



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

ANNUAL REPORT

2021

STRETCHING BEYOND





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

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CORPORATE DATA

BOARD OF DIRECTORS

Lim Kim Hock (Chairman)

Independent Non-Executive Director

Lim Chun Yow

Managing Director

Tan See Khim

Executive Director

Hey Shioh Hoe

Executive Director

Tan Ming-Li

Senior Independent Non-Executive Director

Tan Hock Hin

Independent Non-Executive Director

Chuah Sue Yin

Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan

SSM PC No: 201908002648

(MAICSA 0777689)

Tan Ley Theng

SSM PC No: 201908001685

(MAICSA 7030358)

SHARE REGISTRAR

Securities Services (Holdings)

Sdn Bhd 197701005827 (36869-T)

Level 7, Menara Milenium

Jalan Damanela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel: 03-2084 9000

Fax: 03-2094 9940

REGISTERED OFFICE

5A, Jalan Wawasan 2

Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

Tel: 07-455 7633

Fax: 07-455 7699

Email: enquiry@bpplas.com

HEAD/MANAGEMENT OFFICE

5A, Jalan Wawasan 2

Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

Tel: 07-455 7633

Fax: 07-455 7699

Email: enquiry@bpplas.com

SALES & MARKETING OFFICE (KL)

8-01, Level 8, Menara MBMR

No. 1, Jalan Syed Putra

58000 Kuala Lumpur

Tel: 03-2276 4461

Email: enquiry@bpplas.com

WEBSITE

www.bpplas.com

AUDITORS

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

52, Jalan Kota Laksamana 2/15

Taman Kota Laksamana

Seksyen 2, 75200 Melaka

Tel: 06-282 5995

Fax: 06-283 6449

STOCK EXCHANGE LISTING

BPPLAS (5100)

Main Market of Bursa Malaysia

Securities Berhad

Sector:

Industrial Products & Services

Sub-sector:

Packaging Materials

(Listed on 23 February 2005)

PRINCIPAL BANKERS

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

AUDIT COMMITTEE

Chairperson

Chuah Sue Yin

Members

Tan Ming-Li

Tan Hock Hin

NOMINATING AND REMUNERATION COMMITTEE

Chairperson

Tan Ming-Li

Members

Tan Hock Hin

Chuah Sue Yin

RISK MANAGEMENT COMMITTEE

Chairman

Tan Hock Hin

Members

Tan Ming-Li

Chuah Sue Yin

INVESTOR RELATIONS

Lim Chun Yow

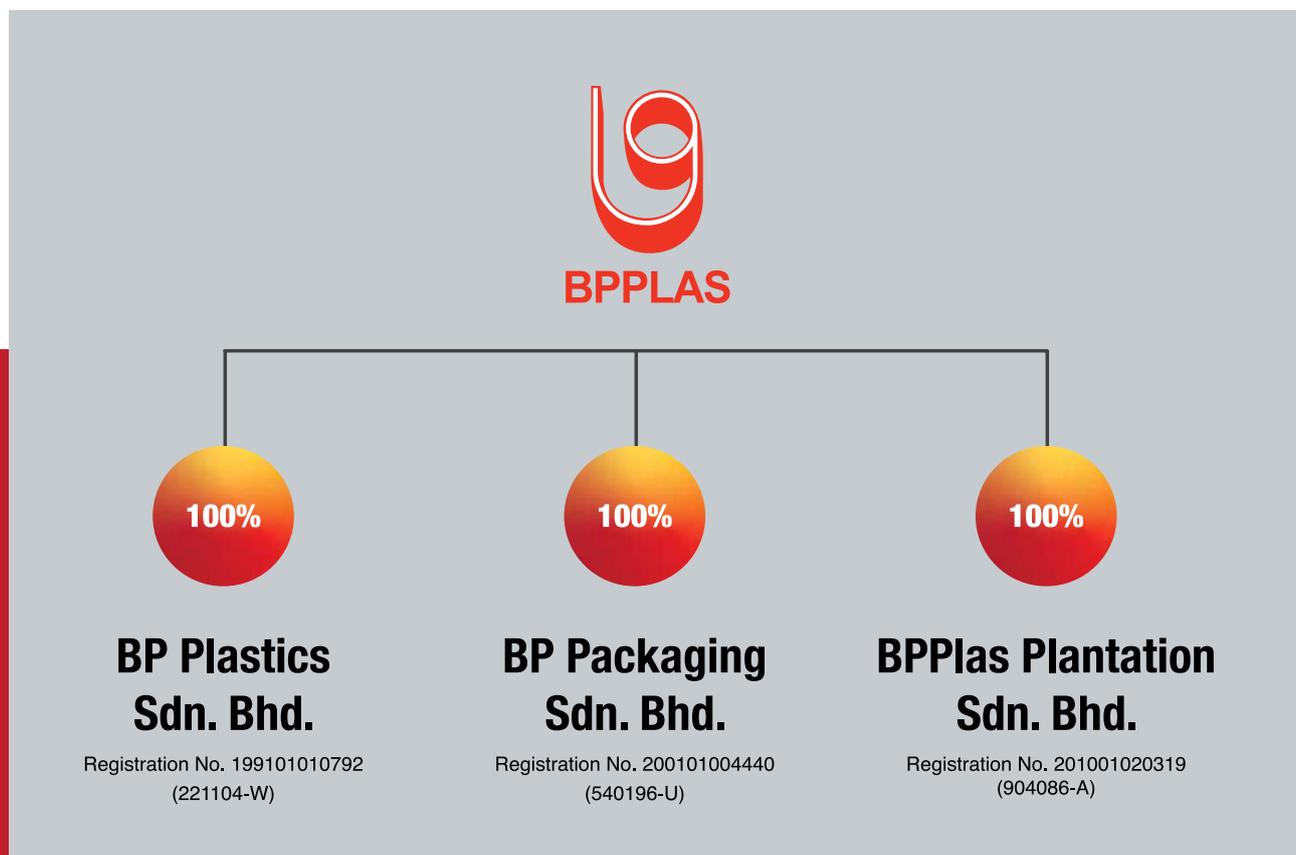
(Managing Director)

Tel: 07-455 7633

Fax: 07-455 6799

Email: ir@bpplas.com

CORPORATE STRUCTURE



CORPORATE PROFILE

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

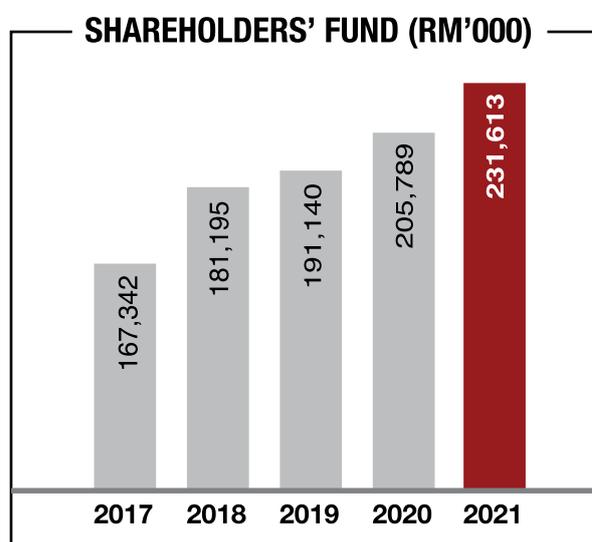
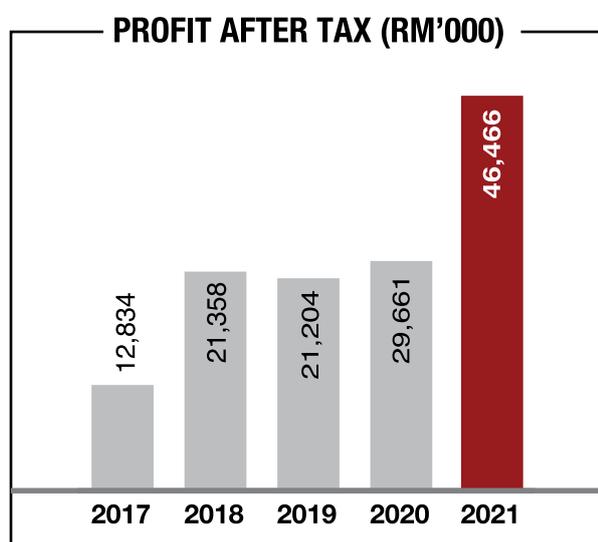
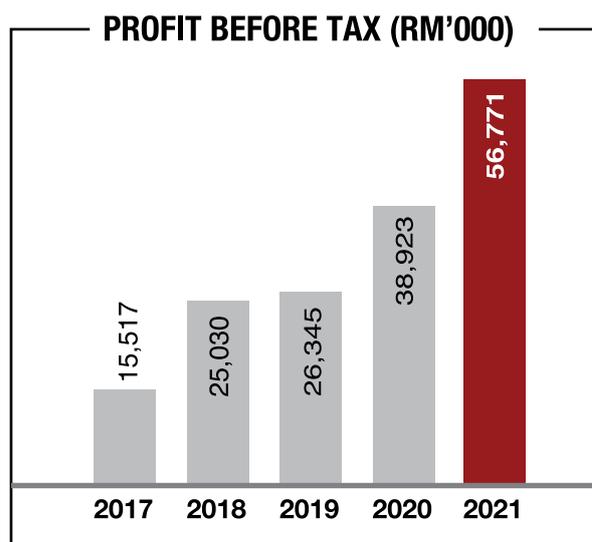
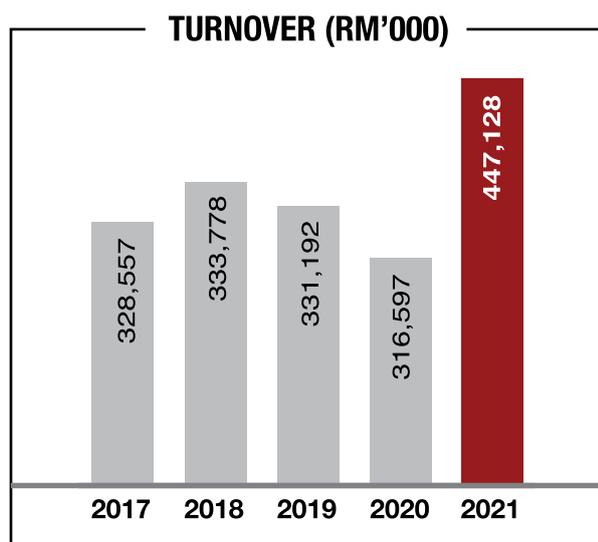
The principal activities of its subsidiaries are as follows:

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

FINANCIAL HIGHLIGHTS

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
TURNOVER	328,557	333,778	331,192	316,597	447,128
EBITDA	25,152	34,241	37,055	50,318	67,216
PROFIT BEFORE TAX	15,517	25,030	26,345	38,923	56,771
PROFIT AFTER TAX	12,834	21,358	21,204	29,661	46,466
SHAREHOLDERS' FUNDS	167,342	181,195	191,140	205,789	231,613
ROE	7.71%	12.26%	11.39%	14.95%	21.25%
NON CURRENT ASSET	68,867	85,321	86,944	78,704	95,322
ROA	18.64%	25.03%	24.39%	37.69%	48.75%
EPS *	4.56	7.59	7.53	10.54	16.51
Net Div declared (sen) *	2.67	4.00	4.00	5.33	8.00
NTA per share (RM) *	0.59	0.64	0.68	0.73	0.82

* The figures are restated to reflect the bonus issue of 1 for every 2 existing ordinary shares completed on 13 December 2021.



