

**29.1 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.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 180 days are deemed credit impaired and assesses for their risk of loss individually.

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. During the current financial year, the Group has also taken into account the impact of COVID-19 pandemic and no significant changes to the policy and assumptions made.

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

| Group | Gross amount RM | Individual impairment RM | Collective impairment RM | Carrying amount RM |
|---|---|---|---|---|
| **2020** | | | | |
| Not past due | 29,329,768 | - | (159,469) | 29,170,299 |
| 1 to 30 days past due | 6,126,453 | - | (33,310) | 6,093,143 |
| 31 to 60 days past due | 1,101,347 | - | (5,988) | 1,095,359 |
| 61 to 90 days past due | 25,252 | - | (137) | 25,115 |
| 91 to 120 days past due | 9,272 | - | (51) | 9,221 |
| More than 120 days past due | 8,555 | (8,555) | - | - |
| Credit impaired | 105,551 | (105,551) | - | - |
| | 36,706,198 | (114,106) | (198,955) | 36,393,137 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**29. FINANCIAL INSTRUMENTS (CONT'D)**

**29.1 Financial Risk Management Policies (Cont'd)**

***(a) Credit Risk (Cont'd)***

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

*Trade Receivables (Cont'd)*

| Group | Gross amount RM | Individual impairment RM | Collective impairment RM | Carrying amount RM |
|---|---|---|---|---|
| **2019** | | | | |
| Not past due | 27,825,742 | - | (79,627) | 27,746,115 |
| 1 to 30 days past due | 7,073,145 | - | (46,970) | 7,026,175 |
| 31 to 60 days past due | 1,693,389 | - | (25,163) | 1,668,226 |
| 61 to 90 days past due | 347,184 | - | (6,256) | 340,928 |
| 91 to 120 days past due | 122,213 | - | (26,956) | 95,257 |
| More than 120 days past due | 159,589 | (118,200) | (13,983) | 27,406 |
| Credit impaired | 148,422 | (148,422) | - | - |
| | 37,369,684 | (266,622) | (198,955) | 36,904,107 |

The movement in the loss allowances in respect of trade receivables are disclosed in Note 18 to the financial statements.

*Other receivables and amount due from a subsidiary*

There is no expected credit losses for other receivables and amount due from a subsidiary, thus no impairment is required.

*Fixed deposits with a licensed bank, cash and bank balances*

The fixed deposits with a licensed bank, cash and bank balances are placed with credit-worthy financial institutions with high credit rating. The Group 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 2020

**29. FINANCIAL INSTRUMENTS (CONT'D)**

**29.1 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"), Euro ("EUR"), Japanese Yen ("JPY") and Thai Baht ("THB"). 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** | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| **Financial Assets** | | |
| Trade and other receivables | | |
| United States Dollar | 12,027,683 | 11,996,488 |
| Singapore Dollar | 4,255,260 | 4,132,810 |
| Indonesia Rupiah | 2,425 | 110,417 |
| Euro | 325,328 | 698,434 |
| Japanese Yen | 33,382 | - |
| Thailand Baht | 164,043 | 12,206 |
| | 16,808,121 | 16,950,355 |
| Cash and bank balances | | |
| United States Dollar | 12,817,485 | 4,826,789 |
| Singapore Dollar | 3,683,834 | 1,019,148 |
| Indonesia Rupiah | 216 | - |
| Euro | 301,377 | 281,684 |
| Japanese Yen | 79,806 | - |
| Thailand Baht | 965 | - |
| | 16,883,683 | 6,127,621 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**29. FINANCIAL INSTRUMENTS (CONT'D)**

