ANNEXURE A

BP PLASTICS HOLDING BERHAD
(Company No. 644902-V)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT EMERALD ROOM, LEVEL 2, THE KATERINA HOTEL, 8 JALAN ZABEDAH, 83000 BATU PAHAT, JOHOR DARUL TAKZIM ON WEDNESDAY, 30 MAY 2018

At the Fourteenth Annual General Meeting ("**14th AGM**") of the Company held on 30 May 2018, there were no questions raised on the business and operations of the Group, as well as on the Annual Report containing the Audited Financial Statements for the year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.

The matters discussed at the 14th AGM relate to the letter dated 23 May 2018 received from the Minority Shareholders Watchdog Group ("**MSWG**"). The clarifications from the Company in response to the points and questions raised by MSWG are summarised as follows: -

No.	Key matters raised by MSWG	Summary of the reply from the Company
1.	On page 18 of the Annual Report, the Group's EBITDA margin (EBITDA/Revenue) has declined consecutively for the last three (3) financial years from 12.5% in FYE 2015 to 7.7% in FYE 2017. i. What measures are being taken to deal with the intense competition, pricing pressure in the main export markets and to address the increase in labour cost?	BPPLAS has been progressively investing into new machines and technology, as well as embarking on continuous research and product development, to enhance on its capacity and capability to produce wider range of innovative products to its customers worldwide. Moving forward, the Group will continue to focus on: a) increasing sales of premium grade Machine Rolls Cast Stretch Films (targeting existing main export markets) and promoting the application of 'Right-Gauge' to customers to improve on better load containment and holding force for palletised goods. Demand for this segment is more regular and consistent. b) promoting more sales of the Form-Fill-Seal (FFS) Food Packaging Film with printing, which can help to improve food packaging integrity and production efficiency, to brand owners. This will enhance on the Group's capability to secure higher value added sales revenue to alleviate higher operating and labour cost.

	ii. When is the Group expected to resume its double digit EBITDA margin?	The Group has successfully transformed (albeit with challenges) and evolved from the traditional/conventional thicker stretch films manufacturing, to penetrate into the new market segment of thinner, lighter but more durable PE films, such as the 12 micron INFINITY Cast Stretch Hand Roll films. With the projected higher production output (from capacity expansion) and focus on selling higher value added products, the Group is optimistic that double-digit EBITDA margin can be achieved in the near future.
	iii. Please explain if automating the Group's manufacturing activities will mitigate the increasing labour cost?	The Group's Cast Stretch and Blown PE main (extrusion) manufacturing operations are largely automated and already operating with lean headcount/manpower. However the manufacturing sub-processes such as Cast Rewinding, Blown Cutting and Bag Making are still reliant on certain degree of manpower/labour workforce. The Group will undertake on-going review of the various manufacturing sub-processes to identify areas which can be further enhanced by automation, in order to achieve more optimal labour efficiency.
2.	As stated on page 20 of the Annual Report, the lower PBT and PAT were mainly due to higher resin costs in the first half of FY2017 and the Group was unable to completely pass through the cost increase to its customers. i. What is the percentage of resin costs to the Group's total production costs?	Resin costs represent approximately 70 - 80% of the Group's total production costs.

	ii. What is the Group's cost transfer policy and how long does it usually take to pass on incremental cost to its customers?	The Group operates in highly competitive market environment, both in export as well as local market, with export sales accounting for approximately 75% of our total sales revenue. The Group generally experience 2 to 3 months lagging period in passing on incremental cost to customers, subject to mutual parties agreed pricing quotation mechanism and negotiation in place.
3.	Page 21 of the Annual Report states that the construction of new factory and warehouse building (BP11) is progressing as planned and is expected to be completed by the first half of FY2018. In this regard, what will be the potential growth in the manufacturing capacity upon completion of the new factory?	As also highlighted in the Management Discussion & Analysis (MD&A) on the same page 21 of the Annual Report, the Group will allocate approximately RM16 million CAPEX on plant and machinery this year (FY2018), which is expected to increase the Group's existing name plate manufacturing capacity from current 7,300MT per month to 8,300MTper month at the end of FY2018. Completion of BP11 is to better facilitate the Group's planned further capacity expansion in FY2019 as well as enhancing on warehousing storage capacity in support of the business growth.

All the resolutions tabled at the 14th AGM were duly passed by way of poll, the results of which had been announced to Bursa Malaysia Securities Berhad on 30 May 2018.