BOARD OF DIRECTORS

Lim Kim Hock

Age: 56

Gender: Male

Nationality: Malaysian



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

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

Working Experience and Occupation: He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. He joined PriceWaterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 2 ½ years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia. He is currently in public practice as a Chartered Accountant and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He was appointed as the Independent Non-Executive Director of the Company on 22 February 2008. On 29 May 2013, he was appointed concurrently as the Chairman and Senior Independent Non-Executive Director of the Company. He was then re-designated as the Chairman and Independent Non-Executive Director of the Company on 12 August 2016 to be in line with the Malaysian Code on Corporate Governance 2012. He also sits on the Board of several private limited companies.

Other Directorship in Public/Listed Companies: None.

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

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

Lim Chun Yow

Age: 59

Gender: Male

Nationality: Malaysian



Position in the Company: Managing Director

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

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

Other Directorship in Public/Listed Companies: None.

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

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

BOARD OF DIRECTORS (CONT'D)

**Tan
See
Khim****Age:** 58**Gender:** Male**Nationality:** Malaysian**Position in the Company:** Executive Director**Qualification:** Holds a Certificate in Senior Middle Three from Chung Hwa High School in Muar in 1982.**Working Experience:** He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He was involved in the sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in 1991. His experience and knowledge in sales have been very instrumental towards the growth of the Company. He also sits on the board for several private limited companies.**Other Directorship in Public/Listed Companies:** None.**Details of Any Board Committee to which He Belongs:** None.**Number of Board Meetings Attended in the Financial Year:** 5/5**Hey
Shiow
Hoe****Age:** 59**Gender:** Male**Nationality:** Malaysian**Position in the Company:** Executive Director**Qualification:** Holds a degree in Bachelor of Science in Industrial and Systems Engineering from the Ohio State University, United States of America in 1986.**Working Experience:** He was appointed as an Executive Director of the Company on 3 September 2004. He is a co-founder of BP Plastics Sdn. Bhd. He started his career in a plastic manufacturing company upon his graduation in 1986. He is responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team. He also sits on the Board for several private limited companies.**Other Directorship in Public/Listed Companies:** None.**Details of Any Board Committee to which He Belongs:** None.**Number of Board Meetings Attended in the Financial Year:** 5/5

BOARD OF DIRECTORS (CONT'D)

TAN MING-LI

Age: 53

Gender: Female

Nationality: Malaysian



Position in the Company: Senior Independent Non-Executive Director

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

Working Experience and Occupation: Ms. Tan is currently a partner in the legal firm of Chooi & Co + Cheang & Ariff and has been in active legal practice since 1994. She specialises in corporate and securities law where she is principally involved in advising on capital market transactions, mergers and acquisitions, corporate restructuring as well as corporate finance related work. She was appointed as the Independent Non-Executive Director of the Company on 29 May 2013. Subsequently on 12 August 2016, she was re-designated as Senior Independent Non-Executive Director of the Company.

Other Directorship in Public/Listed Companies: Ms. Tan is currently an Independent Non-Executive Director of Tune Protect Group Berhad, OM Holdings Limited, and Capitaland Malaysia Trust.

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

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

TAN HOCK HIN

Age: 57

Gender: Male

Nationality: Malaysian



Position in the Company: Independent Non-Executive Director

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

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

Other Directorship in Public/Listed Companies: None.

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

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

BOARD OF DIRECTORS (CONT'D)

<p>CHUAH SUE YIN</p> <p>Age: 51</p> <p>Gender: Female</p> <p>Nationality: Malaysian</p>		
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Position in the Company: Independent Non-Executive Director

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

Working Experience and Occupation: Ms. Chuah is currently the Managing Partner of the PCCO Group. She has over 27 years of working experience in areas of financial accounting and reporting. She was appointed as the Independent Non-Executive Director of the Company on 1 October 2017.

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

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

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

KEY SENIOR MANAGEMENT

CHUA YI FON

Age: 42

Gender: Female

Nationality: Malaysian



Position in the Company: Financial Controller

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

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

Other Directorship in Public/Listed Companies: None

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

Notes:

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

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

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Reporting Scope and Boundaries

This Sustainability Statement (the “Statement”) addresses the material sustainability matters, efforts and performance across BP Plastics Holdings Berhad (“BPPLAS”) and its subsidiaries.

This Statement is prepared for our valued stakeholders, as well as other interested parties. The disclosure included in this Statement is limited to the principal business activities and operations of BPPLAS and its subsidiaries.

The information and data cover the period from 1 January 2021 to 31 December 2021, and is bounded by the data collected within the organisation, unless indicated otherwise.

Reporting Standards

In preparing this Statement, we have considered the following guidelines and frameworks:

- the Sustainability Reporting Guide (2nd edition) and Toolkits issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) supporting the Main Market Listing Requirements (“MMLR”)
- the United Nations Sustainable Development Goals (“SDGs”)

SUSTAINABILITY GOVERNANCE

The Board of Directors of BPPLAS (“BOD”, “the Board”) bears the main role in driving the Group’s sustainability strategy and direction, through delegation to its Board Risk Management Committee (“BRMC”) who oversees the management and efforts on the Group’s risks and opportunities in different aspects, including the relevant sustainability policies and initiatives.

The BRMC is supported by the Management-level Risk Management Committee (“MRMC”) which consists of the Managing Director, Executive Directors, Head of Risk Governance and respective Heads of Department. The MRMC is responsible in guiding, coordinating, reviewing and monitoring the adequacy, development and implementation of risk policies and sustainability practices across business operations.

The MRMC is tasked with the dual role of implementing the Group’s risk policies and sustainability practices, as well as the day-to-day management and evaluation of risks and sustainability matters that fall under its purview. During the financial year, a Sustainability Task Force under MRMC was set up to further look into the Group’s sustainability initiatives and goals.

The MRMC conducts regular Risk and Sustainability Assessments, and facilitates reporting to the BRMC (at least 2 times a year), including outcome and recommendation of existing or potential key risks and material sustainability matters, as well as the ongoing action plans.



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY COMMITMENT

At BPPLAS, sustainability has been embedded in our business strategies and daily operations. We recognise the importance of addressing the environmental, social and governance (“ESG”) aspects of our operations, towards accomplishing our vision to be the plastics packaging specialist of choice in the Asian region, and our mission to produce reliable and high-quality packaging products.

BPPLAS remains focused and committed towards building a sustainable Polyethylene (“PE”) packaging business. We aim to deliver enhanced stakeholder value as a long-term objective, whilst maintaining our obligations to conduct business in an environmentally and socially responsible manner. Therefore, we have taken an integral approach in addressing ESG sustainability in order to ensure long-term business resilience and competitive success.



In 2015, the United Nations (“UN”) Member States adopted the 2030 Agenda for Sustainable Development, comprising of the 17 Sustainable Development Goals (“SDGs”), a universal call to action to improve health and education, eradicate poverty, reduce inequality, spur economic growth, while at the same time, protecting the planet from adverse climate change. With the goal of a higher standard of living and shared prosperity, the SDGs recognized the importance of balancing economic, environmental and social sustainability in driving developments.

At BPPLAS, as part of the wider network of being a global citizen, we believe it is imperative to support the initiative of the UN SDGs. With reference to our sustainability matters and activities in the aspects of economic, environmental and social sustainability, we have adopted 10 of the 17 SDGs.

STAKEHOLDER ENGAGEMENT

We recognise that stakeholders play pivotal roles in the growth and development of our business.

Through a variety of channels and methods, we maintain regular interactions and engagement with our stakeholders. We aim to keep them informed on our updates, to obtain feedback, as well as better understand their concerns and expectations. The outcome and information from these engagements are important in our continuous improvement and decision-making.

The table below summarises the stakeholder groups, the engagement methods and the areas of concern.

Stakeholders Group	Engagement Methods	Areas of Concern
Shareholders & Investors	<ul style="list-style-type: none"> Annual General Meeting Financial results Corporate website Electronic communications 	<ul style="list-style-type: none"> Financial performance & business prospects Returns Strategic plans Corporate governance
Regulators & Government	<ul style="list-style-type: none"> Regular reporting & disclosures of information to relevant authorities Participation in seminars, workshops organised by related agencies 	<ul style="list-style-type: none"> Regulatory compliance, including tax payments & other tariffs/fees Responsible business conduct & practices
Employees	<ul style="list-style-type: none"> Team building events Performance appraisals Trainings & workshops Meetings & discussions Electronic communications 	<ul style="list-style-type: none"> Employee welfare & benefits Diversity & inclusion Healthy & safe workplace environment Career development opportunities

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

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

Stakeholders Group	Engagement Methods	Areas of Concern
Customers	<ul style="list-style-type: none"> • Meetings & visits • Feedback & complaints • Questionnaires & surveys • Electronic communications 	<ul style="list-style-type: none"> • Product quality & pricing • Delivery & service • Product innovation & sustainability
Suppliers	<ul style="list-style-type: none"> • Participation in events, seminars organised by suppliers • Meetings & visits • Evaluations & surveys • Electronic communications 	<ul style="list-style-type: none"> • Payments and procurement practices • Contractual obligations • Collaborations & partnerships
Local communities	<ul style="list-style-type: none"> • Community engagement programmes • Sponsorships and donations • Corporate website 	<ul style="list-style-type: none"> • Social welfare and contributions • Environmental and social impact
Media & Analysts	<ul style="list-style-type: none"> • Media & press releases • Analysts briefings / meetings • Electronic communications 	<ul style="list-style-type: none"> • Timely and accurate information • Financial performance & business prospects • Strategic plans • Responsible business conduct & practices

We continue to explore and enhance our engagement practices and quality to understand needs, gain insight, develop strategic plan, and maintain our accountability.

In the year of 2020 and 2021, due to the restrictions under COVID-19 prevention measures, as well as our concerns for the health and safety of our stakeholders, conventional face-to-face meetings or visits were limited. With greater reliance on technology, various activities were conducted virtually via online platforms to continue engaging with our stakeholders. Traditional customer and supplier (audit) visits were substituted with surveys/audit questionnaires with online meetings, where practical, to re-affirm the results, feedback and follow up action plans. Most government agencies (e.g. MITI, MATRADE) and trade associations (e.g. MPMA, FMM) conducted online webinars to provide updates on the latest news, guidelines and regulations, as well as technical briefings.

MATERIALITY ASSESSMENT

In 2021, we conducted a materiality assessment to review the material sustainability matters that are significant and relevant to our business and of concern to our stakeholders, in the ESG aspects.

The materiality assessment was conducted in the following approach.

- We identify a list of relevant sustainability matters, through an initial review of previous materiality matrix in 2020, current business strategies and risks, market and economic trends, as well as an evaluation against various industrial or peers reports and research.
- Then, we evaluate the materiality and prioritise those sustainability matters, based on data and information gathered from various engagements with internal and external stakeholders,
- The result of material sustainability matters is further discussed and validated by the Management.

