



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

BPPLAS

25th

Anniversary
Since 1990

ANNUAL REPORT 2015

STRETCHING
beyond



25th

Anniversary
Since 1990



VISION

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

MISSION

To produce reliable and high quality packaging products for industries.

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

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BPPLAS

CORPORATE DATA

BOARD OF DIRECTORS

Lim Kim Hock (Chairman)

Senior Independent
Non-Executive Director

Lim Chun Yow

Managing Director

Tan See Khim

Executive Director

Hey Shioh Hoe

Executive Director

Tan Ming-Li

Independent Non-Executive Director

Tan Hock Hin

Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)

Tan Ley Theng
(MAICSA 7030358)

SHARE REGISTRAR

**Securities Services (Holdings)
Sdn Bhd (36869-T)**

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 Horwath (AF 1018)
52, Jalan Kota Laksamana 2/15
Taman Kota Laksamana
Seksyen 2, 75200 Melaka
Tel: 06-282 5995
Fax: 06-283 6449

STOCK EXCHANGE LISTING BPPLAS (5100)

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

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

AUDIT COMMITTEE

- **Lim Kim Hock (Chairman)**
Senior Independent
Non-Executive Director
- **Tan Ming-Li (Member)**
Independent Non-Executive
Director
- **Tan Hock Hin (Member)**
Independent Non-Executive
Director

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

- **Tan Hock Hin (Chairman)**
Independent Non-Executive
Director
- **Lim Kim Hock (Member)**
Senior Independent
Non-Executive Director
- **Tan Ming-Li (Member)**
Independent Non-Executive
Director
- **Hey Shioh Hoe (Member)**
Executive Director

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

- **Lim Chun Yow (Chairman)**
Managing Director
- **Tan See Khim (Member)**
Executive Director
- **Hey Shioh Hoe (Member)**
Executive Director
- **Gavin Tan Siau Hui (Member)**
Head of Corporate Planning and
Risk Governance

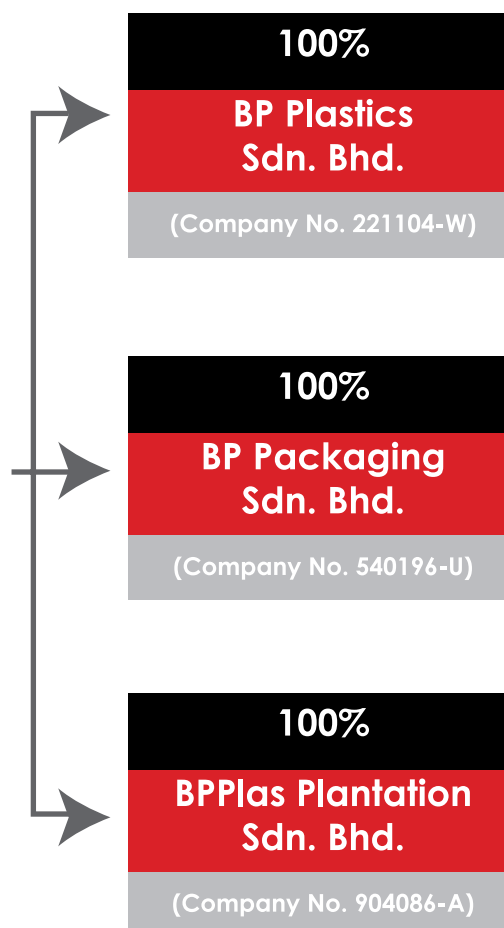
RISK MANAGEMENT COMMITTEE

- **Hey Shioh Hoe (Chairman)**
Executive Director
- **Tan See Khim (Member)**
Executive Director
- **Gavin Tan Siau Hui (Member)**
Head of Corporate Planning and
Risk Governance
- **Lee Kuan Hock (Member)**
Head of Finance & IT
- **Joe Choe Hung Huak (Member)**
Head of Operations
- **Foo See Boon (Member)**
Head of Operations
- **Tan Chai Tyug (Member)**
Head of Human Resource
- **Jason Chiam Tze Aun (Member)**
Accounts Manager
- **Pek Chee Hau (Member)**
Head of Technical
- **Tay Hui Hiang (Member)**
Head of Purchasing

INVESTOR RELATIONS

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

CORPORATE STRUCTURE



CORPORATE PROFILE

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

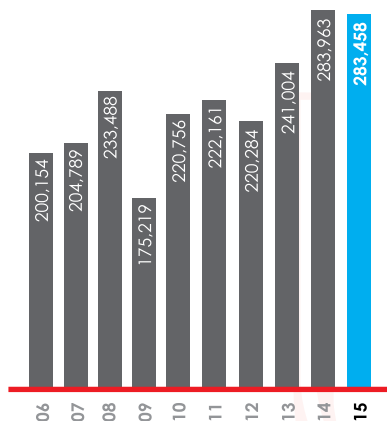
The principal activities of its subsidiaries are as follows:

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

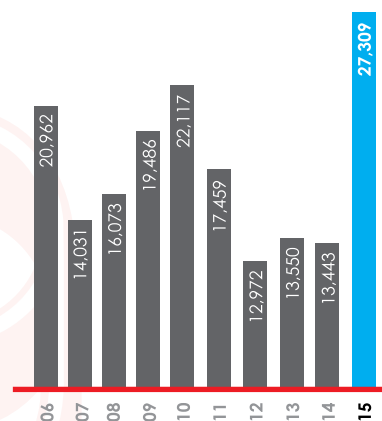
* Temporarily ceased operation

PAST YEARS' FINANCIAL HIGHLIGHTS

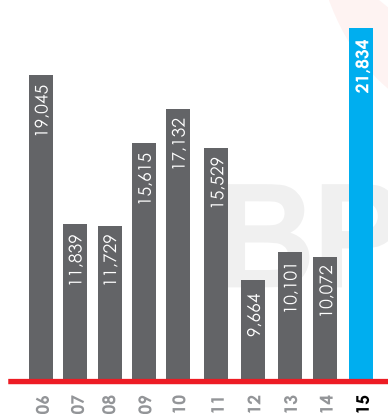
TURNOVER (RM'000)



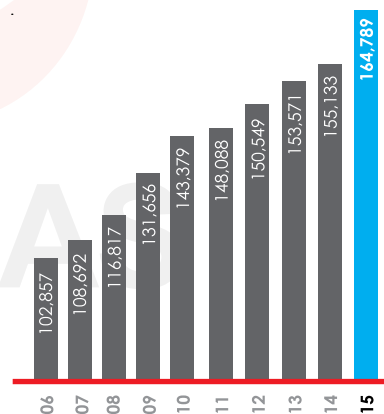
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUND (RM'000)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
TURNOVER	200,154	204,789	233,488	175,219	220,756	222,161	220,284	241,004	283,963	283,458
EBITDA	26,582	19,888	22,544	26,234	29,424	24,476	21,413	21,859	21,676	35,401
PROFIT BEFORE TAX	20,962	14,031	16,073	19,486	22,117	17,459	12,972	13,550	13,443	27,309
PROFIT AFTER TAX	19,045	11,839	11,729	15,615	17,132	15,529	9,664	10,101	10,072	21,834
SHAREHOLDERS' FUNDS	102,857	108,692	116,817	131,656	143,379	148,088	150,549	153,571	155,133	164,789
ROE	20.40%	11.19%	10.40%	12.57%	12.46%	10.66%	6.47%	6.64%	6.53%	13.65%
NON CURRENT ASSET	67,598	72,074	67,217	70,392	67,144	76,104	71,681	67,978	65,149	67,452
ROA	28.17%	16.43%	17.45%	22.18%	25.52%	20.41%	13.48%	14.86%	15.46%	32.37%
EPS *	15.86	9.86	6.51	8.67	9.51	8.62	5.37	5.61	5.55	11.67
Net Div (sen)	5	3	2	3	4	4	4	5	6	8
NTA per share (RM)	0.86	0.91	0.65	0.73	0.80	0.82	0.84	0.85	0.85	0.88

* based on 120.08 Million shares for 2006 to 2007, 180.12 Million shares for 2008 to 2009, 180.11 Million shares for 2010, 180.09 Million shares for 2011 to 2013, 184.049 Million shares for 2014 and 187.16 Million shares for 2015.

BOARD OF DIRECTORS



From Left to Right

Ms. Tan Ming-Li

Mr. Tan Hock Hin

Mr. Hey Shioh Hoe

Mr. Lim Kim Hock

Mr. Lim Chun Yow

Mr. Tan See Khim

BOARD OF DIRECTORS (CONT'D)



LIM KIM HOCK

Age: 50

Nationality: Malaysian

Position in the Company: Chairman and Senior Independent Non-Executive Director

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

Working Experience and Occupation: He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. He joined Price Waterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 2½ years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia. He is currently in public practice as a Chartered Accountant and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He was appointed as the Independent Non-Executive Director of the Company on 22 February 2008. On 29 May 2013, he has been re-designated as the Senior Independent Non-Executive Director and appointed as the Chairman of the Company. He also sits on the Board of several private limited companies.

Other Directorship in Public Companies: None.

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

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



LIM CHUN YOW

Age: 53

Nationality: Malaysian

Position in the Company: Managing Director

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

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

Other Directorship in Public Companies: None

Details of Any Board Committee to which He Belongs: He is the Chairman of ESOS Committee of the Company.

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

BOARD OF DIRECTORS (CONT'D)



TAN SEE KHIM

Age: 52

Nationality: Malaysian

Position in the Company: Executive Director

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

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

Other Directorship in Public Companies: None

Details of Any Board Committee to which He Belongs: He is a member of the ESOS and the Risk Management Committees of the Company.

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



HEY SHIOH HOE

Age: 53

Nationality: Malaysian

Position in the Company: Executive Director

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

Working Experience: He was appointed as an Executive Director of the Company on 3 September 2004. He is a co-founder of BP Plastics Sdn Bhd. He started his career in a plastic manufacturing company upon his graduation in 1986. He has been responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team ever since establishment of BP Plastics Sdn Bhd in 1991. He also sits on the board of several private limited companies.

Other Directorship in Public Companies: None

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

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

BOARD OF DIRECTORS (CONT'D)



TAN MING-LI

Age: 47

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

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

Working Experience and Occupation: She is currently a partner in the legal firm of Messrs. Cheang & Ariff and has been in active legal practice since 1994. She specialises in the area of corporate and securities law where she is principally involved in advising on capital market transactions, mergers and acquisitions, corporate restructuring as well as corporate finance related work. She was appointed as the Independent Non-Executive Director of the Company on 29 May 2013.

Other Directorship in Public Companies: She is an Independent Non-Executive Director of Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) and Tune Insurance Malaysia Berhad. Besides, she is also an Independent Non-Executive Director of Ikhmas Jaya Group Berhad.

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

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



TAN HOCK HIN

Age: 51

Nationality: Malaysian

Position in the Company: Independent Non-Executive Director

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

Working Experience and Occupation: He is currently a Business Development Director, Global Hygiene, SEA of H.B. Fuller Adhesives Malaysia Sdn. Bhd.

Mr. HH Tan has a wide experience in technical and commercial field. He has held various senior positions such as Senior Chemist at Loytape Ind. Sdn. Bhd. in 1988 and successfully led start up teams at new investments in Shanghai, Shenyang and Changchun, China in 1992-1994, QA Manager at CPC/AJI Sdn. Bhd. from 1995-1997, QA Manager at Great Wall Plastics Industries Berhad from 1997 before being promoted as Technical Manager in 2000. In 2004-2007, he was the Chief Representative Officer for Innovia Films Commercial Ltd., leading the South East Asia and Indian Sub-Continent commercial team. Subsequently, he headed a Product Development Department at SCA Hygiene Malaysia Sdn. Bhd. He was appointed as the Independent Non-Executive Director of the Company on 30 September 2014.