**29.1 Financial Risk Management Policies (Cont'd)**

***(c) Market Risk (Cont'd)***

*(i) Foreign Currency Risk (Cont'd)*

Foreign Currency Exposure (Cont'd)

| | Group | |
|---|---|---|
| | **2020 RM** | **2019 RM** |
| **Financial liabilities** | | |
| Trade and other payables | | |
| United States Dollar | (52,383,423) | (18,360,383) |
| Singapore Dollar | (13,466) | - |
| Euro | (125,429) | - |
| | (52,522,318) | (18,360,383) |
| Net currency exposure | | |
| United States Dollar | (27,538,255) | (1,537,106) |
| Singapore Dollar | 7,925,628 | 5,151,958 |
| Indonesia Rupiah | 2,641 | 110,417 |
| Euro | 501,276 | 980,118 |
| Japanese Yen | 113,188 | - |
| Thailand Baht | 165,008 | 12,206 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**29. FINANCIAL INSTRUMENTS (CONT'D)**

**29.1 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 | |
|---|---|---|---|
| | | **2020** | **2019** |
| | | **RM** | **RM** |
| **Effect on Profit After Taxation** | | | |
| USD/RM | – strengthened 8% (2019:7%) | (1,674,000) | (82,000) |
| | – weakened 8% (2019: 7%) | 1,674,000 | 82,000 |
| SGD/RM | – strengthened 3% (2019: 2%) | 181,000 | 78,000 |
| | – weakened 3% (2019: 2%) | (181,000) | (78,000) |
| IDR/RM | – strengthened 12% (2019: 3%) | 200 | 3,000 |
| | – weakened 12% (2019: 3%) | (200) | (3,000) |
| EUR/RM | – strengthened 9% (2019: 5%) | 34,000 | 37,000 |
| | – weakened 9% (2019: 5%) | (34,000) | (37,000) |
| JPY/RM | – strengthened 7% (2019: 9%) | 6,000 | - |
| | – weakened 7% (2019: 9%) | (6,000) | - |
| THB/RM | – strengthened 5% (2019: 7%) | 6,000 | 650 |
| | – weakened 5% (2019: 7%) | (6,000) | (650) |

*(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.

*(iii) Equity Price Risk*

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

Any reasonably possible change in the prices of the short-term investments 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 hence, no sensitivity analysis is presented.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**29. FINANCIAL INSTRUMENTS (CONT'D)**

**29.2 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.

**29.3 Classification of Financial Instruments**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| **Financial assets** | | |
| Fair value through profit or loss | | |
| Short-term investments (Note 19) | 56,825,992 | 37,539,632 |
| Amortised cost | | |
| Trade and other receivables (Note 18) | 40,819,767 | 38,810,324 |
| Fixed deposits with a licensed bank (Note 20) | 6,021,258 | - |
| Cash and bank balances (Note 21) | 21,218,937 | 7,428,338 |
| | 68,059,962 | 46,238,662 |
| **Financial liabilities** | | |
| Amortised cost | | |
| Trade and other payables (Note 25) | 68,432,980 | 34,014,409 |

| | Company | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| **Financial assets** | | |
| Fair value through profit or loss | | |
| Short-term investment (Note 19) | 22,584,437 | 17,386,014 |
| Amortised cost | | |
| Trade and other receivables (Note 18) | 1,002,000 | 182,740 |
| Cash and bank balances (Note 21) | 112,062 | 41,494 |
| | 1,114,062 | 224,234 |
| **Financial liabilities** | | |
| Amortised cost | | |
| Trade and other payables (Note 25) | 45,400 | 29,200 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 29. FINANCIAL INSTRUMENTS (CONT'D)

#### 29.4 Gains or Losses Arising from Financial Instruments

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| **Financial assets** | | |
| Fair value through profit or loss | | |
| Net gains recognised in profit or loss | 836,360 | 1,397,797 |
| Amortised cost | | |
| Net gains/(losses) recognised in profit or loss | 479,332 | (256,667) |
| **Financial liabilities** | | |
| Amortised cost | | |
| Net gains/(losses) recognised in profit or loss | 350,291 | (167,509) |

| | Company | |
|---|---|---|
| | 2020 RM | 2019 RM |
| **Financial assets** | | |
| Fair value through profit or loss | | |
| Net gains recognised in profit or loss | 348,423 | 582,734 |
| Amortised cost | | |
| Net gains recognised in profit or loss | 88,259 | - |