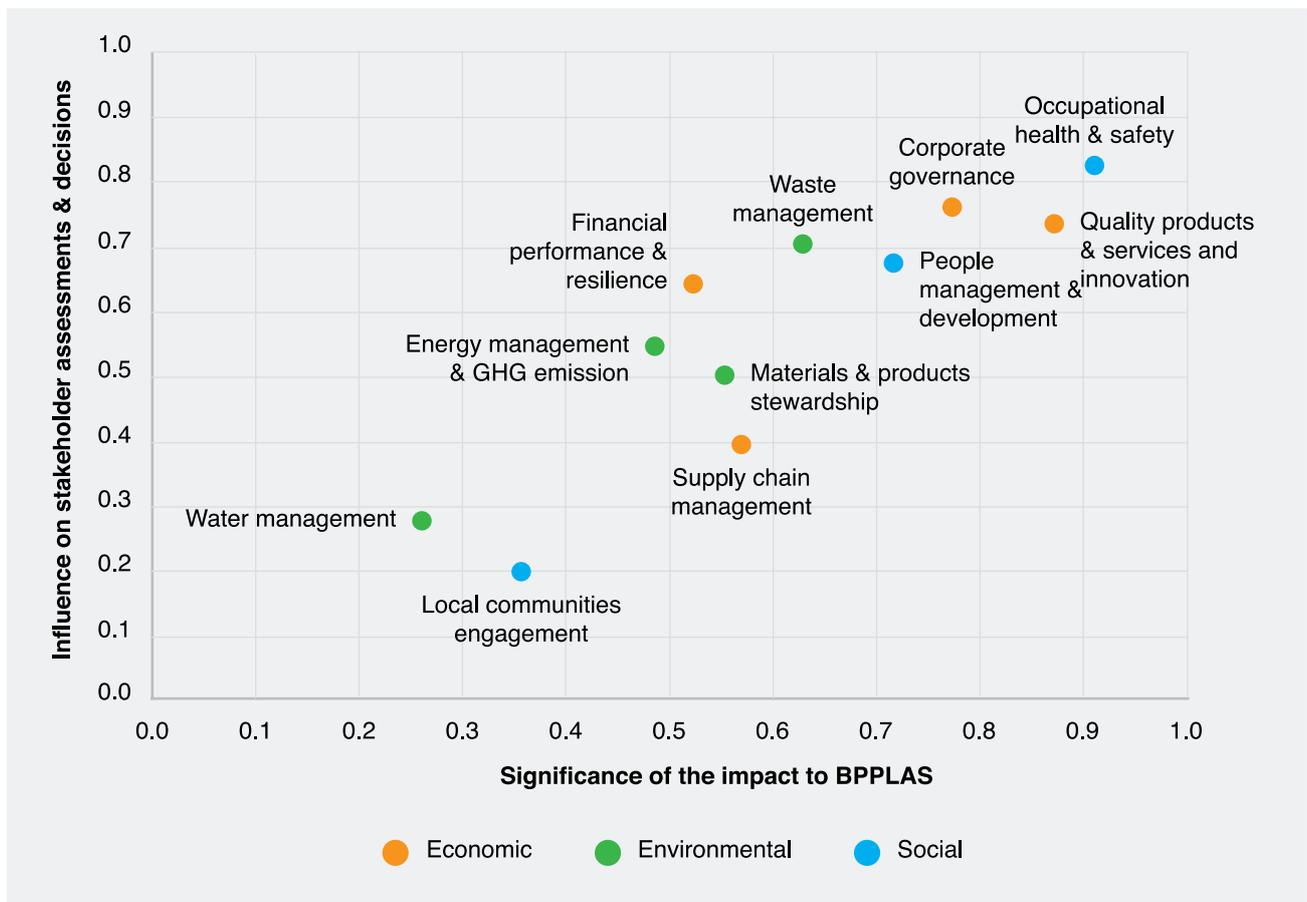
SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

We remain committed towards material sustainability matters at the core of our business operations and strategic plans, with the objective to deliver sustainable and enhanced values to our stakeholders in the long run.

As a result of the materiality assessment, we identified 11 material sustainability matters. Of which, 7 of them are regarded as high priority, while 4 are as medium-low priority. The high priority material sustainability matters are:

The following shows the materiality matrix:



SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS

Material Sustainability Matters	Description	Alignment with SDGs
Economic		
Quality products and services & innovation	By ensuring safe, high-quality products, together with continuous efforts in innovation of products and processes, we strive to maintain our competitive edge by bringing satisfaction and value-added benefits to customers.	   
Corporate governance	Besides regulatory compliance, we strongly believe robust corporate governance frameworks, policies and procedures are critical to ensure ethical practices and business integrity.	 
Financial performance & resilience	Sustainable and resilient economic performance and growth is important in driving long-term value for our stakeholders.	
Supply chain management	Supply chain reliability is important to ensure cost and operational efficiency, as well as our commitment to deliver quality products and services to customers.	
Environmental		
Materials and products stewardship	As a plastics manufacturer, we promote responsible and efficient use of resources, while continuously exploring and undertaking developments towards sustainable solutions and plastics circularity.	  
Energy management & GHG emission	Monitoring and management of energy consumption and efficiency, as well as the use of renewable energy help to reduce our GHG emissions.	  
Waste management	In addition to our waste reduction efforts and focus on Recycle, Reuse and Reduce (3Rs) concept, proper waste handling in compliance to industrial standards to avoid negative impact on the environment and surrounding community.	

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Material Sustainability Matters	Description	Alignment with SDGs
Environmental (Cont'd)		
Water management	Water consumption management and rainwater harvesting is part of the initiatives towards resource conservation.	
Social		
Occupational health & safety	With our processes implemented in line with internationally recognized management systems, it is our priority to maintain a safe and healthy working environment.	 
People management & development	At BPPLAS, we are committed to creating a fair and inclusive workplace. We provide our employees with fair compensation and benefits, as well as support on career development.	  
Local communities engagement	We have always been cognisant of our social responsibility and role in supporting the development of the communities in which we operate.	 
ECONOMIC		
Quality Products and Services & Innovation		   

Why it Matters

We are committed to delivering safe, reliable and high-quality products and services that meet customers' expectations. We believe they are of utmost important in gaining customers trust and satisfaction.

In a rapidly-evolving world where demands change quickly, we have been focusing on understanding customers' needs and latest market trends, including the ongoing emphasis on sustainable packaging solutions to support the circular economy initiative. Meanwhile, we continuously drive innovation in our products and processes, facilitating the adoption of new technology.

We strive to maintain our competitive edge in the marketplace and to venture for new business opportunities.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC



Quality Products and Services & Innovation (Cont'd)

Management Approach and Performance

In order to meet customers' requirements and deliver products of consistent and reliable quality, we maintain a comprehensive Quality Management System with proper controls and procedures, certified by ISO9001:2015 (Quality Management Systems). We are also accredited with the certification of ISO22000:2005 (Food Safety Management Systems), assuring our ability to provide safe and hygienic flexible packaging that complies with food safety requirements. In line with the Group's aspiration to be a future market leader and better positioned to serve the growing food packaging business industry, we plan to migrate and update to the new ISO22000:2018 standard.

Trust and confidence from customers is crucial to sustainable business growth. As part of the efforts to improve customers satisfaction and managing customers expectations better, we proactively engage with them by seeking feedback, interacting and communicating regularly, and providing support on deliveries and technical matters.

Overall, in FY2021, goods returned (measured in weight) reduced by 8.6% and the value of goods returned and discount for quality issues reduced by 13.8%. Meanwhile the value of goods returned and discount for quality issues as a percentage of outgoing sales in the respective year reduced by more than 30%.

To drive continuous improvement, we conduct annual Customers Satisfaction Survey to assess how well we meet our customers' requirements and expectations, as well as to receive feedback. The four key aspects of the survey are Response to Enquiries, Quality of Product, Delivery Capability and Customer Service. In 2021, we achieved customers satisfaction index higher than 90%, improving on performances in previous years.

We have been focusing on continuous innovation to improve and develop products that not only meet safety and quality requirements, but also fulfilling the sustainability needs in contributing towards a circular economy. Apart from that, investment in machines, equipment with innovative technologies is in tandem to enhance quality consistency, improving process efficiency, optimise resource consumption and reduces wastage.

Amongst our innovation efforts in addressing the emerging trends on sustainable packaging solutions and plastics circularity are:

- Improving product design – We have been able to improve our product quality and properties, and develop downgauged products while fulfilling packaging requirements through internal product R&D and use of advance machinery and equipment with improving technology.
- Increasing use of recycled contents – By ensuring proper waste segregation and recycling in our company, we have been able to increase the use of recycled materials.

(Refer to "Materials & Products Stewardship")

As part of our plans on process innovation and automation to increase productivity, we have been investing in upgrades of plants, facilities, as well as machines and equipment with innovative technology.

	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
Building and facilities	545	-	4,089
Machines and equipment	24,912	1,675	7,740

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)



Corporate Governance

Why it Matters

An effective corporate governance is fundamental to sustainable business operation and growth in generating long-term values. At BPPLAS, besides ensuring that our policies and procedures are compliant to regulations, on par with industrial practices, we are also committed to maintaining a culture of ethics and integrity in our business conduct across all operations, with the aims to uphold our responsibility, transparency and accountability to various stakeholders.

Management Approach

As guided by the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG"), Group-wide policies and frameworks are adopted and practised throughout BPPLAS for sound governance practices.

In FY2021, there is zero corruption, bribery, whistleblowing cases reported.

For further information, please refer to Group's Corporate Governance Overview Statement on pages 38-47 of this Annual Report or in the Group's Corporate Governance Report which is available on the Company's website at www.bpplas.com.



Financial Performance & Resilience

Why it Matters

Strong financial performance and resilience by undertaking a sustainable business model is essential in long-term economic value creation for all our stakeholders. On top of that, at the present time where business environment faces rapid changes and challenges, strengthening business resilience and continuity has become one of the top priorities for organisations.

Management Approach

In the long-term, we continue to strive for profitability and strategic growth while taking reasonable and prudent measures in carrying out expansion and investment plans, and maintaining our obligations to the environment, our people and the surrounding communities.

Through delivering strong and resilient financial performance, we have been generating values to our stakeholders, including sustainable business with suppliers and customers, remuneration and development for employees, taxes duties to regulatory bodies, while also providing returns to our shareholders.

For more details about our financial performance, CAPEX, business outlook and prospects, please refer to pages 30-37 on Management Discussion & Analysis, and pages 63-120 on Financial Statements.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)



Supply Chain Management

Why it Matters

Working with reliable suppliers and managing our supply chain efficiently are crucial to ensure our product and service quality, cost efficiency and competitiveness, as well as supply stability.

Affected by the COVID-19 pandemic and its consequence on trade flow imbalances, global supply chains have been facing ongoing challenges of port congestions, shipment delays, container shortages and surging logistic costs. Therefore, there have been increasing needs to focus on managing supply chain risks to avoid business disruptions.

Management Approach

Our suppliers include supplier of raw materials, additives and/or accessories relating to our products, as well as other third-party vendors, consultants, contractors, parts and services providers.

In selecting suppliers, our decision is based on the merit, quality of service and reputation. We have external provider assessment procedures in line with ISO 9001 to evaluate our potential suppliers. In addition, we consistently monitor the performance of our suppliers, and conduct annual Supplier Performance Review for critical suppliers, based of four key aspects, namely quality, pricing, customer service and technical support.

We diversify our supply chain to manage cost efficiency and mitigate negative impact as a result of supply disruptions from single source. The diversification includes sourcing from multiple suppliers from different countries and regions, and applying appropriate purchasing and pricing strategies; it is important to ensure our supply chain resilience especially in response to the recent global supply chain issues that also causes volatile raw material supply and pricing environment.

To support domestic economy and community, we source for supplies and services locally whenever feasible. However, due to the nature of the required raw materials and niche machineries, we need to engage with foreign suppliers.

In FY2021, our local procurement spending increased by 18% compared to the previous year, However, the ratio of local procurement spending as a percentage of total procurement spending fell from 35% to 26%; this is mainly due to higher raw material prices and the spending on new machines.