Other Directorship in Public Companies: None

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

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

25th ANNIVERSARY ACTIVITIES CORPORATE SOCIAL RESPONSIBILITY

3Rs Awareness Campaign



3Rs Recycle Bin Donation



Blood Donation Campaign



Family Day



25th ANNIVERSARY ACTIVITIES CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

25th Anniversary Dinner



Team Building



Staff Interaction-Bowling



BPPlas's Silver - 25th Anniversary Program - Staff Interaction (Bowling)
Date: 25.04.2015 (Saturday)
Time: 10.00am
Venue: Pacific Bowl - Batu Pahat Mall

Green



Mini Roll



Shrink film



Priority Machine Roll



Stretch film



INFINITY Stretch film



Lamination-based film



BPPLAS



ADDITIONAL INFORMATION

FAMILY RELATIONSHIP WITH THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

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

SHARE BUY-BACK

The Company did not enter into any share buy-back transaction during the financial year ended 31 December 2015.

DEPOSITORY RECEIPT PROGRAMME

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

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors, or Management by any regulatory bodies which were material and made public during the financial year ended 31 December 2015.

NON-AUDIT FEES

The amount of non-audit fees paid to the External Auditors of the Group and its affiliates during the financial year ended 31 December 2015 amounted to RM23,400.

VARIATION IN RESULTS

There was no significant variance between the audited results and the unaudited results for the financial year ended 31 December 2015.

PROFIT FORECAST/PROFIT GUARANTEE

There was no profit forecast/profit guarantee issued by the Company during the financial year ended 31 December 2015.

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 2015.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

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

CONVICTION FOR OFFENCES

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

ADDITIONAL INFORMATION (CONT'D)

CONFLICT OF INTERESTS

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

UTILISATION OF PROCEEDS

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

WARRANTS OR CONVERTIBLE SECURITIES

There were no warrants or convertible securities issued during the financial year ended 31 December 2015.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the financial year ended 31 December 2015, a total of 3,607,250 options were exercised and there were no share options granted pursuant to the ESOS of the Company. Details of the share options exercised during the financial year under review are disclosed in the Directors' Report and Notes to the Audited Financial Statements.

As at 31 December 2015, the details of the options over the ordinary shares of the Company are as follows:

	During the financial year ended 31 December 2015	Since commencement of the ESOS on 10 January 2005
Total number of options or shares granted	nil	14,575,000
Total number of options exercised or shares vested	3,607,250	7,647,750
Total options or shares outstanding	nil	nil
Granted to Managing Director and Executive Directors		
	During the financial year ended 31 December 2015	Since commencement of the ESOS on 10 January 2005
Aggregate number of options or shares granted	nil	4,580,000
Aggregate number of options exercised or shares vested/lapsed	(2,940,000)	(4,580,000)
Aggregate number of options or shares outstanding	nil	nil
Granted to Managing Director and Executive Directors		
Aggregate maximum allocation in percentage	50 %	50 %
Actual percentage granted	0 %	31 %

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

On 2 February 2010, the Board of Directors of the Company extended the duration of the ESOS for a further period of five (5) years to 13 February 2015 and has since expired.



BPPLAS

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

In 2015, BPPLAS celebrated its Silver Jubilee milestone with its employees, customers, suppliers, business partners and stakeholders. A series of celebratory events and activities were also held throughout the year to further strengthen the bonding and team spirit amongst all employees. At the 25th Year Anniversary Dinner celebration held on 13th June 2015, it was a proud moment for all participants to witness the Group's achievements to-date, having transformed from a small cottage industry to one of the largest Polyethylene Film Manufacturers in Malaysia. As the Group continues to pursue product innovation, an innovative new stretch film product, namely "R-Edge" was also launched during the year to provide sustainable cost-competitive thin packaging film concept to our key customers.

On behalf of the Board of Directors of BPPLAS, it is my pleasure to present to you our Annual Report 2015 and Audited Financial Statements for the financial year ended 31st December 2015 ("FY2015").

BUSINESS OVERVIEW

BPPLAS achieved a Revenue of RM283.46 million in FY2015 amidst a challenging and volatile business environment and the Goods and Services Tax ("GST") implementation that impacted unfavourably on the domestic market. The Group in anticipation of the dampening effect of GST on local consumer sentiment and demand, had focused its sales growth in the export markets and capitalised on business opportunities created from the weakening of Ringgit Malaysia against various major currencies throughout 2015. With lower raw material costs, better product mix, higher process efficiencies coupled with the Group's continual efforts to contain operational costs by implementing various measures to improve production efficiency, costs saving and optimisation, the Group achieved the highest Profit After Tax ("PAT") of RM21.83 million in FY2015 since our listing on the Main Board of Bursa Malaysia Securities Berhad in 2005.

FINANCIAL PERFORMANCE

In FY2015, BPPLAS achieved rather similar Revenue of RM283.46 million, as compared to RM283.96 million in FY2014 despite the global economic uncertainty. The Group achieved Profit Before Tax ("PBT") of RM27.31 million, against PBT of RM13.44 million in FY2014 due to lower raw material costs, favourable foreign exchange gained from export sales, better product mix and higher process efficiencies. Overall, the Group achieved a 116.8% increase in PAT of RM21.83 million in FY2015 as compared to RM10.07 million PAT in FY2014.

Earning Per Share was higher at 11.67 sen in FY2015 as compared to 5.55 sen in FY2014.

Return On Equity was also higher at 13.7% in FY2015 as compared to 6.5% in FY2014.

MANAGEMENT REVIEW

Demand from advanced and regional economies remained modest in 2015. In broadening its business opportunities in both local and export markets, the Group has focused its efforts to participate in the world's highest growth market of Asia-Pacific regions whilst maintaining its presence and strength in domestic market despite the adverse impact of GST. This resulted in the Group's success in lifting its export sales to 79% in FY2015 as compared to 78% in FY2014. Majority of our products are exported to Asian regions, with Japan remaining as our top exporting country. Our ratio of cast stretch film and blown packaging film products remained relatively stable at 75% and 25% respectively in FY2015.

The availability of automation capital allowance of 200% on the first RM4 million capital expenditure as announced in Malaysia Budget 2015, and the Group's application to Standards and Industrial Research Institute of Malaysia ("SIRIM") and Malaysian Investment Development Authority ("MIDA") has since been approved, which allowed the Group to enjoy tax savings of RM1 million for the FY2015. However, exact claim mechanism/guidelines has yet to be gazetted by the Ministry of Finance ("MOF") at this juncture. The Group has claimed a 100% on the first RM4 million as automation capital allowance in addition to the capital allowance claimed based on prescribed rates.

With the implementation of our sales growth strategies coupled with the various initiatives taken to boost production efficiency and improve costs saving and optimisation, the Group was able to deliver an impressive highest PAT of RM21.83 million in FY2015.

CHAIRMAN'S STATEMENT (CONT'D)

INDUSTRY OUTLOOK AND PROSPECT

In its updated World Economic Outlook report published on 12th April 2016, the International Monetary Fund ("IMF") has revised downward the global GDP growth rate for 2016 from its previous forecast of 3.4% in January 2016 to 3.2% in view of prolonged period of slow growth which could leave the global economy more vulnerable to shocks such as currency depreciations or worsening geopolitical conflicts, as well as lower investment and consumer spending. On the other hand, IMF has uplifted the economic growth of China by 0.2% to 6.5% in 2016 due to improved resilient domestic demand and growth in service sectors which would help to cushion its slow manufacturing export growth.

The heightened volatility in the financial markets in the early weeks of 2016 and the continued fall in crude oil prices have prompted the Malaysian Government to revise its GDP growth rate for 2016 to a range of 4% to 4.5% from the earlier forecast range of 4% to 5%. In essence, the recalibration and restructuring of Malaysia Budget 2016 based on lower crude oil price of USD30 to USD35 per barrel are necessary to ensure the economy remains on a realistic growth trajectory, and to protect and safeguard the welfare and well-being of Malaysians. All in, there were 11 restructured and recalibrated measures announced in the revised Budget 2016 to ensure that the economy and financial position remain on the right growth trajectory.

Bank Negara Malaysia ("BNM") has also expressed its views and concerns on the economy in its 2015 Annual Report published in March 2016, stating that the Malaysian economy registered a growth of 5% for 2015 and the economy is expected to grow at a slower pace in 2016 of 4% to 4.5%. BNM foresees that global economy is projected to expand further in 2016 albeit at a modest pace. The growth in advanced economies is expected to be gradual and uneven while in Asia, growth is expected to improve with its continued expansion in its domestic demand and modest recovery in external demand.

The introduction of the revised minimum wage policy of RM900 to RM1,000 per month starting from 1st July 2016, the increase in foreign workers' levy fee for manufacturers from RM1,250 to RM1,850 and a reduction of the electricity tariff rebate would definitely increase the cost burdens to the manufacturers. The Group is planning to invest in new advanced machineries and seeks to further improve its process efficiencies on automation to increase overall productivity as well as to reduce dependency on manpower to remain cost competitive, in the face of rapid changing business environment.

The Group is also aware that the recent participation by Malaysia in the Trans-Pacific Partnership ("TPP") will provide more business opportunities by increasing potential new market access to other TPP members, such as Canada, Chile, Peru and Mexico. On the same note, the Group will be cautious on the transparent international standards and safeguards, potential labour strikes, legal and legislation enforcement issues that may arise from such participation.

The Group has successfully installed and commissioned a brand new 3-metre Cast Stretch Film machine with new capability to produce innovative and better quality products in FY2015. This has allowed the Group to further enhance its supplies and market position since the machine became fully operational in last quarter of 2015. The Group will be investing in another new 3-metre Cast Stretch Film machine with RM14 million investment and expects this machine to be operational in 4th Quarter 2016. The additional capacity expansion will increase our total name plate production capacity from 78,000 metric tons per annum currently to 88,000 metric tons per annum, allowing the Group to achieve greater efficiency to serve the increasing packaging demand from existing customers in the fast growing Asia-Pacific regions and also new potential customers arising from the concluded Malaysia Free Trade agreement markets. The Group will use its healthy cash position for this capacity expansion project.

The Group is optimistic that the continued capacity building, cost optimisation, process efficiency and continuous pursuit on innovation to introduce new products such as "R-Edge" – which is an innovative cost competitive sustainable thin gauge stretch film, would help the Group to strengthen its product mixes, improve existing market coverage and achieve higher sales in the years ahead.

DIVIDENDS

- 1) A Special Dividend of 4% (2 sen single tier dividend) in respect of financial year ended 31st December 2015 was declared and fully paid on 2nd July 2015 in conjunction with the Group's 25th Year Anniversary celebration;
- 2) 1st Interim Dividend of 6% (3 sen single tier dividend) in respect of financial year ended 31st December 2015 was declared and fully paid on 30th September 2015; and
- 3) 2nd Interim Dividend of 6% (3 sen single tier dividend) in respect of financial year ended 31st December 2015 was declared and fully paid on 17th March 2016.



BPPLAS

CHAIRMAN'S STATEMENT (CONT'D)

DIVIDENDS (cont'd)

The total sum of dividends declared and paid out for the financial year ended 31st December 2015 amounted to RM15,012,240 representing 68.8% of PAT in FY2015. The Group's Dividend Policy is to distribute at least 40% of the PAT to reward our shareholders annually.

CORPORATE RESPONSIBILITY

For the FY2015, the Group has undertaken the following corporate social initiatives:

- 1) Continue to provide industrial training programmes for the local universities to help their students to gain experience whilst applying their theoretical knowledge to actual working environment;
- 2) Blood Donation – this is our 6th yearly event. We have worked with our National Blood Bank to collect blood from donors from all walks of life on 9th August 2015 at a shopping mall in Batu Pahat town;
- 3) Promotion on recycling awareness – in an effort to educate the public at large for a better living environment and in particular for the younger generation. The Company had provided 23 sets of 3Rs recycle bin to 16 primary schools located throughout Batu Pahat district to encourage proper waste segregation at source and recycling; and
- 4) In conjunction with our 25th Year Anniversary, a total of RM80,000 was donated to 3 different schools and the State of Johor Chinese School Managers and Teachers for their training fund purpose, RM10,000 was donated to the Rotary Club of Batu Pahat and another RM10,000 donated to Che Eng Khor to assist the needy by uplifting the Society in defraying medical cost.