### 30. SEGMENT INFORMATION

#### (a) Geographical Location

| | Group | | | |
|---|---|---|---|---|
| | 2020 RM | 2020 % | 2019 RM | 2019 % |
| Operating revenue: | | | | |
| Asia countries | 187,262,030 | 59% | 201,109,601 | 61% |
| Malaysia | 91,383,589 | 29% | 90,095,106 | 27% |
| Others | 37,951,878 | 12% | 39,987,151 | 12% |
| | 316,597,497 | 100% | 331,191,858 | 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**30. SEGMENT INFORMATION (CONT'D)**

**(b) Major Customers**

There is no revenue from major customer with the revenue equal to or more than 10% (2019: Nil) of the Group revenue.

**31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS TO THE REPORTING DATE**

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. Measures undertaken to contain its spread severely impacted global economies, leading to significant volatility of the financial and business markets.

Despite the challenging market conditions caused by the COVID-19 pandemic, the Group's results and financial position remain resilient.

Subsequent to the reporting date and even with the vaccine rollouts, the COVID-19 pandemic continues to evolve and the impact on the economy remains uncertain. The Government is also periodically implementing additional measures to address the resulting public health issues and the economic impact. Thus the Group will continue to monitor the COVID-19 pandemic situation and will take action as and when necessary.

**32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 22 April 2021.

# analysis of SHAREHOLDINGS

## AS AT 19 MARCH 2021

### SHARE CAPITAL

| | |
|---|---|
| Number of issued shares | : 187,688,000 Ordinary Shares<br>*(including 35,000 treasury shares)* |
| Voting rights | : One vote per Ordinary Share |
| Number of shareholders | : 3,282 |

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares Issued | % |
|---|---|---|---|---|
| 1 – 99 | 43 | 1.31 | 1,549 | 0.00 |
| 100 – 1,000 | 460 | 14.02 | 317,665 | 0.16 |
| 1,001 – 10,000 | 1,984 | 60.45 | 9,474,171 | 5.05 |
| 10,001 – 100,000 | 716 | 21.82 | 21,593,865 | 11.51 |
| 100,001 – 9,382,649* | 75 | 2.29 | 29,155,750 | 15.54 |
| 9,382,650 and above ** | 4 | 0.11 | 127,110,000 | 67.74 |
| **Total** | **3,282** | **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 | 2,527 | 30 | 92,263,440 | 420,250 | 49.16 | 0.22 |
| 2. | Body Corporate | | | | | | |
| | a) Bank/Finance Companies | 1 | - | 200 | - | - | - |
| | b) Investment Trusts/ Foundation/Charities | - | - | - | - | - | - |
| | c) Industrial and Commercial Companies | 30 | 1 | 82,575,750 | 1 | 44.01 | - |
| 3. | Government Agencies/Institutions | - | - | - | - | - | - |
| 4. | Nominees | 675 | 18 | 11,684,109 | 709,250 | 6.23 | 0.38 |
| 5. | Others | - | - | - | - | - | - |
| | **Total** | **3,233** | **49** | **186,523,499** | **1,129,501** | **99.40** | **0.60** |

# ANALYSIS OF SHAREHOLDINGS (CONT'D)
## AS AT 19 MARCH 2021

### 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:

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Name of Substantial Shareholder | No. of Issued Shares Held | %[1] | No. of Issued Shares Held | %[1] |
| LG Capital Sdn. Bhd. | 81,000,000 | 43.16 | - | - |
| Lim Chun Yow | 17,456,403 | 9.30 | 81,000,000 * | 43.16 |
| Tan See Khim | 17,830,999 | 9.50 | 81,000,000 * | 43.16 |
| Hey Shiow Hoe | 14,609,998 | 7.79 | 81,000,000 * | 43.16 |

***Note:***

(*) *Deemed interest by virtue of his substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

(1) *Excluding a total of 35,000 ordinary shares bought-back by the Company and retained as treasury shares as at 19 March 2021.*

### DIRECTORS' SHAREHOLDINGS

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

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Name of Directors | No. of Issued Shares Held | %[1] | No. of Issued Shares Held | %[1] |
| Lim Chun Yow | 17,456,403 | 9.30 | 81,165,000 * | 43.25 |
| Tan See Khim | 17,830,999 | 9.50 | 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:***