ENVIRONMENTAL



Materials and Products Stewardship

Why it Matters

Plastic packaging is only harmful to the environment when it is not managed properly (e.g. when it is thrown away irresponsibly and/or when it is not recycled). In fact, plastic provides many advantages and environmental benefits. Flexible plastic packaging plays a powerful and important role in product packaging; it is the preferred solutions for various industrial and consumer packaging needs for its advantages of versatility, light-weight and cost efficiency. Furthermore, its barrier properties and sealing capabilities are important in food safety and preservation.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Materials and Products Stewardship (Cont'd)

Why it Matters (Cont'd)

A circular economy for plastics is an initiative and approach promoted widely to help eliminate plastic waste and pollution, and the move towards circular economy requires collaboration not only within the industries, but also the community, non-governmental organisations, government and policymakers etc. Nevertheless, the growing focus on plastics circularity and low-carbon initiatives has driven more companies, brand owners and consumers to explore and/or shift towards sustainable packaging solutions.

Management Approach

As a plastic packaging manufacturer, we embrace our role in playing a part in the path towards circular economy and supporting low-carbon initiatives. Working with our raw material suppliers and customers, we have to continuously explore, innovate and develop solutions and products, focusing on plastics circularity and life cycle impacts, mainly in the areas stated below.

(a) Design for Circularity & Recyclability

Traditionally, most of the flexible plastic packaging is made of laminated structures and/or multi-material multi-layered structures that serve different function needs, such as printing, oxygen and moisture barrier, strength and puncture resistance, and sealing. However, such laminated/multi-material structures pose challenges in segregation of materials and thus it is difficult to be recycled entirely.

In the recent years where transition to circular economy is promoted, there has been a growing demand for mono-material plastic packaging as it is seen as an important sustainable packaging due to its recyclability. According to The Circular Economy for Flexible Packaging ("CEFLEX"), plastic packaging is considered mono-material if it is made of more than 90% of one polymer type.

In BPPLAS, all the products that we have been producing and supplying are considered mono-material as they are made of more than 90% of Polyethylene ("PE"). Ongoingly, we are continuously exploring potential developments and suitable investment opportunities in sustainable packaging.

(b) Access and Use of Recycled Contents

We have been re-using our internally generated recycled materials, both Post-Consumer Recycled Resin ("PCR") and Post-Industrial Recycled Resin ("PIR") which are processed in our own recycling facilities. For FY2021, overall recycled materials consumption in our manufactured products is 7.3%.

We are also continuously exploring availability of suitable recycled materials from external sources, potential and feasibility of other renewable sources, as well as the relevant improvements and developments including certification systems, e.g. International Sustainability and Carbon Certification ("ISCC") PLUS.

(c) Less and Efficient Consumption of Materials

Supported by the efforts in product R&D such as downgauging, use of recycled materials, as well as improving technology and efficiency in machineries, we are able to reduce consumption and/or improve consumption efficiency of raw materials, and thus contribute to resource preservation and reduction in environmental impact from raw material extraction.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Energy Management & GHG Emission

Why It Matters

Following adoption at the COP21, the Paris Agreement was reaffirmed at COP26, where almost 200 countries committed to work towards the main goal of limiting global warming to well below 2°C, and to pursue more efforts to limit it to 1.5°C, compared to pre-industrial levels. Climate change undeniably will pose a lot of challenges to the environment, society and economy; with increasing public awareness, organisations are actively looking for actions and strategies to mitigate devastating effects and risks on business, community, and our planet.

Manufacturing processes are energy intensive. Our plants energy consumption are mainly from electricity supplied by Tenaga Nasional Berhad (“TNB”), and electricity generation is one of the primary sources of GHG emission. Thus, as a responsible business, we are committed to contributing our part in addressing climate change global warming issues through management of energy and GHG emission in our business operations.

Management Approach

Our approach on energy management is through diversification to renewable energy, and ensuring energy efficiency is achieved throughout our production plants and processes to ensure optimal consumption of energy.

We have been using solar panels at our factories since 2019 that lead to reduction in overall electricity consumption, and thus also reduce our GHG emission in the atmosphere.

Year	Solar power production (kWh)
2019 (September to December only)	366,633
2020	1,344,828
2021	1,334,204

For the year under review, the solar panels have generated 1,334,204kWh, similar to the previous year. This is equivalent to an offset of carbon emission amounted to 926 tonnes or planting of 23,742 trees.

In March 2022, we have also subscribed to Green Energy Tariff (“GET”) programme for 2,500,000kWh of electricity generated from renewable energy sources per month. GET programme is introduced by TNB as an option for companies to reduce carbon footprint in electricity consumption.

We have been tracking our energy consumption data and metrics (such as energy intensity) for all machineries and manufacturing process. The energy intensity is measured by calculating our total energy consumption compared to production output. Every month, we provide analytic information to relevant departments and sections in order to create awareness and improve management on energy preservation and efficiency.

Product innovation and the adoption of more advanced and environment-friendly machine or equipment have also contributed to improved energy efficiency and lower GHG emission. For example,

- our down-gauged products (without compromising on quality and functionality) require less usage of raw materials, while our newer cast film machines have improving efficiency in energy and raw materials consumption
- we continue to monitor and maintain good waste management practices and also recycle and reuse the waste generated
- we continue to invest in advanced technology equipment and machinery that are more efficient and/or more eco-friendly

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Energy Management & GHG Emission (Cont'd)

Management Approach (Cont'd)

Other efforts we have made in optimising energy usage and efficiency and reducing GHG emission include:

- Making proper planning of machines' start-up and shutdown
- Installing and replacing light bulbs with LED bulbs
- Using and switching to electric forklifts
- Recycling and reusing, thus reducing virgin materials usage
- Promoting other simple practices such as using natural lights, turning off lights, air-conditioning or other power consumption during break or when unnecessary

We are continuously exploring and reviewing potential strategies, measures and automation, in manufacturing and non-manufacturing parts, to strive for ongoing improvements.



Waste Management

Why It Matters

We work to promote responsible consumption of resources and uphold best practices in waste management, including recycling and disposal, not only for plastics resins and products, but also other materials or substances that we use.

As we strive for long-term sustainable economic development, we are also maintaining our responsibility in limiting adverse effects to the environment, conserving natural resources, and thus protecting public health and the planet.

Management Approach

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

More than just complying with rules and regulations, we believe that effective waste management and practices are important in helping to safeguard the health and safety of our employees, the surrounding community and public.

Our waste management approach includes preventing and reducing waste generation, recycling and reusing, and finally responsible disposing. The is in line with the concept of circular economy.

(a) Reduce Waste Generation

To promote responsible consumption of resources and to eliminate and reduce generation of waste, scraps or defects at production processes and daily activities, we

- manage our procurement and inventory to avoid unnecessary purchases;
- make proper planning and scheduling for production to reduce changeovers or idle time;
- avoid over-production, over-processing;
- improve manufacturing processes and ensure personnel who handle the operations and machines has the proper skills and understanding;
- continue to raising awareness amongst our people in sustainable waste management.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Waste Management (Cont'd)

Management Approach (Cont'd)

(a) Reduce Waste Generation (Cont'd)

Category Group	FY2021 (mt)	FY2020 (mt)
Production scrap	4,039.4	3,650.4
Scheduled waste	62.2	62.4
General waste	85.2	85.4

Compared to the previous year, our plastic production scrap in FY2021 increased 10.7% to 4,039.4mt due to an increase in production output. In fact, production output increased by 13.5%, a higher rate than increase in waste and scrap. On the other hand, scheduled waste (which is mainly waste in ink and solvents at printing processes) reduced slightly by 0.2mt in FY2021, despite an increase in production output including printing output. Non-recyclable general waste (rubbish) had been quite consistent in past 2 years.

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

The 3Rs concept of “Recycle, Reuse and Reduce” has been embedded in our daily operations.

We have sufficient waste management know-how, technical expertise and capabilities to

- carry out proper and clear sorting of our internally generated plastics waste, rejects and scraps, as well as other plastic packaging from our suppliers (e.g. resin bags, shrink covers)
- convert these segregated wastes into recycled materials using mechanical recycling machines (“**Recycle**”), and the recycled materials could be classified as Post-Consumer Recycled Resin (“PCR”) or Post-Industrial Recycled Resin (“PIR”) depends on the source of the waste.
- incorporate and reuse (“**Reuse**”) the recycled materials as inputs to our manufacturing for suitable product applications.

Our 2 recycling machines with advanced technology and capacity facilitate our plastic waste recovery. The recycling capacity utilisations are 67% and 71% in FY2021 and FY2020 respectively. Meanwhile, the recycled materials consumption in the manufactured products are 7.3% and 8.4% in FY2021 and FY2020 respectively. An overall lower recycled materials content was mainly due to a different product mix, where premium grades products made up a larger proportion in FY2021.

Furthermore, we also reuse of various accessories or materials such as paper cores, carton boxes, pallets whenever possible, as well as purchase used paper cores from our customers and reuse them.

Reuse of recycled materials and other accessories and components further helps us to ensure that we reduce (“**Reduce**”) our consumption of virgin raw materials or other resources. While at the same time, it helps to keep our waste footprint low, in support of the concept of circular economy and more efficient use of our valuable resources.

(c) Waste Handling Practices

We ensure that our effluent and waste, especially residual scheduled waste, is properly stored, collected and/or disposed by approved licensed contractors, while also work closely with our strategic partners/suppliers to supply non-hazardous product to mitigate environmental contamination and reduce our carbon footprint wherever possible

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Water Management

Why it Matters

For our business, sufficient supply of clean water is needed in daily operations from machine to cleaning use. We recognise the importance of sustainable water management to help preserve and protect water resources that are precious.

Management Approach

Our focus on water management is on water consumption and efficiency. We continuously monitor our usage, work on good practices towards water saving, as well as proper and efficient utilisation.

We have been using rainwater harvesting systems to yield rainwater which is then used for chillers, cooling towers, and other basic cleaning or toilet use. In September 2021, additional rainwater harvesting systems are installed. Thus, in FY2021, 2937m³ of rainwater is harvested, compared to 1518m³ in FY2020.

Based on the monthly water consumption, rainwater harvesting data and metrics, analytic information is provided to the relevant departments and personnel to improve management on water consumption.

SOCIAL



Occupational Health & Safety

Why it Matters

Environment, Health and Safety (“EHS”) management at work has always been our top priority in our daily operations and culture. Meanwhile, the COVID-19 pandemic has also made occupational health and safety even more important across the organisation.

Promoting EHS management with stringent practices, compliance and regular monitoring is important for the business sustainability; it reduces injuries or accidents, improves employee productivity and retention, reduces costs of compensation and remedy.

We acknowledge our duty to provide a safe, healthy and conducive working environment for all our employees and any external parties we engage with (e.g. contractors, suppliers and visitors).

Management Approach

(a) Health and Safety at Workplace

With our processes and practices certified by ISO 45001:2018 (Occupational Health & Safety), our commitment to create a healthy and safe working environment is embedded in our EHS policy and objectives.

It is important to ensure that all employees understand and take responsibility in fulfilling EHS objectives. Safety programmes, trainings, instructions for use and care in line with our operational guidelines (e.g. fire drills, fire evacuation training, chemical handling, forklift driving training, etc.) are carried out for related personnel upon joining the company and on a regular basis.