CORPORATE GOVERNANCE

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

The Group's Code of Conduct and Board Charter which were adopted in 2013, have been revised and approved by the Board on 13th November 2015. In addition, the Group has put in place its Corporate Disclosure Policy on 13th November 2015 that is applicable to all its Directors and employees to provide guidance and policies in disseminating corporate information, including material information to and in dealing with shareholders, stakeholders, analysts, media, regulators and the investing public.

The Group's Code of Conduct, Board Charter and Corporate Disclosure Policy, which are subject to review from time to time, are available for public viewing in the Company's website at www.bpplas.com.

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

ACKNOWLEDGEMENT

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

I would also like to express my gratitude to our shareholders for their confidence in our ability to further improve shareholders' value.

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

Thank you.

Lim Kim Hock
Chairman

15th April 2016

CORPORATE GOVERNANCE STATEMENT

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

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

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

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board

A list of matters reserved for the Board regarding its roles and the board procedures and processes, is clearly stated in the Board Charter and a copy of the Board Charter, which is subject to review from time to time has been uploaded to the Company’s website at www.bpplas.com.

The Group has in place a Group Code of Conduct that is applicable to all its Directors and employees to ensure a high standard of ethical and professional conduct is upheld by all the Directors and employees in the performance of their duties and responsibilities. The Group Code of Conduct is subject to review from time to time and a copy of it has been uploaded to the Company’s website at www.bpplas.com.

Mr. Lim Chun Yow, the Managing Director of the Company, leads the Management and is assisted by two (2) Executive Directors. He has successfully led the Group over the past twenty-six (26) years to transform the Group into one of the leading plastic packaging specialists in Malaysia.

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

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

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

Amongst the other committees set up in the Company to manage specific areas of the Group’s operations are the Risk Management Committee and the Executive and Management Committees.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Roles and Responsibilities of the Board (cont'd)

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

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

Board Charter

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

The Board Charter which was adopted in 2013, has subsequently been revised and approved by the Board on 13 November 2015. The Board will perform periodic review on the Board Charter to ensure accuracy on information and compliance with the Code.

Ethical Standards, Code of Conduct and Whistle-Blowing Policy

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.

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. Followings are the main principles incorporated therein:

- Show respect in the workplace;
- Act with integrity in the marketplace;
- Ensure ethics in our business relationships; and
- Ensure effective communication, which also covers the areas on corporate disclosure and whistle blowing.

The Group's Code of Conduct which was adopted in 2013, has subsequently been revised and approved by the Board on 13 November 2015.

Supply of Information and Access to Advice

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Supply of Information and Access to Advice (cont'd)

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

Senior management may be invited to attend any Board meetings to provide views and explanations on certain matters being tabled to the Board and to furnish clarification on issues that may be raised by the Directors. The Directors have direct access to senior management, and have complete and unimpeded access of information relating to the Group in discharging their duties. The Directors also have the liberty to seek independent professional advice if necessary at the Company's expense. Every Board member has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are also regularly updated by the Company Secretary on relevant new statutory and regulatory requirements issued by the relevant authorities.

Qualified and Competent Company Secretaries

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

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

PRINCIPLE 2: STRENGTHEN COMPOSITION

Board Composition and Board Balance

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

Mr. Lim Chun Yow, who is the Managing Director, and the two (2) Executive Directors, namely Mr. Tan See Khim and Mr. Hey Shioh Hoe, are founders of the Company and each of them have twenty-six (26) years of expertise and experience in the plastic packaging business, specialising in bags, film and sheet section. The three (3) founders' extensive experience and in-depth knowledge of the plastic packaging industry have enhanced the competitiveness of the Company. The other three (3) Independent Non-Executive Directors are professionals in their own right with wide-ranging experiences, skills and expertise in audit, accounting, taxation, corporate finance and law, and plastic industry. The three (3) Independent Non-Executive Directors are not engaged in the daily operations and management of the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations and enable them to carry out their roles and responsibilities effectively. The Independent Non-Executive Directors, through their vast and wide corporate experiences, and qualifications provide effective contributions and support to the Board. The members of the Board are persons of high calibre and integrity with the necessary qualifications, experience and qualities that enable them to discharge their duties effectively.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

The Nomination Committee

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

The Nomination Committee was formed on 4 May 2005. The Nomination Committee will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. The Nomination Committee would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the effectiveness of the Board as a whole and the contribution of each individual Director on an on-going basis. The Nomination Committee will review annually the required mix of skills, experience and other qualities including core competencies that the Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group.

The terms of reference and summary of activities of the Nomination Committee during the financial year ended 31 December 2015 are set out on pages 33 to 37 of this Annual Report.

Re-election of Directors

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

The Remuneration Committee

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

Chairman

Tan Hock Hin Independent Non-Executive Director

Members

Lim Kim Hock Senior Independent Non-Executive Director

Tan Ming-Li Independent Non-Executive Director

Hey Shiow Hoe Executive Director

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2015. The details of the attendance of each Remuneration Committee member are as follows:-

Remuneration Committee Member	Attendance
Tan Hock Hin	1/1
Lim Kim Hock	1/1
Tan Ming-Li	1/1
Hey Shiow Hoe	1/1

The Remuneration Committee has set up a remuneration policy framework and makes recommendations to the Board on the remuneration and other terms of employment for the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

The Remuneration Committee (cont'd)

The component parts of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the levels of remuneration are reflected by the experience, level of responsibilities and the remuneration package for similar positions in the market and time commitment required from these Directors. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration.

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

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned will abstain from discussion and decision on his own remuneration. The remuneration of Non-Executive Directors comprises fees and meeting allowances while the remuneration package of Executive Directors comprises basic salary, fees and bonus.

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December 2015 is as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Fees	187	192	379
Salary, Bonus and Other Emoluments	1,966	-	1,966
Allowances	-	8	8
Employees Provident Fund	362	-	362
Total Remuneration	2,515	200	2,715

Number of Directors whose remuneration falls within the following bands:

	Number of Directors		Total
	Executive Directors	Non-Executive Directors	
RM50,001 to RM100,000	-	3	3
RM700,001 to RM750,000	1	-	1
RM800,001 to RM850,000	1	-	1
RM900,001 to RM950,000	1	-	1
	3	3	6

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 3: REINFORCE INDEPENDENCE

Annual Assessment of Independence

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

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

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

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

Tenure of Independent Directors

The Board is aware that one of the recommendations of the Code imposes that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years to prevent impairment of independence. Save for Mr. Lim Kim Hock, the Senior Independent Non-Executive Director of the Company who would have served on the Board in an independent capacity for nine (9) years on 22 February 2017, none other Independent Directors has served in a similar tenure on the Board.

Mr. Lim Kim Hock, the Senior Independent Non-Executive Director of the Company shall reach the cumulative term of nine (9) years on 22 February 2017. The Nomination Committee 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 Board Committees. Mr. Lim Kim Hock also has the requisite financial qualification as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has a thorough understanding of the business of the Group and the financial, accounting and commercial implications arising from its business and operations. The length of his services on the Board does not in any way interfere with his exercise of independent judgment and ability to act in the best interests of the Company.

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

Shareholders' Approval for the Retention of Independent Non-Executive Director

The Board is satisfied with the skills, contribution and independent judgment that Mr. Lim Kim Hock brings to the Board. In view thereof, the Board recommends and supports his retention as the Senior Independent Non-Executive Director of the Company which will be tabled for shareholders' approval at the forthcoming Twelfth Annual General Meeting of the Company.

Separation of Positions of Chairman and Managing Director

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 4: FOSTER COMMITMENT

Attendance of Board Meetings

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

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

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

During the financial year under review, five (5) Board meetings were held. Details of the Directors' attendance at these Board meetings are as follows:

Name of Directors	Attendance
Lim Chun Yow	5/5
Tan See Khim	5/5
Hey Shiow Hoe	5/5
Lim Kim Hock	5/5
Tan Ming-Li	5/5
Tan Hock Hin	5/5

The Directors remain fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2015.

Directors' Development and Training

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

All Directors have completed the Mandatory Accreditation Programme pursuant to the requirements of Bursa Securities. The Board acknowledges that the Directors of the Company with varied experiences and qualifications provide effective contribution and support to the functions of the Board. The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations, and to keep abreast with current developments in the market place. Nevertheless, the Board will also review the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities instead of the Nomination Committee.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

Directors' Development and Training (cont'd)

The following are the conferences, training programmes and seminars attended by the Directors of the Company in 2015:

- Understanding of Goods and Services Tax for Manufacturing Sector;
- ChemOrbis 6th Asia Petrochemical Conference;
- MTCDP CEO Leadership Roundtable Workshop;
- Advocacy Session on Management Discussion & Analysis for CEO;
- MPMA - Malaysian Standards Value Creation for the Plastics Industry Seminar;
- Conference on Future of Innovation for the Plastics Industry;
- MPMA Sustainability Conference 2015;
- CG Breakfast Series with Directors - Board Reward & Recognition;
- Sustainability Symposium - Responsible Business, Responsible Investing;
- Risk Management & Internal Control Workshop - Audit Committee;
- Invitation to NC Program Part 2: Effective Board Evaluations;
- National Tax Conference 2015; and
- National Tax Budget 2015.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Audit Committee

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

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

The summary of the terms of reference of the Audit Committee is set out under the Audit Committee Report. The Audit Committee met five (5) times during the financial year and its Report is presented on pages 28 to 32 of this Annual Report.

Relationships with the Auditors

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

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. A full Audit Committee Report and its summarised terms of reference detailing its role in relation to the auditors, are set out in pages 28 to 32 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

Relationships with the Auditors (cont'd)

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

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

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

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

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

The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of risk management and internal controls, and the Board's Statement on Risk Management and Internal Control is set out on pages 38 to 41 of this Annual Report.

The Risk Management Committee

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

No.	Members	Designation	Responsibility
1.	Hey Shioh Hoe	Executive Director	Chairman
2.	Tan See Khim	Executive Director	Member
3.	Gavin Tan Siau Hui	Head of Corporate Planning and Risk Governance	Member
4.	Lee Kuan Hock	Head of Finance and IT	Member
5.	Joe Choe Hung Huak	Head of Operations	Member
6.	Foo See Boon	Head of Operations	Member
7.	Tan Chai Tyug	Head of Human Resource	Member
8.	Jason Chiam Tze Aun	Accounts Manager	Member
9.	Pek Chee Hau	Head of Technical	Member
10.	Tay Hui Hiang	Head of Purchasing	Member

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Financial Reporting

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

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

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

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and the Group pursuant to paragraph 15.26(a) of the Main Market Listing Requirements is set out on page 42 of this Annual Report.

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

Corporate Disclosure Policies

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

The Group has in place a Group Corporate Disclosure Policy on 13 November 2015 that is applicable to all its Directors and employees to provide guidance and policies in disseminating corporate information, including material information to and in dealing with shareholders, stakeholders, analysts, media, regulators and the investing public. A copy of the Group Corporate Disclosure Policy, which is subject to review from time to time has been uploaded to the Company's website at www.bpplas.com.

Leverage on Information Technology for Effective Dissemination of Information

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Relationship with Shareholders and Investors

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

1. Dialogue between the Company and Investors

The Group values its dialogues with investors. The Annual Report of the Company is a key channel of communication with shareholders and investors. The shareholders and investors of the Company are kept informed of the Group's performance, and major developments of the Group through its Annual Report and announcements made. Apart from this, financial results and other corporate information as contained in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have better understanding of the Group's business activities and performance.