(*) *81,000,000 shares were deemed interest by virtue of his substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and 165,000 shares were deemed interest by virtue of his spouse shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.*

(1) *Excluding a total of 35,000 ordinary shares bought-back by the Company and retained as treasury shares as at 19 March 2021.*

# ANALYSIS OF SHAREHOLDINGS (CONT'D)
## AS AT 19 MARCH 2021

### 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<br>*Employees Provident Fund Board (PHEIM)* | 1,730,000 | 0.92 |
| 7. | Lim Chun Yow | 1,706,400 | 0.91 |
| 8. | Teuh Chin Keong | 1,557,500 | 0.83 |
| 9. | Hey Shiow Hoe | 1,460,000 | 0.78 |
| 10. | Gan Hong Liang | 1,196,250 | 0.64 |
| 11. | Tan Gian Hock | 1,125,000 | 0.60 |
| 12. | Lim Chin Siong | 1,055,000 | 0.56 |
| 13. | HSBC Nominees (Tempatan) Sdn Bhd<br>*HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust* | 817,000 | 0.44 |
| 14. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Teh Shiou Cherng (J D B Tunggal BR-CL)* | 670,000 | 0.36 |
| 15. | Tan See Khim | 621,000 | 0.33 |
| 16. | Soh Yong Beng | 620,700 | 0.33 |
| 17. | Lim Boon Kheng | 540,700 | 0.29 |
| 18. | Yeoh Kean Beng | 493,000 | 0.26 |
| 19. | Lim Siau Mei | 485,400 | 0.26 |
| 20. | Siow Kin Leong | 484,500 | 0.26 |
| 21. | Lim Khuang Eng | 470,000 | 0.25 |
| 22. | Tan Suan Chin | 450,000 | 0.24 |
| 23. | Lim Kian | 417,900 | 0.22 |
| 24. | Lim Ying Ying | 404,950 | 0.22 |
| 25. | Tay Khiang Puang | 366,700 | 0.20 |
| 26. | Federlite Holdings Sdn Bhd | 355,400 | 0.19 |
| 27. | Quek Shi Hui | 339,000 | 0.18 |
| 28. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Kong Chee Wai (E-MLB/JLP)* | 310,000 | 0.17 |
| 29. | Tan Suan Cheng | 300,000 | 0.16 |
| 30. | Chan Chor Ang | 296,800 | 0.16 |
| | **Total** | **147,972,600** | **78.87** |

***Note:***

(1) *Excluding a total of 35,000 ordinary shares bought-back by the Company and retained as treasury shares as at 19 March 2021.*