The Occupational Safety and Health (“OHS”) committee is responsible for managing EHS matters at the workplace, by identifying, reviewing, and implementing the health and safety measures. On an annual basis, the committee members attend relevant EHS trainings, regulatory updates and safety briefings held by various government agencies. This is important to ensure that their EHS knowledge is up-to-date, increasing awareness of the critical aspects of work safety and that they are competent and equipped with the right knowledge and resources to work safely.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



Occupational Health & Safety (Cont'd)

Management Approach (Cont'd)

(a) Health and Safety at Workplace (Cont'd)

The Group is conscious of the need to manage workplace safety and employees' security in tandem with business growth. In FY2021, the total case of occupational poisoning and diseases is significantly reduced. Meanwhile, the number of cases of injuries from industrial accidents, the accidents rate and lost man-days rate had increased compared to a much lower base in FY2020 while reduced compared to FY2019.

Nevertheless, we continue to identify, monitor, prevent, react and take corrective actions diligently to reduce work related accidents and ill-health cases, to minimise accident rates and lost man-days rate (<80 days), and work towards zero accidents, zero fatalities goals.

Description	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
No of accident case	16	12	26
No of occupational poisoning and disease cases	5	62	32
Accidents rate (frequency)	22.54	15.12	29.71
Lost man-days rate (severity)	429.65	80.64	431.95

(b) Foreign Workers' Hostels

BPPLAS is mindful in maintaining the appropriate living conditions for foreign workers. We provide foreign workers' accommodation in compliance with the amended Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446).

Currently, the Group's foreign workers' rented hostels has a Certificate for Accommodation approved by the Ministry of Human Resources ("MOHR") that is valid until end of 2023.

(c) Response to COVID-19

Since the outbreak of the pandemic in early 2020, COVID-19 safety protocols have been an important focus in managing occupational health and safety risks across the organization, to help keep our workforce, their families and the communities safe.

The group has set up a COVID-19 response committee, led by the directors and HR department, and includes all Heads of Department. The committee is responsible for the implementation of SOPs and preventive measures, compliance to government's guidelines, as well as management of operations and emergency cases.

In addition, we have been encouraging our employees to get vaccinated for COVID-19, by providing up-to-date information, giving time-off and arranging vaccinations for our foreign workers. By mid-September 2021, more than 90% of our workforce completed two (2) doses of vaccination and our operations were then allowed to return to full capacity, while we continue to implement and comply with stringent SOPs.

The Group always strives to protect the employee's health, safety and well-being. We are continuously monitoring the development and condition of the pandemic, and will take the necessary preventive measures to minimise the impact of the crises on workflow.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



People Management & Development

Why It Matters

Our employees are the heart of our organization, and they are the main driver to the company's growth. We believe it is important to improve our ability to recruit, retain and train employees with the right skills, mindset and competitive capabilities in creating a positive workplace for our people.

As we progressively expand our business and embark on Industrial Revolution 4.0 ("IR4.0") which focuses heavily on interconnectivity, automation, machine learning and real-time data, we recognise the need to prioritise in upskilling our employees as part of their ongoing career and job skills development and move towards a more productive, high-skilled and agile workforce of the future.

Management Approach

At BPPLAS, our people management and development approach focuses on three main areas:

- Employees upskilling and career growth
- Fair compensation
- Ethical labour practices
- Diversity and equal opportunity

Through these, we are committed to ensuring employees satisfaction and engagement, developing a passionate and productive workforce. And maintaining a diverse, respectful and encouraging workplace.

(a) Employees Upskilling and Career Growth

Upskilling and empowering our employees are important to our business growth and success. We are committed to supporting our employees' career growth by providing appropriate training and development opportunities to help them improve and expand their skills set, and enable them to achieve their individual goals along with departmental or organisational objectives.

The trainings provided include technical and functional knowledge, industry knowledge, as well as soft skills development, conducted through various methods such as workshops and conferences, coaching, mentoring and on-the-job trainings etc.

Through our yearly Performance Appraisals, Training Needs Analysis ("TNAs") are also conducted to identify training needs, skills gaps, or any other required competencies.

Description	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
Training expenditure	34	14	136
Total training hours	2,437	6,306	8,582
Training hour per employee	5.6	15.5	20.8

COVID-19 pandemic has led to a big change in the ways people carry out routines and regular affairs, such as a rapid move to online learning, meetings and events. In the past 2 years, most seminars and workshops are conducted online. Moreover, there were a wide range of free online webinars sponsored by Government agencies/departments, trade associations, suppliers and other organisations, resulting in some cost savings and much needed financial relief.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



People Management & Development (Cont'd)

Management Approach (Cont'd)

(a) Employees Upskilling and Career Growth (Cont'd)

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

No.	Date of Training	Training Topics/Programmes
1	9 January 2021	Minimum Housing Standard
2	25-26 January 2021	The 7 Tools to Streamline Environmental Management At Workplace
3	26-27 January 2021	FMM - Deloitte Webinar Employer's 2020 Income Tax Reporting
4	28 January 2021	ISO 22000:2018 Awareness
5	29 March – 1 April 2021	RSH 100 – Radiation Safety and Health
6	14-15 April 2021	ISO 22000:2018 Awareness Refresher and Internal Audit Training
7	5-6 July 2021	Paths to Managerial Excellence
8	29 September 2021	Trends, Developments and Best Practices in Financial and ESG Reporting
9	2 November 2021	Digital Transformation of SMES
10	9 November 2021	ISCC+ Awareness Training
11	9 November 2021	Plastics for End Product Applications
12	16 November 2021	Sustainable Flexible Packaging Trends 1
13	18 November 2021	Unlocking Greater Efficiency Through Manufacturing Efficiency Systems
14	23 November 2021	Sustainable Flexible Packaging Trends 2
15	25 November 2021	Circular Economy & Climate Change - The New Business Model for Plastics Converter
16	Monthly 2021	Briefing on Covid-19-related arrangements

(b) Fair Compensation

We appreciate and value our employees' contributions to the success of the company. We provide compensation and benefits packages that are fair, reasonable and competitive to attract and retain right talents, to boost loyalty, and to motivate and increase productivity. The standard benefits provided include insurance coverage, medical benefits and leaves.

We also further reward our employees based on performance, we believe this is important to maintain a motivating and encouraging workplace environment. Employees' performance levels are assessed by the Heads of Department via annual Performance Appraisals, evaluated based on various areas linked to our organisation's focus, values and objectives.

The Group is in compliance to the Malaysian laws for the minimum wage and overtime pay requirements. This is particularly important to ensure basic level of income so that the low-income groups are able to attain minimum acceptable living standards and elevate from poverty.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



People Management & Development (Cont'd)

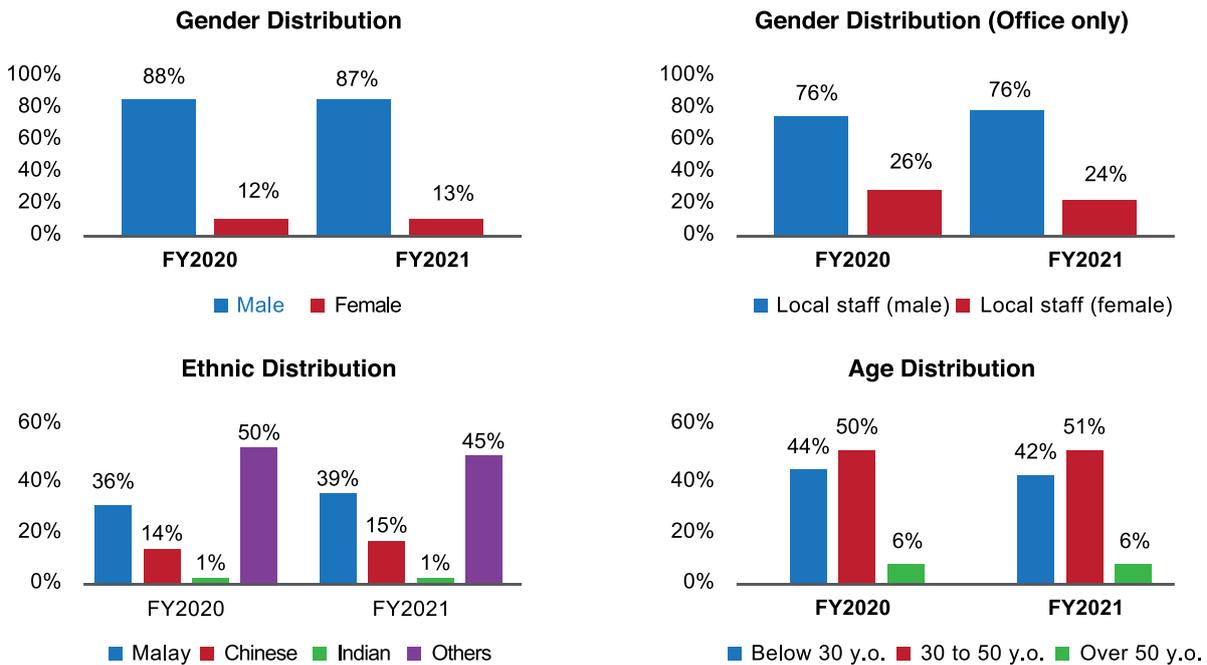
Management Approach (Cont'd)

(d) Diversity and Equal Opportunity

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

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

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



Our operations runs on a 24/7 basis, not only to ensure manufacturing process efficiency and costs management but also to support consistent and continuous delivery of our quality products to serve our worldwide customers' needs.

In line with this, the Group hires a significant number of male workers for the night shifts, of which majority are non-Malaysians. If excluding the direct labor shop floor workforce, the indirect labor (office) female participation is maintained at 24% in FY2021. Despite a relatively low women representation, the Group consistently provides equal opportunities and ensures that everyone's rights are respected and are able to contribute equally at all levels of decision making and leadership.

During the year, local Malaysian employees intake has increased from 50% (FY2020) to 55% (FY2021), mainly due to the Government's freeze on recruitment of foreign workers in all sectors and international border closure. We took this opportunity to hire more local talents and youths to support the government's calls to reduce reliance on foreign workers. This is also in line with our initiative to provide more job opportunities to the local community.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



Local Communities Engagement

Why It Matters

BPPLAS has always been cognisant of our social responsibilities in contributing to the development of the communities in which we operate. We believe that local communities' welfare is crucial to the sustainability and continued success of our business.

Through employment and other engagements, we seek to make positive impact to the social well-being of the local communities the and surrounding environment, thus maintaining a sense of trust and responsibility to the communities and also our local employees.

Management Approach

We have been continuously putting efforts in increasing local employment opportunities. As at end of FY2021, our employment of local individuals is 55% of total workforce, compared to 50% as at end of FY2020.

During the COVID-19 pandemic and various movement restrictions periods, large gatherings and events are avoided or not allowed to reduce risks of transmission. Hence, most social events were not carried out, including our Blood Donation Campaigns which we held annually since 2010. as a form of support to the National Blood Bank and to increase awareness of the importance of blood donation.

Nonetheless, we continue to make various social investment including donations, contribution, or sponsorships to the local communities during this unprecedented time of pandemic. In FY2021, we have made approximately RM37,200 of monetary and non-monetary contributions to the local communities.

CONCLUSION

As a responsible organisation, the Group aims to manage the issues, risks and opportunities in all aspects of ESG matters conscientiously in order to continue achieving a resilient and sustainable business model in the long run. The Group will continue to push forward with ongoing initiatives and efforts to elevate sustainability awareness throughout the value chain from procurement, production, people and workplace until the end product to ensure that all our stakeholders are on board as part of the collective collaboration on ESG matters.

The Group manufacture products that are part of critically required packaging for food and other essential goods, we are committed towards ensuring our contributions and collaboration with the value chain, building a sustainable packaging business, and protecting the long-term benefits of our shareholders.