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

2. Encourage Shareholders' Participation at General Meetings

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

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

3. AGM

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

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

4. Extraordinary General Meeting

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

Relationship with Shareholders and Investors (cont'd)

5. Investor Relations

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

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

COMPLIANCE STATEMENT

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

AUDIT COMMITTEE REPORT

1. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of the following members:-

CHAIRMAN

Lim Kim Hock Senior Independent Non-Executive Director

MEMBERS

Tan Ming-Li Independent Non-Executive Director

Tan Hock Hin Independent Non-Executive Director

2. SUMMARY OF THE TERMS OF REFERENCE

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

Authority

The Audit Committee is empowered and authorised by the Board of Directors (“Board”), at the Company’s expense to:-

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

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

Duties and Responsibilities

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

- (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (b) To put in place the policy and procedures to assess the suitability and independence of external auditor;
- (c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, which includes the non-audit services whether recurring and non-recurring to ensure that they are not likely to create conflicts of interest, so as to maintain objectivity and independence of external auditor, and ensure co-ordination where more than one audit firm is involved;
- (d) To review with the external auditor, his evaluation of the system of internal controls and his audit report;
- (e) To review the quarterly and year-end financial statements of the Company and the Group, focusing particularly on:-
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with applicable accounting standards and other relevant legal requirements.

AUDIT COMMITTEE REPORT (CONT'D)

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

Duties and Responsibilities (cont'd)

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

Responsibility

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

Membership

1. The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.
2. The Chairman of the Audit Committee shall be an independent director appointed by the Board.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.
3. No alternate directors of the Board shall be appointed as a member of the Audit Committee.

AUDIT COMMITTEE REPORT (CONT'D)

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

Membership (cont'd)

4. All members of the Audit Committee shall be financially literate and at least one (1) member must be:-
 - (a) a member of the Malaysian Institute of Accountants ("MIA"); or
 - (b) if he is not a member of the MIA, he must have at least three (3) years of working experience; and
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) fulfills such other requirements as prescribed or approved by Bursa Securities.
5. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.
6. If a member of the Audit Committee resigns or for any other reason ceases to be a member resulting in the number of members being reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

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

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2015. The Managing Director and other Executive Directors, Head of Finance & IT, departmental heads and representatives of the external and internal auditors attended the Audit Committee meetings. The Minutes of the Audit Committee meetings were circulated to all members of the Board and significant issues were discussed at the Board meetings.

AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR (CONT'D)

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

Audit Committee Member	Attendance
Mr. Lim Kim Hock	5/5
Ms. Tan Ming-Li	5/5
Mr. Tan Hock Hin	5/5

During the financial year ended 31 December 2015, the main activities undertaken by the Audit Committee are summarised as follows:-

Financial Reporting

- reviewed the quarterly unaudited financial statements of the Group and the Company prior to making the recommendations to the Board for approval; and
- reviewed the annual audited financial statements of the Group and the Company and made recommendations to the Board for approval.

Internal Audit

- reviewed the internal audit reports prepared by the outsourced internal auditors and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported; and
- reviewed the follow-up internal audit reports prepared by the outsourced internal auditors and ascertained if the responsible operating units rectified the findings noted in the audit reports.

External Audit

- reviewed the Audit Planning Memorandum prepared by the external auditors to ensure adequate scope and comprehensive coverage over the activities of the Group;
- reviewed with the external auditors, the results of the annual audit, their Management Letter together with Management's responses to the findings of the external auditors;
- met with the external auditors without the presence of executive Board members, Management and employees to discuss issues of concern to the external auditors arising from the annual statutory audit; and
- evaluated the performance of the external auditors, including their independence and objectivity, and made recommendations to the Board on their appointment and audit fees.

Related Party Transactions

- reviewed inter-company transactions and/or related party transactions or conflict of interest situations that arose within the Group or the Company.

Risk Management

- reviewed the risk management report from Risk Management Committee, including the recommendations made and Management's responses to these recommendations.

AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES DURING THE YEAR (CONT'D)

Other Matters

- proposed revision to the existing Terms of Reference of the Audit Committee and recommended the same for consideration and approval by the Board;
- reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company; and
- tabled the Minutes of each Audit Committee meeting to the Board for notation and for further direction by the Board, where necessary.

4. INTERNAL AUDIT FUNCTION

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

The Company engaged an external consultant to carry out the internal audit function of the Group for the financial year ended 31 December 2015. The primary function of the internal audit is to independently carry out a review of the existing systems, controls and procedures, and thereafter provide such recommendations that would further enhance the existing internal control. Based on the audits, the outsourced internal auditors provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group, and the extent of compliance by the units with the Group's established policies and procedures.

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

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

The total costs incurred for the outsourced internal audit function of the Group for 2015 amounted to RM40,891.

5. STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

The Audit Committee hereby confirms that during the financial year ended 31 December 2015, there were no share options granted pursuant to the ESOS of the Company.

NOMINATION COMMITTEE REPORT

1. COMPOSITION OF THE NOMINATION COMMITTEE

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

CHAIRPERSON

Tan Ming-Li Independent Non-Executive Director

MEMBERS

Lim Kim Hock Senior Independent Non-Executive Director
Tan Hock Hin Independent Non-Executive Director

2. SUMMARY OF THE TERMS OF REFERENCE

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

Authority

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

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

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

Duties and Responsibilities

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

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

NOMINATION COMMITTEE REPORT (CONT'D)

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

Duties and Responsibilities (cont'd)

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

Membership

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

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

Meetings

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

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

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

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

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



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NOMINATION COMMITTEE REPORT (CONT'D)

3. SUMMARY OF NOMINATION COMMITTEE ACTIVITIES DURING THE YEAR

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2015. The Managing Director and other Executive Directors, Head of Finance & IT, and departmental heads attended the Nomination Committee meeting. The Minutes of the Nomination Committee meeting was circulated to all members of the Board and significant issues were discussed at the Board meeting.

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

Nomination Committee Member	Attendance
Ms. Tan Ming-Li	1/1
Mr. Lim Kim Hock	1/1
Mr. Tan Hock Hin	1/1

The main activities of the Nomination Committee during the financial year ended 31 December 2015 are as follows:-

- Recommended the re-elections of Mr. Tan See Khim and Mr. Lim Kim Hock who retired pursuant to Article 92 of the Company's Articles of Association at the Company's Eleventh Annual General Meeting held on 22 May 2015;
- Recommended the re-election of Mr. Tan Hock Hin who retired pursuant to Article 98 of the Company's Articles of Association at the Company's Eleventh Annual General Meeting held on 22 May 2015;
- Reviewed the composition of the Board;
- Evaluated the performance of the Board and Board Committees; and
- Assessed the independence status of the Independent Non-Executive Directors.

4. BOARD'S EFFECTIVENESS ASSESSMENT

The Nomination Committee conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2015 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Board for review and deliberation.

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

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

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

NOMINATION COMMITTEE REPORT (CONT'D)

5. INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

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

As disclosed in the Statement on Corporate Governance, the Nomination Committee and the Board have assessed the independence of Mr. Lim Kim Hock, the Senior Independent Non-Executive Director of the Company. Notwithstanding that Mr. Lim Kim Hock would on 22 February 2017, have served on the Board for a cumulative term of nine (9) years, the Board proposes to remain his status as Independent Director.

The Board holds the view that a Director’s independence cannot be determined arbitrarily with reference to a set period of time. There are significant advantages to be gained from long-serving Independent Director who has many years of experience with incumbent knowledge of the Company and the Group’s activities and corporate history and has provided invaluable contributions to the Board in his role as Independent Non-Executive Director.

6. GENDER, ETHNICITY AND AGE GROUP DIVERSITY

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

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

As for the target set out under the Securities Commission Corporate Governance Blueprint 2011 for women participation on Board to reach 30% by year 2016, the Board, having deliberated on the same, decided not to set specific targets but the Board and Nomination Committee will endeavour to work towards achieving the said target and shall ensure sufficient number of women candidates be included in the pool of candidates evaluated for new appointments to the Board. Presently, there is one (1) existing female Director on the Board of the Company.

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

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

NOMINATION COMMITTEE REPORT (CONT'D)

6. GENDER, ETHNICITY AND AGE GROUP DIVERSITY (CONT'D)

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

A) Gender

Category	Total		Male Employees		Female Employees	
	Headcount	%	Headcount	%	Headcount	%
All staff	153	100	110	72	43	28
Management staff (Manager & above)	19	100	13	68	6	32
Directors on Board	6	100	5	83	1	17
Grand Total	178	100	128	72	50	28

B) Ethnicity

Category	Total		Malay		Chinese		Indian		Others	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff	153	100	118	77	33	22	2	1	0	0
Management staff (Manager & above)	19	100	1	5	18	95	0	0	0	0
Directors on Board	6	100	0	0	6	100	0	0	0	0
Grand Total	178	100	119	67	57	32	2	1	0	0

C) Age

Category	Total		< 30		30 – 40		40 – 50		> 50	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All staff	153	100	52	34	56	37	31	20	14	9
Management staff (Manager & above)	19	100	1	5	11	58	6	32	1	5
Directors on Board	6	100	0	0	0	0	2	33	4	67
Grand Total	178	100	53	30	67	38	39	22	19	10

(data compiled as at 31 December 2015)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (the “Code”) stipulates that the Board of Directors of listed companies is to maintain a sound risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets.

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

BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of BP Plastics Holding Berhad 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 and managing the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

THE GROUP’S SYSTEM OF 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 analyses through its fully computerised information system.

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

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

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

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 independent professional service provider to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations by considering:-

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

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

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 & marketing, human resource management, information technology, production, quality control & H.S.E management and financial management, focusing on the key risks associated with the operating processes therein.

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

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

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

Risk Management Framework

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

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritised, owners identified with proper response time set and allowed for continuous improvement. To carry out an effective risk management framework, the Board has established a Risk Management Committee, which is chaired by an Executive Director. The Risk Management Committee will meet with the Audit Committee twice a year to report on the processes, findings and actions taken by Management. The Risk Management Committee will identify new risks by taking into consideration the Group's business objectives, strategies and targets, and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the system of risk management and internal controls. The Risk Management Committee then reports to the Board on any significant changes in the business and the external environment.

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

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

Risk Management Framework (cont'd)

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

Other Internal Control Processes

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

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure. Besides the predominantly Non-Executive Board Committees, all of which have written terms of references, such as the Audit, the Remuneration and the Nomination Committees, and the Executive and Management Committees will support the Board. These Committees convene regular meetings to assess performance and controls in all facets of operations;
- The Terms of Reference of the Audit Committee, Board Charter and Group's Code of Conduct have been revised and approved by the Board on 13 November 2015;
- The Group's Code of Conduct sets out the standards of good and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices;
- The Group's Corporate Disclosure Policy sets out the policies and good practices in the dissemination of corporate information, including the disclosure of material information to, and in dealing with shareholders, stakeholders, analysts, media, regulators and the investing public;
- Major investments, acquisitions and disposals are appraised prior to approval by the Board;
- Training and development programmes are conducted to enhance staff competencies;
- The public release of quarterly reports is made on time after the review by the Audit Committee and the approval of the Board;
- The ISO 9001:2008 Quality Management System is in place to monitor and ensure the quality of the Group's products and services meet customers' expectations;
- The ISO 14001:2004 Environmental Management System for monitoring of environmental aspect and impact;
- The OHSAS 18001:2007 Occupational Health and Safety Management System for monitoring of safety and health;
- 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 being followed up and actions taken by Management, where necessary; and
- Monitoring mechanism in the form of scheduled Executive Committee and Management Committee meetings on reviewing the Group's operations, sales achievement, financial performance, IT, human resource and procurement matters.