# 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<br>No H.S.(D) : 32035<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>Negeri : Johor<br><br>10, Jalan Wawasan 2,<br>Kawasan Perindustrian<br>Sri Gading,<br>83300 Batu Pahat,<br>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) | 17 | 19.11.2003 | 1,552 | 31-Dec-09 |
| 2. | No P.T.D. : 31030<br>No H.S.(D) : 32034<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>Negeri : Johor<br><br>5A, Jalan Wawasan 2,<br>Kawasan Perindustrian<br>Sri Gading,<br>83300 Batu Pahat,<br>Johor. | Leasehold 60 years/ 20.09.2054 | 1.0 Acres/ 26,120 sq ft | A parcel of industrial land improved upon with:<br>– 1 unit Single-Storey Detached Factory (Factory)<br>– 1 unit Double-Storey Office Building (Office) | <br><br>26<br><br>24 | <br><br>08.06.1994<br><br>28.08.1996 | 2,027 | 31-Dec-09 |
| 3. | No P.T.D. : 31039<br>No H.S.(D) : 32031<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>Negeri : Johor<br><br>5, Jalan Wawasan 2,<br>Kawasan Perindustrian<br>Sri Gading,<br>83300 Batu Pahat,<br>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) | 23 | 29.04.1997 | 1,851 | 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<br>No H.S.(D) : 32033<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>Negeri : Johor<br><br>5B, Jalan Wawasan 2,<br>Kawasan Perindustrian<br>Sri Gading,<br>83300 Batu Pahat,<br>Johor. | Leasehold<br>60 years/<br>20.09.2054 | 1.0 Acres/<br>23,100<br>sq ft | A parcel of industrial land improved upon with a Single-Storey Detached Factory<br>(Factory) | 17 | 28.05.2003 | 1,910 | 31-Dec-09 |
| 5. | No P.T.D. : 35099<br>No H.S.(D) : 38296<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>Negeri : Johor<br><br>8, Jalan Wawasan 4,<br>Kawasan Perindustrian<br>Sri Gading,<br>83300 Batu Pahat,<br>Johor. | Leasehold<br>60 years/<br>05.10.2057 | 1.5 Acres/<br>39,600<br>sq ft | A parcel of industrial land improved upon with a Single-Storey Detached Factory<br>(Factory) | 19 | 07.11.2001 | 4,013 | 31-Dec-09 |
| 6. | No Hakmilik : GM 1359<br>Lot No.: 2408<br>Daerah : Batu Pahat<br>Mukim : Linau<br>Negeri : Johor | Freehold | 3.2687<br>Acres | A parcel of Agricultural Land<br>(Vacant) | NA | NA | 410 | 31-Dec-09 |
| 7. | No P.T.D. : 29032<br>No H.S.(D) : 28431<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>Negeri : Johor<br><br>1, Jln Wawasan 3,<br>Kawasan Perindustrian<br>Sri Gading,<br>83300 Batu Pahat,<br>Johor. | Leasehold<br>60 years/<br>21.09.2052 | 10 Acres/<br>231,830<br>sq ft | A parcel of industrial land improved upon with:<br>– 1 unit Single-Storey Detached Factory (Factory)<br>– 1 unit Single-Storey Detached Factory & Warehouse (Factory & Warehouse)<br>– 1 unit Single-Storey Detached Factory & Warehouse (Warehouse) | <br><br>15<br><br>8<br><br>3 | <br><br>07.04.2006<br><br>07.04.2006<br><br>02.09.2019 | 17,090 | 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 P.T.D.: 57435<br>No H.S.(D): 62579<br>Daerah : Batu Pahat<br>Mukim : Simpang Kanan<br>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,<br>Mukim 842, Lot 15,<br>Tempat Sungei Puteh<br>Mukim : Kuala Lumpur | Freehold | 1,370 sq ft | Office Suites (Office) | 7 | 01.11.2014 | 1,224 | (06-Oct-11) |
| 10. | Unit No.8-03,<br>Mukim 842, Lot 15,<br>Tempat Sungei Puteh<br>Mukim : Kuala Lumpur | Freehold | 1,155 sq ft | Office Suites (Rented Out) | 7 | 01.11.2014 | 988 | (06-Oct-11) |
| 11. | No Hakmilik : GM 3050<br>Lot No.: 238<br>Daerah: Batu Pahat<br>Mukim: Simpang Kanan<br>Negeri: Johor | Freehold | 1.4374 Acres/ 62,614 sq ft | A parcel of Agricultural Land (Vacant) | NA | NA | 737 | (17-Sep-20) |

# notice of seventeenth ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the SEVENTEENTH ANNUAL GENERAL MEETING of BP Plastics Holding Bhd. (“**Company**”) will be held at Opal Room, Level M, The Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Thursday, 27 May 2021 at 2:30 p.m. for the following purposes:

**AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 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 Clause 122 of the Company’s Constitution and being eligible, offered themselves for re-election:

   (i) Mr. Lim Kim Hock **Ordinary Resolution 1**
   (ii) Mr. Tan See Khim **Ordinary Resolution 2**
   (iii) Ms. Chuah Sue Yin **Ordinary Resolution 3**

3. To approve the payment of Directors’ fees of RM252,000 for the financial year ending 31 December 2021. **Ordinary Resolution 4**

4. To approve the payment of Directors’ benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 28 May 2021 until the next Annual General Meeting of the Company in 2022. **Ordinary Resolution 5**