During the COVID-19 pandemic, we remain committed to improve our sustainability practices and we are grateful to our stakeholders especially our employees for the ongoing support, contribution and determination. We will continue to do our part to support the country and the world during the challenging times.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors and their affiliates for the financial year ended 31 December 2021 are as below:

	Group RM	Company RM
Audit services rendered	78,000	30,000
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control	4,000	4,000
Tax Services	23,500	3,700

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 2021.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

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

UTILISATION OF PROCEEDS

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

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

2021 has been another challenging year for businesses, as we experienced the prolonged impact of the global health crisis and various socio-economic complications. In spite of that, BPPLAS had achieved a remarkable performance during the year, particularly driven by the positive momentum and sustained demand of the plastic packaging.

The Board of Directors of BPPLAS is pleased to present the MD&A of the Group for FY2021, discussing on the Group’s operational conditions, financial performance in FY2021, business outlook and prospect, as well as plans for growth and expansion.

GROUP BUSINESS OVERVIEW

BPPLAS is based in Batu Pahat, Johor, manufacturing a range of Polyethylene (“PE”) plastic packaging products, categorised into two main divisions, the Cast stretch film division and the Blown PE film division. As the Group envisioned to be the plastics packaging specialist of choice in the Asian region, it has been serving local and overseas customers in various segments over the years, catering for different consumer and industrial packaging needs.

The Group seeks to expand the business by increasing sales among existing customers and acquiring new customers, with primary focus on the growth in premium grade Cast stretch films as well as value-added, technical Blown films including Form-Fill-Seal (“FFS”) food packaging film with print. All the while, the Group has also been advocating for the use of right-gauge films to ensure functional quality for different applications.

Through research and development, upgrading of machinery and equipment, adoption of technology as well as upskilling of employees, the Group has been focusing on product innovation and operational efficiencies improvement, continuously keeping in sight of its mission in supplying reliable and high-quality packaging products.

Furthermore, Management closely monitors and manages materials wastage and recoveries, energy efficiency and the enforcement of Quality Management System (“QMS”) in production, whilst seeking for ways to improve operations in line with the Group’s sustainability initiatives.

The pandemic has changed people’s lives and tested businesses, but it has also highlighted the importance of being adaptive, innovative and to embrace changes. For BPPLAS, along with the ongoing COVID-19 risk management measures to safeguard the health and safety of the workforce and to minimise operational disruptions, the Group is determined in improving sustainable business practices and exploring market needs, potential future opportunities in order to generate long-term value-creation and growth.

GROUP OPERATIONS OVERVIEW

During 2021, Malaysia’s borders restrictions and closure largely persisted. Besides, the resurgence of COVID-19 pandemic due to the emergence of mutated variants of the virus prompted different phases of Movement Control Order (“MCO”) re-implemented by the government, including various restrictions on companies’ operations and workplace. The Group was allowed to operate under limited workforce capacity during MCOs and full operations were subsequently resumed in mid-September 2021 after majority of our employees vaccinated, with stringent standard operating procedures (“SOPs”) in place.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

GROUP OPERATIONS OVERVIEW (Cont’d)

Meanwhile, at the global level, the imbalance of trade flows and uneven economic recoveries from COVID-19 had led to supply chains disruptions since 2020 and it remained as a major challenge across the world in 2021 and the Group has faced various challenging issues that affected the operating activities, such as material and manpower shortages, elevated freight costs coupled with tight availability of shipping containers, and volatile commodity prices. As such, the Group remains in constant communication and dialogue with the suppliers and customers to gauge the situation of the market to serve steadfastly local and overseas customers in a wide range of industries.

Despite the headwinds, the Group had sailed through the adversity to sustain business growth and deliver another year of outstanding operational and financial performance in FY2021, underpinned by its resilience and agility through the dedication of the Management and employees, the support from customers, suppliers and all other stakeholders.

FINANCIAL PERFORMANCE HIGHLIGHTS

In FY2021, the Group achieved record-high top-line revenues and bottom-line earnings, followed by a commendable performance in the previous financial year, despite the ongoing unprecedented challenges presented in the business environment.

Revenue

	FY2017 RM'000	FY2018 RM'000	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000
Q1	84,333	84,945	80,831	77,601	100,064
Q2	73,833	82,559	86,705	80,292	108,947
Q3	84,875	80,593	80,382	73,834	113,305
Q4	85,516	85,681	83,274	84,870	124,812
Total Operating Revenue	328,557	333,778	331,192	316,597	447,128



The Group recorded historical-high operating revenues of RM447.13 million in FY2021, representing a growth of 41.23% compared to RM316.60 million in the previous financial year, driven by higher sales volume and average selling prices amid stronger demand in FY2021. The Group’s sales volumes had in fact increased year-on-year by 14.42%.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

FINANCIAL PERFORMANCE HIGHLIGHTS (CONT’D)

Revenue by Geographical

	2021 RM’000	2020 RM’000	Variance RM’000
Asia countries	277,355	187,262	90,093
Malaysia	118,019	91,383	26,636
Other countries	51,754	37,952	13,802
Total Operating Revenue	447,128	316,597	130,531

Overall, the Group’s total operating revenues for FY2021 achieved strong growth across all territories and remain supported by major strategic business partners located in Asia, ASEAN and Australasia.

Export markets recorded sales of RM329.11 million (73.60% of total operating revenue), which is 46.1% higher than the RM225.21 million (71.14% of total operating revenue) in the previous year.

Meanwhile, domestic market sales grew by 29.15% from RM91.39 million in FY2020 to RM118.02 million in FY2021. The growth in domestic sales was partially affected by lockdowns and restrictions imposed over different phases of MCO, particularly for customers in the non-essential sectors.

Profitability

Description	2021 RM’000	2020 RM’000	Change %
Revenue	447,128	316,597	41.23%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	67,216	50,318	33.58%
Profit before tax (“PBT”)	56,771	38,923	45.85%
Profit after tax (“PAT”)	46,466	29,661	56.66%
EBITDA margin	15.03%	15.89%	-0.86%
PBT margin	12.70%	12.29%	-0.41%
PAT margin	10.39%	9.37%	1.02%

For FY2021, the Group achieved another year of all-time highs in PBT, PAT and EBITDA, after new highs recorded last year. PBT grew by 45.85% to RM56.77 million, from RM38.92 million in FY2020. In line with revenues, the growth in profits was mainly driven by stronger demand.

PAT for FY2021 was RM46.47 million, representing a growth of 56.66% compared to the RM29.66 million in the previous financial year. Compared to the effective tax rate of 24.50% recorded in FY2020, the lower effective tax rate of 18.35% in FY2021 was mainly attributable to the reinvestment allowances tax incentives in one of the Group’s subsidiaries.

Emphasizing on appropriate cost-rationalisation measures and coordinated pricing strategies, the Group has been able to manage its operating costs to withstand the competitive pricing pressures within the industry. At the same time, the Group is consistently working on product innovation, streamlining of product mixes, developing higher value-added (“specialty”) product lines, and complement by large volume bulk orders of standard (“general”) products.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

FINANCIAL POSITION

As at 31 December 2021, the financial position and liquidity of the Group remained solid and healthy. Cash and Cash Equivalents amounted to RM27.46 million (FY2020: RM27.24 million). The Group has consistently maintained good dividend payouts throughout to reward shareholders in the current year. The Group’s balance sheet remains leverage-free with no borrowings as at the end of the financial year.

Total shareholders’ funds was higher at RM231.61 million (FY2020: RM205.79 million) while Net Tangible Assets (“NTA”) per share as at this financial year end stood at RM0.82 (FY2020: RM0.73 after adjustment for bonus issue)

SHARE PERFORMANCE FY2021

Year High:	RM2.05*
Year Low:	RM0.90*
Year Close:	RM1.49
Daily Average Trading Volume:	963,000 shares
Year End Market Capitalisation:	RM419.41 million

* Share prices are adjusted for bonus issue.

CAPITAL EXPENDITURE (“CAPEX”) INVESTMENT

During FY2021, the Group deployed RM33.2 million of internally generated funds in acquiring, installing, and upgrading new machinery, equipment and facility, and had further allocated approximately RM29.5 million of CAPEX investments for FY2022, in line with the Group’s strategic investment plans to pursue business growth and expansion, and to continuously re-invest into new technologies.

The major CAPEX investments during FY2021 and FY2022 include a new 9th Cast Stretch Film machine, which was successfully commissioned in December 2021, a new 10th Cast Stretch Film machine, which is expected to be installed and operational by the end of 2022. The two Nano-technology supplemented stretch film machines will increase Cast stretch film production capacity. These machines are designed to produce film with improved quality and specifications, operate in better efficiency leading to cost and environmental benefits, which could thus cater for market demands of more sophisticated packaging requirements and sustainability-based packaging.

Along with the production capacity expansion, the Group is building a new 33KVA sub-station along with its infrastructure which will increase electricity supply capacity at the manufacturing plant, and also implementing a new Enterprise Resource Planning (“ERP”) system, which is expected to enhance integration of overall business process, optimise workflows, and improve productivity and efficiency.

CORPORATE EXERCISE

The Group completed the bonus issue of shares and the bonus issue of free warrants in FY2021. The bonus issue of 93,843,992 new ordinary shares on the basis of 1 bonus share for every 2 ordinary shares was completed on 13 December 2021, and the bonus issue of 37,530,591 warrants on the basis of 1 warrant for every 5 ordinary shares was completed on 23 December 2021. The corporate exercises are to reward shareholders, improve the stock liquidity and also provide shareholders the opportunity to increase equity participation in the company through exercising the free warrants at a pre-determined exercise price, with a tenure of five years. Meanwhile, the warrants would potentially provide additional funds to the Group when exercised into BPPLAS shares, which the Group intends to use for future business expansion, capital expenditure, and working capital.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

DIVIDEND DISTRIBUTION

The Group has a dividend policy of distributing a minimum 40% payout of its net profits annually. Over the years since the dividend policy announcement in 2016, the Group has consistently achieved dividend payout ratio beyond the minimum without compromising its available Cash and Cash Equivalents position, planned CAPEX and other investment plans. It has always been the Group’s commitment to enhance shareholder value.

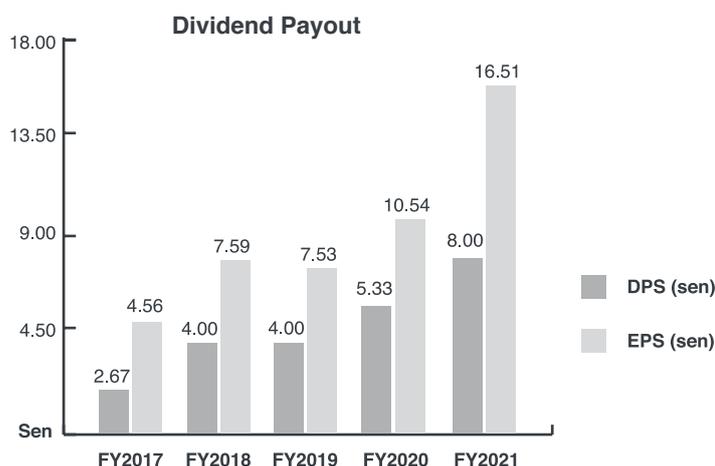
Total dividends declared and paid by the Group for FY2021 amounted to RM22.52 million, representing a 48.5% dividend payout ratio (FY2020: RM15.01 million; 50.6%).