THE BOARD'S COMMITMENT

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

The Board has received assurance from the MD and the Head of Finance & IT 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.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities' Listing Requirements and pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants ("MIA"), 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 2015.

RPG 5 (Revised 2015) 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 DIRECTOR'S RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

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

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

The Directors are also responsible for keeping proper accounting records which disclose the financial position of the Group with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Companies Act, 1965 and which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They are also responsible for taking the necessary steps to ensure appropriate systems are in place for the assets of the Group to be properly safeguarded for the prevention of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

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



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	21,833,868	9,242,952

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2014 were as follows:

	RM
In respect of financial year ended 31 December 2014	
– Second interim single tier dividend of 6% (3 sen per share), on 187,653,000 ordinary shares paid on 25 March 2015	5,629,590
In respect of financial year ended 31 December 2015	
– Special interim single tier dividend of 4% (2 sen per share), on 187,653,000 ordinary shares paid on 2 July 2015	3,753,060
– First interim single tier dividend of 6% (3 sen per share), on 187,653,000 ordinary shares paid on 30 September 2015	5,629,590
	<u>15,012,240</u>

A second interim single tier dividend in respect of the financial year ended 31 December 2015 of 6% (3 sen per share), on 187,653,000 ordinary shares amounting to RM5,629,590 was declared for members that hold shares as at 3 March 2016 and was paid on 17 March 2016. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2016.

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the authorised share capital of the Company;

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES (cont'd)

- (b) the Company increased its issued and paid-up share capital from RM92,040,375 to RM93,844,000 by the allotment of 3,607,250 new ordinary shares of RM0.50 each pursuant to the Company's employee share option scheme at an average exercise price of RM0.79 per share. The new ordinary shares were issued for cash consideration; and
- (c) there were no issues of debentures by the Company.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing shares of 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 the directors of the Company in office since the date of the last report and at the date of this report are:

Lim Chun Yow
Tan See Khim
Hey Shiow Hoe
Lim Kim Hock
Tan Ming-Li
Tan Hock Hin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	1.1.2015	Acquired	Sold	31.12.2015
Direct interest				
Lim Chun Yow	17,480,003	980,000	(1,700,000)	16,760,003
Tan See Khim	17,479,999	980,000	(1,700,000)	16,759,999
Hey Shiow Hoe	16,479,998	980,000	(3,150,000)	14,309,998
Tan Hock Hin	15,000	-	-	15,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares of RM0.50 each			
	1.1.2015	Acquired	Sold	31.12.2015
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

	Number of options over ordinary shares of RM0.50 each			
	1.1.2015	Granted	Exercised	31.12.2015
Lim Chun Yow	980,000	-	(980,000)	-
Tan See Khim	980,000	-	(980,000)	-
Hey Shiow Hoe	980,000	-	(980,000)	-

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

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

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

TREASURY SHARES

As at 31 December 2015, 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 24 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME

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

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

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

Date of offer	Exercise price	Number of options over ordinary shares of RM0.50 each			
		1.1.2015	Exercised	Lapsed	31.12.2015
15.02.2010	RM 0.80	5,206,000	(3,337,250)	(1,868,750)	-
06.04.2010	RM 0.62	407,000	(238,000)	(169,000)	-
11.09.2013	RM 0.53	41,000	(32,000)	(9,000)	-
		5,654,000	(3,607,250)	(2,046,750)	-

The options which lapsed during the financial year were due to expiry of ESOS.

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

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

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

CURRENT ASSETS

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2016.

Lim Chun Yow

Tan See Khim

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Lim Chun Yow** and **Tan See Khim**, being two of the directors of BP Plastics Holding Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 52 to 93 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The information set out in Note 37 to the financial statements have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 April 2016.

Lim Chun Yow

Tan See Khim

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **Lim Chun Yow**, being the director primarily responsible for the financial management of BP Plastics Holding Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 93, are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Lim Chun Yow
on 15 April 2016
at Batu Pahat in the State of Johor

Lim Chun Yow

Before me,

Rahini a/p Nagappan (J272)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of BP Plastics Holding Bhd.

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 93.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Piong Yew Peng
Approval No: 3070/06/17 (J)
Chartered Accountant

15 April 2016

Melaka

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	283,458,105	283,962,634	8,900,000	10,650,000
Cost of sales		(245,225,045)	(257,572,775)	-	-
Gross profit		38,233,060	26,389,859	8,900,000	10,650,000
Other items of income					
Other income	5	5,746,742	1,747,277	909,734	731,516
Other items of expense					
Administrative and general expenses		(9,701,268)	(7,841,801)	(566,782)	(488,140)
Selling expenses		(6,961,709)	(6,841,100)	-	-
Finance costs		(7,488)	(10,830)	-	-
Profit before tax	6	27,309,337	13,443,405	9,242,952	10,893,376
Income tax expense	9	(5,475,469)	(3,371,884)	-	-
Profit net of tax, representing total comprehensive income for the year		21,833,868	10,071,521	9,242,952	10,893,376
Earnings per share attributable to owners of the parent (sen per share):					
Basic	10	11.67	5.55		

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM Restated	2015 RM	2014 RM Restated
Assets					
Non-current assets					
Property, plant and equipment	12	67,452,114	65,149,435	-	-
Investment in subsidiaries	13	-	-	57,040,595	57,040,595
		67,452,114	65,149,435	57,040,595	57,040,595
Current assets					
Inventories	14	40,109,880	44,870,939	-	-
Trade and other receivables	15	41,871,513	39,364,867	-	-
Other current asset		2,000	2,000	2,000	2,000
Amount owing by a subsidiary	16	-	-	-	17,929,415
Investment securities	17	50,111,874	26,818,839	42,399,116	26,718,039
Cash and bank balances	18	10,176,692	11,099,060	54,370	634,091
Tax recoverable		63,244	64,077	55,736	56,645
		142,335,203	122,219,782	42,511,222	45,340,190
Total assets		209,787,317	187,369,217	99,551,817	102,380,785
Equity and liabilities					
Current liabilities					
Loan	19	-	4,680,090	-	-
Trade and other payables	20	33,281,197	17,096,775	424,902	318,902
Tax payable		2,736,320	1,087,500	-	-
		36,017,517	22,864,365	424,902	318,902
Net current assets		106,317,686	99,355,417	42,086,320	45,021,288
Non-current liability					
Deferred tax liability	21	8,981,000	9,372,000	-	-
Total liabilities		44,998,517	32,236,365	424,902	318,902
Net assets		164,788,800	155,132,852	99,126,915	102,061,883
Equity attributable to equity holders of the Company					
Share capital	22	93,844,000	92,040,375	93,844,000	92,040,375
Share premium	23	4,928,817	3,898,122	4,928,817	3,898,122
Treasury shares	24	(20,740)	(20,740)	(20,740)	(20,740)
Employee share option reserve	25	-	128,570	-	128,570
Retained earnings	26	66,036,723	59,086,525	374,838	6,015,556
Total equity		164,788,800	155,132,852	99,126,915	102,061,883
Total equity and liabilities		209,787,317	187,369,217	99,551,817	102,380,785

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 2015

Note	← Non-distributable →					Distributable Retained earnings RM	Total RM
	Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Employee share option reserve RM		
2015 Group							
Balance at 1 January 2015	92,040,375	3,898,122	(20,740)	-	128,570	59,086,525	155,132,852
Profit after taxation / Total comprehensive income	-	-	-	-	-	21,833,868	21,833,868
Transactions with owners							
Dividends on ordinary shares 11	-	-	-	-	-	(15,012,240)	(15,012,240)
Exercise of employee share options 22, 23	1,803,625	1,030,695	-	-	-	-	2,834,320
Expiry of employee share options	-	-	-	-	(128,570)	128,570	-
Total transactions with owners	1,803,625	1,030,695	-	-	(128,570)	(14,883,670)	(12,177,920)
Balance at 31 December 2015	93,844,000	4,928,817	(20,740)	-	-	66,036,723	164,788,800
2014 Group							
Balance at 1 January 2014	90,060,375	3,492,762	(20,740)	(5,117)	128,570	59,915,195	153,571,045
Reversal of foreign currency translation reserve	-	-	-	5,117	-	-	5,117
Profit after taxation / Total comprehensive income	-	-	-	-	-	10,071,521	10,071,521
Transactions with owners							
Dividends on ordinary shares 11	-	-	-	-	-	(10,900,191)	(10,900,191)
Exercise of employee share options 22, 23	1,980,000	405,360	-	-	-	-	2,385,360
Total transactions with owners	1,980,000	405,360	-	-	-	(10,900,191)	(8,514,831)
Balance at 31 December 2014	92,040,375	3,898,122	(20,740)	-	128,570	59,086,525	155,132,852

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 December 2015

	Note	← Non-distributable →			Employee share option reserve RM	Distributable Retained earnings RM	Total RM
		Share capital RM	Share premium RM	Treasury shares RM			
2015							
Company							
Balance at 1 January 2015		92,040,375	3,898,122	(20,740)	128,570	6,015,556	102,061,883
Profit after taxation / Total comprehensive income		-	-	-	-	9,242,952	9,242,952
Transactions with owners							
Dividends on ordinary shares	11	-	-	-	-	(15,012,240)	(15,012,240)
Exercise of employee share options	22, 23	1,803,625	1,030,695	-	-	-	2,834,320
Expiry of employee share options		-	-	-	(128,570)	128,570	-
Total transactions with owners		1,803,625	1,030,695	-	(128,570)	(14,883,670)	(12,177,920)
Balance at 31 December 2015		93,844,000	4,928,817	(20,740)	-	374,838	99,126,915
2014							
Company							
Balance at 1 January 2014		90,060,375	3,492,762	(20,740)	128,570	6,022,371	99,683,338
Profit after taxation / Total comprehensive income		-	-	-	-	10,893,376	10,893,376
Transactions with owners							
Dividends on ordinary shares	11	-	-	-	-	(10,900,191)	(10,900,191)
Exercise of employee share options	22, 23	1,980,000	405,360	-	-	-	2,385,360
Total transactions with owners		1,980,000	405,360	-	-	(10,900,191)	(8,514,831)
Balance at 31 December 2014		92,040,375	3,898,122	(20,740)	128,570	6,015,556	102,061,883

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM Restated
Operating activities					
Profit before tax		27,309,337	13,443,405	9,242,952	10,893,376
Adjustments for:					
Depreciation of property, plant and equipment		8,083,782	8,221,899	-	-
Gain on disposal of:					
– investment securities		(28,202)	-	-	-
– property, plant and equipment		(25,650)	(39,255)	-	-
Impairment loss on trade and other receivables		62,533	-	-	-
Interest expense		7,488	10,830	-	-
Interest income		(1,154,031)	(866,923)	(909,734)	(731,516)
Property, plant and equipment written off		2,690	-	-	-
Unrealised gain on foreign exchange		(63,046)	(555,852)	-	-
Operating cash flows before changes in working capital		34,194,901	20,214,104	8,333,218	10,161,860
Decrease in inventories		4,761,059	1,334,002	-	-
Increase in trade and other receivables		(2,414,718)	(5,372,323)	-	-
Increase/(decrease) in trade and other payables		16,043,979	(11,910,355)	106,000	11,500
Cash flows from operations		52,585,221	4,265,428	8,439,218	10,173,360
Interest paid		(7,488)	(10,830)	-	-
Income taxes paid		(4,231,146)	(4,524,479)	(7,491)	(8,823)
Income taxes refunded		14,330	144,537	8,400	139,198
Net cash flows from/(used in) operating activities		48,360,917	(125,344)	8,440,127	10,303,735
Investing activities					
Interest received		1,154,031	866,923	909,734	731,516
Proceeds from disposal of:					
– investment securities		129,002	-	-	-
– property, plant and equipment		25,650	43,900	-	-
Purchase of property, plant and equipment	27	(10,389,151)	(5,320,114)	-	-
Net cash flows (used in)/from investing activities		(9,080,468)	(4,409,291)	909,734	731,516

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM Restated
Financing activities					
Repayment from/(advance to) a subsidiary		-	-	17,929,415	(13,883,360)
Dividends paid		(15,012,240)	(10,900,191)	(15,012,240)	(10,900,191)
(Decrease)/increase in loan		(4,680,090)	674,880	-	-
Proceeds from exercise of employees' share options		2,834,320	2,385,360	2,834,320	2,385,360
Net cash flows (used in)/from financing activities		(16,858,010)	(7,839,951)	5,751,495	(22,398,191)
Effects of exchange rate changes on cash and cash equivalents		49,028	201,502	-	-
Net increase/(decrease) in cash and cash equivalents		22,422,439	(12,374,586)	15,101,356	(11,362,940)
Cash and cash equivalents at 1 January		37,817,099	49,990,183	27,352,130	38,715,070
Cash and cash equivalents at 31 December	18	60,288,566	37,817,099	42,453,486	27,352,130

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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

2. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

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.