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 6**

   **As Special Business**

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

6. **ORDINARY RESOLUTION**
   **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016** **Ordinary Resolution 7**

   “**THAT** pursuant to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject to 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 Malaysia Securities Berhad; **AND FURTHER THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

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

7. **ORDINARY RESOLUTION**
   **RETENTION OF MR. LIM KIM HOCK AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 8**

   "**THAT** subject to the passing of Ordinary Resolution 1, Mr. Lim Kim Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

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

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN** *(MAICSA 0777689)*
*(SSM PC NO. 201908002648)*
**TAN LEY THENG** *(MAICSA 7030358)*
*(SSM PC NO. 201908001685)*
Company Secretaries

Batu Pahat, Johor Darul Takzim
Dated: 28 April 2021

**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.

   The Board recommends that shareholders' approval shall be sought for the fees and benefits payable to the Directors at the Seventeenth Annual General Meeting ("**17th AGM**") of the Company in Ordinary Resolutions 4 and 5.

   **1.1 Ordinary Resolution 4 – payment of Directors' fees for the financial year ending 31 December 2021**

   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 5 – payment of Directors' benefits to the Non-Executive Directors**

   The proposed Resolution 5, if passed, will authorise the payment of benefits to the Non-Executive Directors up to an amount of RM30,000 from 28 May 2021 until the next AGM of the Company in year 2022 ("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.

2. **Ordinary Resolution 7 - Authority to issue and allot shares pursuant to the Companies Act 2016**

   The proposed Resolution 7 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 Sixteenth Annual General Meeting ("**16th 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 7, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the 17th 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).

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

**EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS (CONT'D)**

3. **Ordinary Resolution 8 – Retention of Mr. Lim Kim Hock as Independent Non-Executive Director**

   Mr. Lim Kim Hock was appointed as an Independent Non-Executive Director of the Company on 22 February 2008 and therefore, has served the Board in that capacity for a cumulative term of more than twelve (12) years.

   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 Mr. Lim Kim Hock be retained as an Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

   - 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.

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2021 ("**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 more than one (1) proxy 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 an authorised officer 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 Seventeenth Annual General Meeting of the Company.

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# PROXY FORM

| CDS Account No. | |
|---|---|
| Number of Shares Held | |

南源塑膠控股有限公司
**BP PLASTICS HOLDING BHD.**
[Registration No. 200401006398 (644902-V)]

BPPLAS

*I/We, (Name in full and block letters)______________________________

NRIC/Passport/Registration 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 Seventeenth Annual General Meeting of the Company to be held at Opal Room, Level M, The Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Thursday, 27 May 2021 at 2:30 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. Lim Kim Hock who retires by rotation pursuant to Clause 122 of the Company’s Constitution. | | |
| 2. | To re-elect Mr. Tan See Khim who retires by rotation pursuant to Clause 122 of the Company’s Constitution. | | |
| 3. | To re-elect Ms. Chuah Sue Yin who retires by rotation pursuant to Clause 122 of the Company’s Constitution. | | |
| 4. | To approve the payment of Directors’ fees of RM252,000 for the financial year ending 31 December 2021. | | |
| 5. | To approve the payment of Directors’ benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 28 May 2021 until the next Annual General Meeting of the Company in 2022. | | |
| 6. | 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. | | |
| 7. | Authority to issue and allot shares pursuant to the Companies Act 2016. | | |
| 8. | Retention of Mr. Lim Kim Hock as an Independent Non-Executive Director. | | |

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 ___________ 2021

______________________________
* Signature of Member / Common Seal

** Strike out whichever not applicable*

AFFIX
STAMP

**BP PLASTICS HOLDING BHD.**
[Registration No. 200401006398 (644902-V)]

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

*Please fold along this line*

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*Please glue and seal along this edge*

*Thank you for being part of our journey.*

**BP PLASTICS HOLDING BHD.**
[Registration No. 200401006398 (644902-V)]

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

Tel: 607 455 7633 Fax: 607 455 7699

www.bpplas.com