	RM’000
In respect of FY2021:	
– ^ First Single-tier interim dividend of 2 sen per share and a Special Single-tier interim dividend of 1 sen per share, paid on 7 July 2021	5,630
– ^ Second Single-tier interim dividend of 2 sen per share and a Special Single-tier interim dividend of 1 sen per share, paid on 8 October 2021	5,630
– ^ Third Single-tier interim dividend of 2 sen per share and a Special Single-tier interim dividend of 1 sen per share, paid on 6 January 2022	5,630
– Fourth Single-tier interim dividend of 2 sen per share, paid on 8 April 2022	5,630
Total dividends declared and paid for FY2021	22,519

DIVIDEND PAYOUT

Year	DPS *	EPS *	Dividend	PAT	Dividend
	(Sen)	(Sen)	RM’000	RM’000	Ratio
FY2017	2.67	4.56	7,506	12,834	58.5%
FY2018	4.00	7.59	11,259	21,358	52.7%
FY2019	4.00	7.53	11,259	21,204	53.1%
FY2020	5.33	10.54	15,012	29,661	50.6%
FY2021	8.00	16.51	22,519	46,466	48.5%
				5-year Average	52.7%

* Adjusted for bonus issue



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

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

ANTICIPATED OR KNOWN RISKS

The Group remains vigilant of the dynamic business environment that could potentially impact the Group’s ordinary course of business, operations, long-term strategy and profitability.

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

A. Impacts and Uncertainties of COVID-19

Economies across the world have been seeing recoveries from the COVID-19 pandemic, as vaccines and booster shots rolled out, borders and movement restrictions eased. Along with the optimism, challenges and concerns remain over the resurgence of infection cases and the spread of new virus mutations.

At BPPLAS, Management remains vigilant to ensuring that effective business continuity plans are in place, strict adherence to SOPs and protective measures to ensure the health and safety of all employees and key stakeholders.

Meanwhile, to survive and thrive in a volatile post-pandemic economic environment, the Group remains cognizant to ensure its strategy is sustainable and adaptive based on market demands and the evolving economic environment.

B. Workforce and Labour Shortage

Shortage of both skilled and unskilled workforce since the freeze on foreign workers into Malaysia due to the COVID-19 pandemic, has become a critical subject to many industries amid unstable labour markets globally. Despite the Government’s underlying aim of reducing the economy’s reliance on foreign workers and widening employment opportunities for the local Malaysians, as well as encouraging use of automation and technologies, the manufacturing sector has been struggling to recruit and retain sufficient local workers.

The Group is continuously putting effort in training and upskilling of the workforce, recruiting and retaining the right talents, while facilitating the adoption of more technologically-advanced machinery and equipment to enhance and automate processes. The advancement is expected to ease the Group’s dependency on labour-intensive output, achieve cost optimisation, and ultimately increase productivity and accelerate business growth.

C. Supply Chain Disruptions

Prompted by the COVID-19 pandemic, since early 2020, worldwide productions and trades were majorly reduced, causing slowdown in supply chains and shipments. Towards the end of 2021, uneven recoveries of demand and imbalance trade flows across markets led to severe container shortages and port congestion issues, resulted in escalating freight rates, and thus caused many industries facing supply chain bottlenecks.

The challenges were further exacerbated with complications including COVID-19 resurgence and uncertainties, weather-related events, shortages of material and labour, and also geopolitical tensions. Consequently, despite reopening of economies amid easing COVID-19 restrictive measures, supply chain issues are expected to persist throughout 2022.

The Group continues to monitor the situation and costs, while working closely with suppliers and customers in managing the deliveries of incoming materials and outgoing goods.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

ANTICIPATED OR KNOWN RISKS (CONT’D)

D. Raw Materials Supply and Pricing

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

COVID-19 pandemic had led to steep declines in global petroleum demand. The historic production cut was put in place in April 2020 to stabilise the energy market caused crude oil prices fluctuate due to volatile market sentiment. Major oil producers within the Organisation of Petroleum Exporting Countries (“OPEC”) and its allies, agreed to hike output by 400,000 barrels per day each month since August 2021 to keep up the global supply with the fast-rising demand.

However, while markets are still absorbing and recovering from crude oil and commodity supply challenges since pandemic, geopolitical issues including ongoing US-China trade tension and recent Russia-Ukraine war have impacted the global supply chain and trade activities. In addition, the harsh sanctions on Russia further cause the sharp spike in crude oil and natural gas prices, in turn causing energy cost hikes in US and Europe, and escalating supply disturbances, rising commodity prices and high freight costs to the global economy.

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

E. Inflationary Pressures

As a consequence of labour shortage, spikes in commodity price, raw material tight supply, demand and supply imbalance, as well as other macroeconomic factors, major markets across the world are facing high inflations, where businesses are experiencing cost pressures. Although high inflation is initially expected to be short-term and temporary, the persistently cost pressures is a possible catalyst for structural inflation, which could potentially derail the economic recovery path and impact on growth momentum for prolonged periods.

The Group remains mindful and acts diligently in managing increased operating costs. Maintaining balance sheet resilience would help the Group leverage on market opportunities and tide through the economic uncertainties.

BUSINESS OUTLOOK AND PROSPECT

It is expected that COVID-19 will continue to stay and become endemic since its emergence two years ago. Despite significant rises in infections in early 2022 due to the spread of new Omicron variant, the hospitalisation and fatality cases have been less severe amid high vaccination rates and booster shots administered.

Published in January 2022, the global growth in 2022 is forecasted at 4.4% according to the International Monetary Fund (“IMF”), and 4.1% according to the World Bank. The projections are reduced compared to earlier forecasts due to COVID-19 uncertainties, continuous supply chain disruptions, rising energy prices and a higher and more broad-based inflation than anticipated.

During the pandemic over the past two years, the Malaysian government has been proactively taking measures in curbing the spread of virus, assisting businesses, helping the needy and vulnerable, and accelerating vaccination programmes to support the country’s economic recovery.

In 2021, overall Malaysia’s gross domestic product (“GDP”) registered growth of 3.1%, mainly driven by a low base effect following a contraction of 5.6% in 2020 due to the emergence of COVID-19. Average headline inflation in 2021 reached 2.5%, while as at the time of this writing, Bank Negara Malaysia (“BNM”) has been maintaining the Overnight Policy Rate (“OPR”) at the low level of 1.75% since July 2020.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

BUSINESS OUTLOOK AND PROSPECT (CONT’D)

As of March 2022, BNM projects the country’s GDP to grow between 5.3% to 6.3%, which is slightly more optimistic but broadly in line with the 5.7% and 5.8% forecasted by the IMF and World Bank respectively.

The ratification of the Regional Comprehensive Economic Partnership (RCEP) with effect from 18 March 2022, Malaysia is expected to be the largest beneficiary of the agreement in terms of gains in exports. These gains will result from tariff elimination and reduction of merchandise goods, including the facilitation of export and import of goods among the RCEP markets. Another positive development is that Malaysia will transit into the endemic phase with reopening of the borders to international travellers starting from 1 April 2022, which marks an exit strategy that will allow the country to return to normalcy after almost two years of battling COVID-19.

Under the National Recovery Plan (“NRP”) and continued support of government policy, the country has seen the relaxation of containment measures, resumption of business and economic activities, improvement in demands and labour market. Looking ahead into 2022, the growth momentum is expected to be supported by continued expansion of domestic and global demand, while significant concerns remained on prolonged supply chain disruptions, inflationary pressures, unfavorable COVID-19 developments, volatile or weaker-than-expected demands.

MOVING FORWARD

The demand for plastic packaging remained robust and resilient during the pandemic, as they play a crucial supporting role to many essential sectors and goods, including logistics, electrical and electronics, food and beverages, as well as other industrial and consumer packaging. The Group remains cautiously optimistic of sustained and growing demand for plastic packaging products along with the economic recoveries and positive market sentiment. Moving forward, the Group’s Management and staff at all levels shall continue to undertake measures to protect the health and safety of employees, focus on supply chain and cost management, while maintain responsiveness in facing unprecedented adverse challenges, as well as preparedness in undertaking suitable expansion, capacity or technology adoption.

At the same time, with the commitment towards its sustainability objectives, the Group continues to pursue its goal in generating long-term stakeholder value while maintaining its obligations to conduct business in an environmentally and socially responsible manner.

All in all, in spite of the headwinds and potential challenges in a demanding business environment, the Group is confident of delivering a profitable performance for financial year ending 31 December 2022, building on the Group’s strong fundamentals, adaptability and prudent planning, together with the continued support from its various stakeholders.

LIM CHUN YOW

Managing Director

18 April 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

The Management and Board of Directors (“**Board**”) of BP Plastics Holding Bhd (“**BPPLAS**”) managed to successfully navigate another year of unprecedented pandemic related challenges and work in partnership with our key stakeholders (i.e., employees, suppliers and customers), in overcoming the many trials and tribulations along the way. This was done with enhanced cognizance of the value and importance to continue imbedding good corporate governance practices, promoting concepts of sustainability, as well as looking at supply chain enhancements, business process improvements, contingency and continuity plans which remain high on our priority agendas.

With renewed commitment to further improve in coming FY2022 and beyond, we hereby present the Corporate Governance Overview Statement (“**CG Overview Statement**”) to provide all our stakeholders, which include our shareholders and investing community, with an overview of the corporate governance (“**CG**”) practices of the Company put in place during the financial year ended 31 December 2021.

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

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

- Board Charter
- Group Code of Conduct,
- Audit Committee (“**AC**”) Terms of Reference
- Nominating and Remuneration Committee (“**NRC**”) Terms of Reference
- Risk Management Committee (“**RMC**”) Terms of Reference
- Corporate Disclosure Policy
- Anti-Bribery and Anti-Corruption (“**ABAC**”) Framework and Policy

This Statement was approved by the Board of Directors on 18 April 2022.

Corporate Governance Approach

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

Pursuant to the Comprehend, Apply and Report (CARE) approach advocated under the MCCG, the Board has undertaken necessary review and revisions to the Group’s policies to ensure that it is aligned to the three (3) key principles and recommendations of the MCCG as outlined below:-

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

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

Board Responsibilities (Cont'd)



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

The Group’s Board Charter was recently updated to be in line with the latest MCCG 2021 which came into effect on 28 April 2021. The Board will continue to perform periodic review on the Board Charter to ensure they remain consistent with the Board’s objectives, current laws/regulations and good governance practices.

BPPLAS has a zero-tolerance stance against bribery and corruption, and the Group is committed to setting, promoting and ensuring a corruption-free culture within BPPLAS. In line with the Anti-Corruption Amendments, as well as the regulatory compliance with the Malaysian Anti-Corruption Commission Act 2009 (“**MACC Act**”) Section 17A Corporate Liability provisions which came into effect on 1 June 2020, the Board has conducted the necessary review to ensure that BPPLAS has the adequate procedures, policies and controls for the prevention of corrupt acts and practices and had adopted an Anti-Bribery and Anti-Corruption (“**ABAC**”) Framework and Policy on 29 May 2020. A copy of the ABAC Framework and Policy is available at the Company’s website at www.bpplas.com.

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

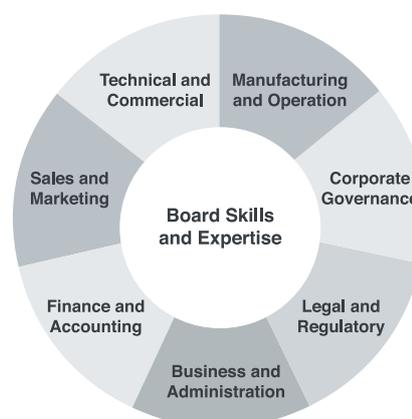
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition

The Board consists of seven (7) Directors, four (4) of whom are Independent Non-Executive Directors and three (3) are Executive Directors. The composition of the Board is consistent with the requirements of Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), where at least one-third of its members are Independent Non-Executive Directors. This is also in line with MCCG Practice 5.2 which prescribes that at least half of the board comprises independent directors. Such composition is able to provide independent and objective judgement to facilitate a balanced leadership in the Group as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders and ensuring high standards of conduct and integrity are maintained.