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 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

2. BASIS OF PREPARATION (cont'd)

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective date
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

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

(a) Depreciation of Property, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.1 Critical Accounting Estimates and Judgements (cont'd)

(c) Impairment of Non-financial Assets

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

(d) Write-down of Inventories

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

(e) Impairment of Trade and Other Receivables

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

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

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

(g) Classification of Leasehold Land

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.2 Basis of Consolidation (cont'd)

(d) *Loss of Control*

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

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

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

3.3 Goodwill

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

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

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

3.4 Functional and Foreign Currencies

(a) *Functional and Presentation Currency*

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

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

(b) *Transactions and Balances*

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



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.5 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 liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

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

(a) *Financial Assets*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.5 Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

(ii) Held-to-maturity Investments

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

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

(iii) Loans and Receivables Financial Assets

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

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

(iv) Available-for-sale Financial Assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.5 Financial Instruments (cont'd)

(b) Financial Liabilities

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

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

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

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

(d) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.6 Investment in Subsidiaries

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

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.

3.7 Property, Plant and Equipment

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

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

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

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

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

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.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between net disposal proceeds and the carrying amount, is recognised in profit or loss.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.8 Impairment

(a) *Impairment of Financial Assets*

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

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

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(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. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.8 Impairment

(b) Impairment of Non-financial Assets (cont'd)

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

3.9 Inventories

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

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

3.10 Income tax

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.11 Cash and Cash Equivalents

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

3.12 Provisions

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

3.13 Employee Benefits

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.14 Related Parties

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

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

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

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

3.15 Contingent Liabilities

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

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

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.16 Earnings per Ordinary Share (cont'd)

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 and Other Income

(a) Sales of Goods

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

(b) Interest Income

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

(c) Dividend Income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

3.19 Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities in the financial statements are stated exclusive of GST. Where GST is not recoverable as input tax, it is recognised as blocked input tax in profit or loss.

The net amount of GST recoverable from, or payable to, the Royal Malaysian Customs is included in the part of receivables or payables in the statements of financial position.

Commitments and contingencies are disclosed exclusive of GST.

3.20 Operating Segments

For management purposes, the Group is organised into operating segments based on geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

4. REVENUE

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income from a subsidiary	-	-	8,900,000	10,650,000
Sale of goods	283,458,105	283,962,634	-	-
	283,458,105	283,962,634	8,900,000	10,650,000

5. OTHER INCOME

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income from the following financial assets:				
– fair value through profit or loss	920,299	730,396	907,540	730,396
– loans and receivables	233,732	136,527	2,194	1,120
Gain/(loss) on foreign exchange:				
– realised	4,177,533	(19,428)	-	-
– unrealised	63,046	555,852	-	-
Gain on disposal of:				
– investment securities	28,202	-	-	-
– property, plant and equipment	25,650	39,255	-	-
Miscellaneous	298,280	304,675	-	-
	5,746,742	1,747,277	909,734	731,516

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

6. PROFIT BEFORE TAX

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration				
– Statutory audit				
– current year	57,000	50,500	24,000	23,000
– underprovision in prior year	3,000	-	-	-
– Other services	5,000	-	3,000	-
Depreciation of property, plant and equipment (Note 12)	8,083,782	8,221,899	-	-
Impairment loss on trade and other receivables (Note 15)	62,533	-	-	-
Interest expense on loan	7,488	10,830	-	-
Property, plant and equipment written off	2,690	-	-	-

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages and salaries	13,581,958	11,966,684	187,500	187,500
Social security contribution	86,497	83,544	-	-
Defined contribution plan	1,205,991	1,030,352	-	-
Hostel rental	129,940	440	-	-
Other staff related expenses	1,000,225	652,082	-	-
	16,004,611	13,733,102	187,500	187,500

Included in the employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM2,452,347 (2014: RM2,210,264) and RM187,500 (2014: RM187,500) respectively as further disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

8. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<u>Executive directors' remuneration:</u>				
Salaries and other emoluments	1,903,125	1,699,688	-	-
Fees	187,500	187,500	187,500	187,500
Defined contribution plan	361,722	323,076	-	-
Estimated money value of benefits-in-kind	62,925	68,876	-	-
	2,515,272	2,279,140	187,500	187,500
<u>Non-executive directors' remuneration:</u>				
Fees	192,000	132,000	192,000	132,000
Allowances	7,500	8,500	7,500	8,500
	199,500	140,500	199,500	140,500
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 7)	2,452,347	2,210,264	187,500	187,500
Total non-executive directors' remuneration	199,500	140,500	199,500	140,500
Total directors' remuneration	2,651,847	2,350,764	387,000	328,000

9. INCOME TAX EXPENSE

Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015 RM	2014 RM
<u>Current income tax:</u>		
Tax expense for the year	5,936,999	4,147,000
Overprovision in prior years	(70,530)	(25,116)
	5,866,469	4,121,884
<u>Deferred tax (Note 21):</u>		
Relating to origination and reversal of temporary differences	99,000	(750,000)
Effect of reduction in tax rate	(490,000)	-
	(391,000)	(750,000)
Income tax expense recognised in profit or loss	5,475,469	3,371,884

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

9. INCOME TAX EXPENSE (cont'd)

Reconciliation Between Tax Expense and Accounting Profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	27,309,337	13,443,405	9,242,952	10,893,376
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	6,827,334	3,360,851	2,310,738	2,723,344
Effect of income not subject to tax	(231,424)	(209,125)	(2,452,434)	(2,723,491)
Effect of expenses not deductible for tax purposes	440,089	245,274	141,696	147
Effect of reduction in tax rate	(490,000)	-	-	-
Effect of utilisation of automation capital allowance	(1,000,000)	-	-	-
Overprovision of income tax expense in prior years	(70,530)	(25,116)	-	-
Income tax expense recognised in profit or loss	5,475,469	3,371,884	-	-

During the financial year, a subsidiary of the Group qualified for the claim of automation capital allowance of 200% on the first RM4 million capital expenditure incurred as announced in Malaysia Budget 2015. As the claim mechanism/guideline has not been finalised and issued by the authority as at the reporting date, the Group had claimed a 100% on the first RM4 million as automation capital allowance in addition to the capital allowance claimed based on prescribed rates.

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

10. EARNINGS PER SHARE

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

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

	Group	
	2015 RM	2014 RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	21,833,868	10,071,521
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share computation	187,161,519	181,567,177
Basic earnings per share (sen)	11.67	5.55

The diluted earnings per ordinary share is not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting period. The share options granted under the Company's Employee Share Option Scheme could potentially dilute basic earnings per share in the future but have not been included in the calculation of diluted earnings per share because they were antidilutive during the previous financial year.

11. DIVIDENDS

	Group and Company	
	2015 RM	2014 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
– Second interim tax exempt dividend for 2013: 3 sen per share	-	5,403,172
– First interim tax exempt dividend for 2014: 3 sen per share	-	5,497,019
– Second interim single tier dividend for 2014: 3 sen per share	5,629,590	-
– Special interim single tier dividend for 2015: 2 sen per share	3,753,060	-
– First interim single tier dividend for 2015: 3 sen per share	5,629,590	-
	15,012,240	10,900,191

A second interim single tier dividend in respect of the financial year ended 31 December 2015 of 6% (3 sen per share), on 187,653,000 ordinary shares amounting to RM5,629,590 was declared for members that hold shares as at 3 March 2016 and was paid on 17 March 2016. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

12. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
Group					
Cost					
At 1 January 2014	29,898,888	97,871,103	7,375,238	1,609,795	136,755,024
Additions (Note 27)	140,051	626,606	76,194	4,555,094	5,397,945
Reclassification	2,732,889	-	-	(2,732,889)	-
Disposals	-	(58,000)	(324,104)	-	(382,104)
At 31 December 2014 and 1 January 2015	32,771,828	98,439,709	7,127,328	3,432,000	141,770,865
Additions (Note 27)	107,923	301,719	241,782	9,737,727	10,389,151
Reclassification	62,027	13,107,700	-	(13,169,727)	-
Disposals and write off	-	(77,335)	(137,268)	-	(214,603)
At 31 December 2015	32,941,778	111,771,793	7,231,842	-	151,945,413
Accumulated depreciation:					
At 1 January 2014	4,723,325	58,316,082	5,737,583	-	68,776,990
Depreciation charge for the year (Note 6)	584,015	6,998,095	639,789	-	8,221,899
Disposals	-	(58,000)	(319,459)	-	(377,459)
At 31 December 2014 and 1 January 2015	5,307,340	65,256,177	6,057,913	-	76,621,430
Depreciation charge for the year (Note 6)	640,187	6,938,284	505,311	-	8,083,782
Disposals and write off	-	(76,380)	(135,533)	-	(211,913)
At 31 December 2015	5,947,527	72,118,081	6,427,691	-	84,493,299
Net carrying amount					
At 31 December 2014	27,464,488	33,183,532	1,069,415	3,432,000	65,149,435
At 31 December 2015	26,994,251	39,653,712	804,151	-	67,452,114

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

12. 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 2014	1,089,647	8,017,903	20,791,338	-	29,898,888
Additions	-	-	140,051	-	140,051
Reclassification	-	-	278,589	2,454,300	2,732,889
At 31 December 2014 and 1 January 2015	1,089,647	8,017,903	21,209,978	2,454,300	32,771,828
Additions	-	-	49,200	58,723	107,923
Reclassification	-	-	62,027	-	62,027
At 31 December 2015	1,089,647	8,017,903	21,321,205	2,513,023	32,941,778
Accumulated depreciation:					
At 1 January 2014	-	1,518,666	3,204,659	-	4,723,325
Depreciation charge for the year	-	165,191	418,824	-	584,015
At 31 December 2014 and 1 January 2015	-	1,683,857	3,623,483	-	5,307,340
Depreciation charge for the year	-	165,191	425,226	49,770	640,187
At 31 December 2015	-	1,849,048	4,048,709	49,770	5,947,527
Net carrying amount					
At 31 December 2014	1,089,647	6,334,046	17,586,495	2,454,300	27,464,488
At 31 December 2015	1,089,647	6,168,855	17,272,496	2,463,253	26,994,251

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



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost In Malaysia	57,407,741	57,407,741
Accumulated impairment losses	(367,146)	(367,146)
	57,040,595	57,040,595

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2015	2014	
<i>Held by the Company:</i>				
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products (Temporarily ceased operation)
BPPlas Plantation Sdn. Bhd.	Malaysia	100	100	Dormant

14. INVENTORIES

	Group	
	2015 RM	2014 RM
At cost:		
Raw materials	28,874,013	35,115,220
Work-in-progress	2,682,814	3,960,265
Spare parts	1,227,597	1,034,221
Finished goods	7,325,456	4,761,233
	40,109,880	44,870,939

During the financial year, the amount of inventories recognised as an expense amounted to RM245,225,045 (2014: RM257,572,775).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade receivables				
Third parties	40,226,271	37,147,868	-	-
Less: Allowance for impairment	(111,319)	(48,786)	-	-
	40,114,952	37,099,082	-	-
Other receivables				
Sundry receivables	1,756,561	2,265,785	-	-
	41,871,513	39,364,867	-	-
Total trade and other receivables	41,871,513	39,364,867	-	-
Add: Cash and bank balances (Note 18)	10,176,692	11,099,060	54,370	634,091
Total loans and receivables	52,048,205	50,463,927	54,370	634,091

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing Analysis of Trade Receivables

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

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	29,398,304	27,496,239
1 to 30 days past due not impaired	8,262,384	6,367,129
31 to 60 days past due not impaired	1,849,242	2,036,574
61 to 90 days past due not impaired	403,342	995,594
91 to 120 days past due not impaired	135,465	101,963
More than 120 days past due not impaired	66,215	101,583
	10,716,648	9,602,843
Impaired	111,319	48,786
	40,226,271	37,147,868

Receivables that are Neither Past Due nor Impaired

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

Receivables that are Past Due but not Impaired

The Group has trade receivables amounting to RM10,716,648 (2014: RM9,602,843) that are past due at the reporting date but not impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

15. TRADE AND OTHER RECEIVABLES (cont'd)

Receivables that are Impaired

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

	Group	
	2015 RM	2014 RM
Trade receivable – nominal amounts	111,319	48,786
Less: Allowance for impairment	(111,319)	(48,786)
	-	-

Movement in allowance accounts:

	Group	
	2015 RM	2014 RM
At 1 January	48,786	48,786
Charge for the year (Note 6)	62,533	-
At 31 December	111,319	48,786

16. AMOUNT OWING BY A SUBSIDIARY

	Company	
	2015 RM	2014 RM
Non-trade balances	-	17,929,415

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

17. INVESTMENT SECURITIES

	Group			
	2015 RM		2014 RM	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
			Restated	Market value of quoted investments
Available-for-sale financial assets – Equity instrument (quoted in Malaysia)	-	-	100,800	109,000
Fair value through profit or loss financial assets – Money market funds (quoted in Malaysia) (Note 18)	50,111,874	50,111,874	26,718,039	26,718,039
	50,111,874	50,111,874	26,818,839	26,827,039

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

17. INVESTMENT SECURITIES (cont'd)

	2015 RM		Company 2014 RM Restated	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Fair value through profit or loss financial assets – Money market funds (quoted in Malaysia) (Note 18)	42,399,116	42,399,116	26,718,039	26,718,039

Included in the money market funds of the Group and the Company are Islamic money market fund amounting to RM20,004,502 (2014: RM Nil).

The weighted average effective interest rates for the money market funds of the Group and the Company at the reporting date were 3.94% (2014: 3.26%) and 3.93% (2014: 3.26%) respectively.

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

18. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM Restated	2015 RM	2014 RM Restated
Cash on hand and at banks	9,126,692	10,286,060	54,370	4,091
Repository deposits with a licensed bank	1,050,000	813,000	-	630,000
Cash and bank balances (Note 15)	10,176,692	11,099,060	54,370	634,091
Investment securities classified as fair value through profit or loss financial assets (Note 17)	50,111,874	26,718,039	42,399,116	26,718,039
Cash and cash equivalents	60,288,566	37,817,099	42,453,486	27,352,130

The weighted average effective interest rates for the repository deposits with a licensed bank of the Group and the Company at the reporting date were 3.05% (2014: 3.05%) and nil (2014: 3.05%) respectively.

The average maturities of deposits of the Group as at the reporting date were 4 days (2014: 20 days).

19. LOAN

	Maturity	Group	
		2015 RM	2014 RM
Current			
Onshore foreign currency loan (Note 20)	2015	-	4,680,090

In previous financial year, the onshore foreign currency loan was secured by corporate guarantee provided by the Company, and the loan interest was charged at 1.28% per annum.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
<u>Trade payables</u>				
Third parties	25,464,496	12,081,109	-	-
<u>Other payables</u>				
Sundry payables	4,749,106	2,257,683	-	-
Accrued operating expenses	3,067,595	2,757,983	424,902	318,902
	7,816,701	5,015,666	424,902	318,902
	33,281,197	17,096,775	424,902	318,902
Total trade and other payables	33,281,197	17,096,775	424,902	318,902
Add: Loan (Note 19)	-	4,680,090	-	-
Less: GST payable	(80,713)	-	-	-
Total financial liabilities	33,200,484	21,776,865	424,902	318,902

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2014: 30 to 60 days) terms.

(b) Sundry Payables and Accrued Operating Expenses

These amounts are non-interest bearing and normally settled within twelve months (2014: twelve months).

21. DEFERRED TAX LIABILITY

	Group	
	2015 RM	2014 RM
At 1 January	9,372,000	10,122,000
Recognised in profit or loss (Note 9)	(391,000)	(750,000)
At 31 December	8,981,000	9,372,000

The deferred tax liability is attributable to accelerated capital allowance over depreciation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

22. SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2015	2014	2015 RM	2014 RM
Authorised				
At 1 January/31 December	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid				
At 1 January	184,080,750	180,120,750	92,040,375	90,060,375
New shares issued under the employee share option	3,607,250	3,960,000	1,803,625	1,980,000
At 31 December	187,688,000	184,080,750	93,844,000	92,040,375

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

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

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

23. SHARE PREMIUM

	Group and Company	
	2015 RM	2014 RM
At 1 January	3,898,122	3,492,762
Exercise of employee share options	1,030,695	405,360
At 31 December	4,928,817	3,898,122

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

24. TREASURY SHARES

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

There were no shares repurchased by the Company during the current financial year (2014: Nil). The repurchased shares in the previous financial years are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

25. EMPLOYEE SHARE OPTION RESERVE

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

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

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

The salient features of the ESOS are as follows:

- (i) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (ii) The total number of shares to be issued under the ESOS shall not exceed 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the Group. In addition, not more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (iii) The option price for each share shall be:

Before 30 December 2009

5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with a discount of not more than ten percent (10%) if deemed appropriate, or the par value of the ordinary shares of the Company of RM0.50, whichever is the higher.

After 31 December 2009

- (1) RM0.80 per share for all outstanding options as at 31 December 2009.
 - (2) second allocation of 3,080,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.62 per share.
 - (3) third allocation of 1,495,000 ESOS options were granted to eligible employees and directors at an exercise price of RM0.53 per share.
- (iv) No option shall be granted for less than 100 shares to any eligible employee.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

25. EMPLOYEE SHARE OPTION RESERVE (cont'd)

The salient features of the ESOS are as follows (cont'd):

- (v) An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (vii) The options shall not carry any right to vote at a general meeting of the Company.
- (viii) The persons to whom the options have been granted have no rights to participate by virtue of the options in any share issue of any other company.

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

	Number of shares options		Weighted average exercise price	
	2015	2014	2015 RM	2014 RM
Outstanding at 1 January	5,654,000	9,634,000	0.65	0.65
Exercised during the year	(3,607,250)	(3,960,000)	0.79	0.60
Forfeited during the year	(2,046,750)	(20,000)	0.78	0.58
Outstanding at 31 December	-	5,654,000	-	0.65
Exercisable at 31 December	-	5,654,000	-	0.65

The options outstanding at the end of the year have a weighted average remaining contractual life of nil (2014: 0.12 years).

26. RETAINED EARNINGS

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

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2015 RM	2014 RM
Cash payments	10,389,151	5,320,114
Unpaid amount classified as other payables	-	77,831
	10,389,151	5,397,945

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

28. RELATED PARTY DISCLOSURES

(a) Transaction with a Related Party

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

	Company 2015 RM	2014 RM
Gross dividend income from a subsidiary	8,900,000	10,650,000

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

(b) Compensation of Key Management Personnel

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

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

	Group and Company 2015	2014
At 1 January	2,940,000	4,380,000
Exercised during the year	(2,940,000)	(1,440,000)
At 31 December	-	2,940,000

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

29. COMMITMENTS

	Group 2015 RM	2014 RM
Approved and contracted for: Property, plant and equipment	-	8,279,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

B. Fair Value Hierarchy

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

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

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

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

The available-for-sale financial assets and fair value through profit or loss financial assets classified as investment securities in Note 17 are measured at fair value based on quoted prices in active markets (Level 1).



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit Risk

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

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

Exposure to Credit Risk

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

Credit Risk Concentration Profile

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

Financial Assets that are Neither Past Due nor Impaired

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

Financial Assets that are Either Past Due or Impaired

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

(b) Liquidity Risk

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

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

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

(c) Foreign Currency Risk

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

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

Approximately 79% (2014: 78%) of the Group's sales are denominated in foreign currencies whilst almost 87% (2014: 91%) of purchases are denominated in the foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

(c) Foreign Currency Risk (cont'd)

Foreign Currency Exposure

	Group	
	2015 RM	2014 RM
<u>Trade receivables</u>		
United States Dollars	16,488,879	15,205,586
Singapore Dollars	8,736,060	6,942,341
Indonesia Rupiah	1,100,129	1,754,035
Euro	402,619	490,349
	26,727,687	24,392,311
<u>Cash and bank balances</u>		
United States Dollars	3,968,550	3,516,302
Singapore Dollars	2,237,918	3,231,893
Indonesia Rupiah	223	-
Euro	56,329	1,387,393
Japanese Yen	237,473	87,585
	6,500,493	8,223,173
<u>Trade payables</u>		
United States Dollars	(22,281,944)	(11,209,616)
<u>Loan</u>		
United States Dollars	-	(4,680,090)
<u>Other payables</u>		
United States Dollars	(2,049,927)	(885,269)
Singapore Dollars	(1,023)	(391)
Euro	(125,125)	(104,439)
Japanese Yen	(163,886)	(325,577)
	(2,339,961)	(1,315,676)
<u>Net amount</u>		
United States Dollars	(3,874,442)	1,946,913
Singapore Dollars	10,972,955	10,173,843
Japanese Yen	73,587	(237,992)
Indonesia Rupiah	1,100,352	1,754,035
Euro	333,823	1,773,303

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

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

(c) Foreign Currency Risk (cont'd)

Sensitivity Analysis for Foreign Currency Risk

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

		Group	
		2015	2014
		RM	RM
		Profit net of tax	
USD/RM	– strengthened 23% (2014: 7%)	(668,000)	102,213
	– weakened 23% (2014: 7%)	668,000	(102,213)
SGD/RM	– strengthened 15% (2014: 2%)	1,234,000	152,608
	– weakened 15% (2014: 2%)	(1,234,000)	(152,608)
Yen/RM	– strengthened 22% (2014: 11%)	12,000	(19,634)
	– weakened 22% (2014: 11%)	(12,000)	19,634
IDR/RM	– strengthened 11% (2014: 2%)	91,000	26,311
	– weakened 11% (2014: 2%)	(91,000)	(26,311)
Euro/RM	– strengthened 10% (2014: 7%)	25,000	93,098
	– weakened 10% (2014: 7%)	(25,000)	(93,098)

32. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

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

33. SEGMENT INFORMATION

(a) Geographical Location

		Group	
		2015	2014
		RM	RM
Operating revenue			
– Local		59,648,659	61,911,972
– Export		223,809,446	222,050,662
Total operating revenue		283,458,105	283,962,634



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

33. SEGMENT INFORMATION

(a) Geographical Location (cont'd)

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

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

(b) Major Customers

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

34. CONTINGENT LIABILITIES

	Company 2015 RM	2014 RM
Unsecured Corporate guarantee given to a licensed bank for credit facilities granted to a subsidiary	-	4,680,090

35. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:

	Group As restated RM	As previously reported RM	Company As restated RM	As previously reported RM
Statements of financial position (extract):				
Investment securities (Note 17)	26,818,839	100,800	26,718,039	-
Cash and bank balances	11,099,060	37,817,099	634,091	27,352,130
Statements of cash flows (extract):				
Net cash flows from/(used in) operating activities	-	-	10,303,735	(346,265)
Net cash flows (used in)/from investing activities	-	-	731,516	11,381,516

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 15 April 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the Financial Year Ended 31 December 2015

37. SUPPLEMENTARY INFORMATION – BREAKDOWN OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 and 2014 into realised and unrealised earnings are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the BP Plastics Holding Bhd. and its subsidiaries				
– Realised	110,684,201	104,694,835	341,430	6,489,024
– Unrealised	(8,947,592)	(9,908,424)	33,408	(473,468)
	101,736,609	94,786,411	374,838	6,015,556
Less: Consolidation adjustments	(35,699,886)	(35,699,886)	-	-
Total Group's retained earnings as per consolidated accounts	66,036,723	59,086,525	374,838	6,015,556

ANALYSIS OF SHAREHOLDINGS

As At 25 March 2016

SHARE CAPITAL

Authorised share capital	: RM200,000,000.00 divided into 400,000,000 Ordinary Shares of RM0.50 each
Issued and paid up share capital	: 187,688,000 Ordinary Shares of RM0.50 each (including 35,000 treasury shares)
Class of share	: Ordinary Shares of RM0.50 each
Voting rights	: One vote per Ordinary Share
Number of shareholders	: 1,986

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	45	2.27	1,979	0.00
100 – 1,000	153	7.70	99,000	0.05
1,001 – 10,000	1,197	60.27	5,584,371	2.98
10,001 – 100,000	497	25.03	16,728,950	8.91
100,001 – 9,382,649 *	90	4.53	39,328,700	20.96
9,382,650 and above **	4	0.20	125,910,000	67.10
Total	1,986	100.00	187,653,000	100.00

Note :

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

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

SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares Held	% ¹	No. of Shares Held	% ¹
LG Capital Sdn. Bhd.	81,000,000	43.16	-	-
Lim Chun Yow	16,760,003	8.93	81,000,000 *	43.16
Tan See Khim	16,759,999	8.93	81,000,000 *	43.16
Hey Shiow Hoe	14,309,998	7.63	81,000,000 *	43.16

Note:

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

(¹) excluding a total of 35,000 ordinary shares of RM0.50 each bought back by the Company and retained as treasury shares as at 25 March 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 25 March 2016

DIRECTORS' SHAREHOLDINGS

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

Name of Directors	No. of Options Granted over Shares of RM0.50 each	No. of Options Exercised	Direct Interest		Indirect Interest	
			No. of Shares Held	% ¹	No. of Shares Held	% ¹
Lim Chun Yow	-	-	16,760,003	8.93	81,165,000 *	43.24
Tan See Khim	-	-	16,759,999	8.93	81,165,000 *	43.24
Hey Shiow Hoe	-	-	14,309,998	7.63	81,165,000 *	43.24
Lim Kim Hock	-	-	-	-	-	-
Tan Ming-Li	-	-	-	-	-	-
Tan Hock Hin	-	-	15,000	0.01	-	-

Note:

(*) Deemed interested by virtue of:-

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

(¹) excluding a total of 35,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 25 March 2016.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares	% ¹
1.	LG Capital Sdn. Bhd.	81,000,000	43.16
2.	Tan See Khim	16,759,999	8.93
3.	Lim Chun Yow	15,300,003	8.15
4.	Hey Shiow Hoe	12,849,998	6.85
5.	Tay Khiang Puang	3,789,400	2.02
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (RHB Islamic)</i>	2,000,000	1.07
7.	Jamaludin Bin Che Murad	1,593,200	0.85
8.	Hey Shiow Hoe	1,460,000	0.78
9.	Lim Chun Yow	1,460,000	0.78
10.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust</i>	1,420,000	0.76

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 25 March 2016

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Shareholders	No. of Shares	% ¹
11.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for RHB Smart Treasure Fund</i>	1,340,000	0.71
12.	Gan Hong Liang	1,196,250	0.64
13.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ronie Tan Choo Seng</i>	1,100,000	0.59
14.	Lim Chin Siong	1,055,000	0.56
15.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for RHB Emerging Opportunity Unit Trust</i>	950,000	0.51
16.	Teuh Chin Keong	920,000	0.49
17.	Tan Gian Hock	896,000	0.48
18.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>TMF Trustees Malaysia Berhad for RHB Private Fund – Series 6</i>	700,000	0.37
19.	Teo Kwee Hock	700,000	0.37
20.	Soh Yong Beng	620,700	0.33
21.	Tan Soon Lan	566,150	0.30
22.	JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai</i>	550,000	0.29
23.	Lam Jin Fatt	550,000	0.29
24.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Commerce Trustee Berhad – Kenanga Growth Fund</i>	537,700	0.29
25.	Teuh Chin Heng	528,800	0.28
26.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ronie Tan Choo Seng</i>	520,000	0.28
27.	Lim Siau Mei	476,400	0.25
28.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. <i>RHB Trustees Berhad for Kenanga Asia Pacific Total Return Fund</i>	471,400	0.25
29.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Thiam Swee</i>	450,000	0.24
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kumpulan Wang Persaraan (Diperbadankan)</i>	423,000	0.23

Note :

(¹) excluding a total of 35,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 25 March 2016.

LIST OF GROUP PROPERTIES

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built Up Area	Description/ (Existing Use)	Estimated Age of Buildings (Years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
1. No P.T.D. : 30911 No H.S.(D) : 32035 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 10, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 21,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Warehouse)	12	19.11.2003	1,730	31-Dec-09
2. No P.T.D. : 31030 No H.S.(D) : 32034 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 26,120 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory and Double-Storey Office Building (Office)	Single-Storey Detached Factory – 21 years Double-Storey Office Building – 19 years	08.06.1994 28.08.1996	1,751	31-Dec-09
3. No P.T.D. : 31039 No H.S.(D) : 32031 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 15,000 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory an-annex with Double-Storey Office and Single-Storey Detached Factory (Factory)	18	29.04.1997	1,539	31-Dec-09



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LIST OF GROUP PROPERTIES (CONT'D)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built Up Area	Description/ (Existing Use)	Estimated Age of Buildings (Years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
4. No P.T.D. : 31031 No H.S.(D) : 32033 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5B, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 23,100 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	12	28.05.2003	2,069	31-Dec-09
5. No P.T.D. : 35099 No H.S.(D) : 38296 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 8, Jalan Wawasan 4, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 05.10.2057	1.5 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	14	07.11.2001	3,118	31-Dec-09
6. No Hakmilik : GM 1359 Lot No.: 2408 Daerah : Batu Pahat Mukim : Linau Negeri : Johor	Freehold	3.2687 Acres	A parcel of Agricultural Land (Vacant)	NA	NA	410	31-Dec-09
7. No P.T.D. : 29032 No H.S.(D) : 28431 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 1, Jln Wawasan 3, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 21.09.2052	10 Acres/ 169,250 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory) and Single-Storey Detached Factory (Warehouse)	10	07.04.2006	13,234	31-Dec-09
8. No Hakmilik : GRN 23703 Lot No.: 2897 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor	Freehold	2 Acres/ 87,120 sq ft	A parcel of Agricultural Land (Vacant)	NA	NA	680	15-Sep-10

LIST OF GROUP PROPERTIES (CONT'D)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built Up Area	Description/ (Existing Use)	Estimated Age of Buildings (Years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
9. Unit No.8-01, Mukim 842, Lot 15, Tempat Sungai Puteh Mukim : Kuala Lumpur	Freehold	1,370 sq ft	Office Suites	2	NA	1,334	NA
10. Unit No.8-03, Mukim 842, Lot 15, Tempat Sungai Puteh Mukim : Kuala Lumpur	Freehold	1,155 sq ft	Office Suites	2	NA	1,129	NA

NOTICE OF TWELFTH ANNUAL GENERAL MEETING For The Year Ended 31 December 2015

NOTICE IS HEREBY GIVEN that the TWELFTH ANNUAL GENERAL MEETING of the Company will be held at Emerald Room, Level 2, The Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Friday, 20 May 2016 at 2:00 p.m. or at any adjournment thereof for the following purposes:-

AGENDA

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon. | Please refer to Explanatory Note 1 |
| 2. To approve the payment of Directors' Fees for the financial year ended 31 December 2015. | Resolution 1 |
| 3. To re-elect Mr. Hey Shiew Hoe who retires pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election. | Resolution 2 |
| 4. To re-elect Ms. Tan Ming-Li who retires pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered herself for re-election. | Resolution 3 |
| 5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 4 |

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 SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 | Resolution 5 |
|---|---------------------|

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

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|---|---------------------|
| 7. ORDINARY RESOLUTION
PROPOSED RETENTION OF MR. LIM KIM HOCK AS SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR | Resolution 6 |
|---|---------------------|

"THAT Mr. Lim Kim Hock, who would on 22 February 2017, have served the Board as an Independent Non-Executive Director for a cumulative term of nine (9) years, be and is hereby retained as the Senior Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D) For The Year Ended 31 December 2015

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

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

TAN LEY THENG (MAICSA 7030358)

Company Secretaries

Batu Pahat, Johor Darul Takzim

Dated: 28 April 2016

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 May 2016 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*
- A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149(1)(a), (b), (c), and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- The instrument appointing a proxy shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above Meeting or at any adjournment thereof.*

EXPLANATORY NOTES

- Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon**

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

- Ordinary Resolution 5
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

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

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

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

The Company had been granted a mandate by its shareholders at the Eleventh AGM of the Company held on 22 May 2015 (hereinafter referred to as the "Previous Mandate"). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate.

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



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NOTICE OF ANNUAL GENERAL MEETING (CONT'D) For The Year Ended 31 December 2015

EXPLANATORY NOTES (cont'd)

3. Ordinary Resolution 6 *Proposed retention of Mr. Lim Kim Hock as Senior Independent Non-Executive Director*

Mr. Lim Kim Hock who was appointed as an Independent Non-Executive Director of the Company on 22 February 2008, would on 22 February 2017 have served in that capacity for a cumulative term of nine (9) years. The Board recommends that Mr. Lim Kim Hock should be retained to continue in office as the Senior Independent Non-Executive Director based on the following justifications:-

- the aforementioned Independent Director has fulfilled the definition of an independent director as set out under Paragraph 1.01 of 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 not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.*
- the aforementioned Independent Director has been assessed to be able to maintain his independence and effectively contribute and add value to the Board Committees he serves viz the Audit, Remuneration and Nomination Committees as well as the Board.*
- the aforementioned Independent Director does not derive any remuneration and benefits apart from Directors' fees and meeting allowances.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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



PROXY FORM

Number of Shares Held



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

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

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

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Emerald Room, Level 2, The Katerina Hotel, 8 Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim on Friday, 20 May 2016 at 2:00 p.m. or at any adjournment thereof.

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

First Proxy (1) _____ %
Second Proxy (2) _____ %

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2015		
2.	To re-elect Mr. Hey Shioh Hoe who retires pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered himself for re-election		
3.	To re-elect Ms. Tan Ming-Li who retires pursuant to Article 92 of the Company's Articles of Association, and being eligible, has offered herself for re-election		
4.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
5.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
6.	Proposed Retention of Mr. Lim Kim Hock as Senior Independent Non-Executive Director		

* Strike out whichever not applicable

As witness my/our hand(s) this _____ day of _____ 2016

Signature of Member /Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 May 2016 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Sections 149(1)(a), (b), (c), and (d) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy shall be deposited at the Company's Registered Office at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time appointed of holding the above Meeting or at any adjournment thereof.

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To:

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

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