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

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



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

Board Diversity	Headcount	%
Composition		
Independent Non-Executive Directors	4	57%
Non-independent Executive Directors	3	43%
Ethnicity		
Chinese	7	100%
Others	0	0%
Gender		
Male	5	71%
Female	2	29%
Age		
50 – 55	2	29%
> 55	5	71%

Though the Board does not have in place a formal Diversity policy and has not set specific targets, the Board is of the view that currently there is still a good level of women representation on Board at 29%. The Board and NRC will endeavour to ensure sufficient number of women candidates are included in the pool of candidates evaluated for new future appointments to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

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

Board Meetings

The Board meets at least quarterly with additional meetings convened as and when necessary. The Board meetings are conducted with a structured formal agenda. Board meeting’s agenda includes reviews on various aspects of the Group’s operations, financial performance, strategic business plans, major investments, findings from both the External and Internal Auditors, and any other proposals or significant matters requiring direction of the Board. The Board members deliberate, assess the viability of business propositions and corporate proposals, looking particularly at the principal risks that may have significant impact on the Group’s business or its financial position, and the mitigating factors. Special Board meetings are convened when warranted by situations that require the expeditious direction of the Board. All the proceedings of Board meetings are duly recorded in the minutes of each meeting.

The Board meetings are chaired by the Chairman who has the responsibility of ensuring that each of the items of the agenda is adequately reviewed and thoroughly deliberated within a reasonable timeframe. Due to the various Movement Control Orders (“MCOs”) and travel restrictions put in place by the Government throughout the year to curb the spread of COVID-19 pandemic, the Board and the respective Board Committees had continued to leverage on alternative online meeting platforms (i.e., virtual conference) in lieu of the conventional face-to-face meetings for FY2021, as the new form of conducting meetings after the COVID-19 outbreak started back in FY2020.

During the financial year under review, attendances of Directors to the meeting during FY2021 are as follows:

Name of Directors	Board of Directors	General Meeting	AC	NRC	RMC
Lim Chun Yow	5/5	2/2			
Tan See Khim	5/5	2/2			
Hey Shiow Hoe	5/5	2/2			
Lim Kim Hock	5/5	2/2		1/1	
Tan Ming-Li	5/5	2/2	5/5	1/1	2/2
Tan Hock Hin	5/5	2/2	5/5	1/1	2/2
Chuah Sue Yin	5/5	2/2	5/5	1/1	2/2

The Directors remain fully committed in discharging their statutory duties and responsibilities, as reflected by their full attendance at Board meetings held during the FY2021. All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year pursuant to the MMLR of Bursa Malaysia.

All the Directors have attended the Mandatory Accreditation Programme (MAP) as required under the MMLR of Bursa Malaysia. The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit to enhance their knowledge in new rules and regulations as well as understanding of the Group’s business and operations, and to keep abreast with current developments in the market place. Nevertheless, the Board will also review the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities instead of the NRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

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

Board Meetings (Cont'd)

In line with Paragraph 15.08 of MMLR of Bursa Malaysia, the following are the conferences, training programmes and seminars in various capacities attended by the Directors of the Company in FY2021:

Name	Training/Seminar/Forum/Conference Attended	Date
Non-Independent Executive Directors:		
Lim Chun Yow	• Industry Outlook & RCEP	15 March 2021
	• Creating Circular Economy Solutions for Industrial Films	2 June 2021
	• Indo Pacific Flexible Packaging Virtual Summit 2021	17-18 June 2021
	• Plastic Sustainability Leadership Webinar: Unpacking the future of plastic	23 June 2021
	• S&P Global Platts: Asia Pacific Shipping Forum	14 July 2021
	• The Star Media Group: Circular Economy Conference	14-15 July 2021
	• Oxo, Bio & Compostable Plastics	27 July 2021
	• Closing the Loop with Innovations in Flexible Packaging	8 September 2021
	• Meet your sustainability goals for flexible packaging with high quality mechanical recyclates	6 October 2021
	• Macro and Markets Update: Ending the year with a bagful of risks	9 November 2021
	• MPMA Plastech Month 2021: Plastics for end product applications	9 November 2021
	• MPMA Plastech Month 2021: Sustainable flexible packaging trends	16 & 23 November 2021
	• MPMA Plastech Month 2021: Unlocking greater efficiency through manufacturing execution systems	18 November 2021
	• MPMA Plastech Month 2021: Circular Economy & Climate Change – The new business model for plastics convertors	25 November 2021
	Tan See Khim	• Industry Outlook & RCEP
• EMDA Winning Model		28-30 October 2021
• MPMA Plastech Month 2021: Plastics for end product applications		9 November 2021
• MPMA Plastech Month 2021: Sustainable flexible packaging trends		16 & 23 November 2021
• MPMA Plastech Month 2021: Unlocking greater efficiency through manufacturing execution systems		18 November 2021
• MPMA Plastech Month 2021: Circular Economy & Climate Change – The new business model for plastics convertors		25 November 2021
Hey Shiow Hoe	• Industry Outlook & RCEP	15 March 2021
	• EMDA Winning Model	28-30 October 2021
	• MPMA Plastech Month 2021: Plastics for end product applications	9 November 2021
	• MPMA Plastech Month 2021: Sustainable flexible packaging trends	16 & 23 November 2021
	• MPMA Plastech Month 2021: Unlocking greater efficiency through manufacturing execution systems	18 November 2021
	• MPMA Plastech Month 2021: Circular Economy & Climate Change – The new business model for plastics convertors	25 November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

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

Board Meetings (Cont'd)

Name	Training/Seminar/Forum/Conference Attended	Date
Independent Non-Executive Directors:		
Lim Kim Hock	• Learn to Develop, Build Upon and/or Appreciate The Importance of The Capital Statement in Tax Audits	25 February 2021
	• MFRS 102 Inventories	19 March 2021
	• Identification and Assessment of Audit Risks	29 March 2021
	• National Tax Conference 2021	27 & 28 July 2021
	• National Budget Seminar 2022	9 November 2021
Tan Ming-Li	• Webinar: MFRS 17 by Ernst & Young	10 September 2021
	• Webinar: Sustainability Training by Climate Governance Malaysia	8 November 2021
Tan Hock Hin	• Dynamic Leadership Sprint	12 January 2021
	• Project Management Skills	3-5 May 2021
	• Positive Power and Influence Workshop	21,23,26,28 and 30 July 2021
Chuah Sue Yin	• MFRS Updates 2020/2021	10 February 2021
	• 2021 Employers & Employees Statutory Obligations	22 February 2021
	• MFRS 15 Revenue from Contracts with Customers – Workbook Style	1 March 2021
	• Reporting Financial Performance for Public and Private Entities (MFRS/MPERS)	3 March 2021
	• Rethinking Our Approach to Cyber Defence in Fis	11 March 2021
	• MFRS 15 Revenue from Contracts with Customers MPERS Sections 23 & 34	19 March 2021
	• Annual Report Preparation & Disclosures – COVID 19	22 March 2021
	• LHDNM-CTIM Tax Forum 2021	23 March 2021
	• Key Learning Points from Review of MIA’s Illustrative MPERS	24 March 2021
	• Considerations for Preparations of Financial Statements under COVID-19 Situations	1 April 2021
	• MFRS 15 & MFRS 16 Case Studies on Application & Disclosures	13 April 2021
	• BNM – FIDE FORUM – MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know	20 April 2021
	• ISA540 (Revised) Auditing Accounting Estimates & Related Disclosures	5 May 2021
	• Investing in Crypto Assets	6 May 2021
	• BNM – FIDE FORUM – Dialogue on The Role of Independent Director	2 June 2021
	• ISA530 Audit Sampling, ISA570 (Revised) Going Concern & ISA701 Communicating Key Audit Matters in The Independent Auditor’s Report	10 June 2021
	• Risk Management in Technology (RMiT) & Digital Transformation: What they mean for Governance & Strategy of Bank & Insurance Boards	11 June 2021
	• Implementing Amendments in the Malaysian Code on Corporate Governance	14 June 2021
	• ICAEW Virtually Live – Brexit 6 months in – how organisations have adapted	15 June 2021
	• ICAEW Virtually Live – Audit Accountability – Confirmation	15 June 2021
	• ICAEW Virtually Live 2021: Entrepreneurialism – making the most of the landscape	15 June 2021
	• ICAEW Virtually Live – Fraud: Risks, Recovery and Reporting	16 June 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

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

Board Meetings (Cont'd)

Name	Training/Seminar/Forum/Conference Attended	Date
Independent Non-Executive Directors: (Cont'd)		
Chuah Sue Yin	• ICAEW Virtually Live – Audit what good looks like	16 June 2021
	• ISQM 2 Engagement Quality Reviews	16 June 2021
	• Chartered Accountants & Sustainability	24 June 2021
	• JC3 Flagship Conference 2021: Sustainable finance for the private sector	25 June 2021
	• ISQM 1 Quality Management for Firms that perform or Reviews of Financial Statements, or Other Assurance or Related Services Engagements: & ISA220 (Revised) Quality Management for an Audit of Financial Statements	28 June 2021
	• BNM – FIDE FORUM Dialogue on RMI Implementation	8 July 2021
	• Revolving Credit Facilities	20 July 2021
	• National Tax Conference 2021	27-28 July 2021
	• Resources: Expectations for Firms and Engagement Partners	29 July 2021
	• AOB's Conversation with Audit Firms	5 August 2021
	• What's New for Firms' Monitoring & Remediation Processes	5 August 2021
	• New Public Rulings in 2020 & 2021	17 August 2021
	• Bringing it All Together: Exploring all the Components of a Quality Management System	18 August 2021
	• The Board's Role and Responsibilities in Crisis Communication	19 August 2021
	• BNM-FIDE FORUM Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators	6 September 2021
	• Market Review & Outlook	1 November 2021
	• The 2050 Net Zero Carbon Emissions Target : Finance's Role	12 November 2021
	• 2022 Budget Seminar	18 November 2021
	• Give yourself a brand 'makeover'	25 November 2021

Remuneration

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

The composition, authority, duties and responsibilities of NRC and its activities during financial year ended 31 December 2021 are set out in the NRC Statement of this Annual Report.

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

Details of the remuneration for each of the Directors on a named basis are set out under Practice 8.1 of the Corporate Governance Report uploaded on the Group's website at www.bpplas.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

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

No former partner of the present and previous external audit firm(s) of the Group and Company have been appointed to the Board or employed by the Group. And in line with latest MCGG 2021 Practice 9.2, the TORs of the AC has been updated to reflect the requirement that any former partner of the external audit firm (and/or its affiliate firm) of the Group/Company shall observe a cooling-off period of at least three (3) years, before being appointed as a member of the Audit Committee.

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

Guided by the factors prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia, the AC has the policies and procedures in place, to assess the suitability, objectivity and independence of the External Auditors, which is also in line with Practice 9.3 of the MCGG. The assessment is conducted on yearly basis by the AC, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

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

Risk Management and Internal Control Framework

The Board has direct oversight and accountability to ensure that each business unit of the Group and its key management, is responsible for putting in place a robust risk management framework as well as maintaining a sound and reliable system of internal controls within the Group, covering the financial, operational and compliance controls. The risk management framework and internal control system is designed to meet the Group’s evolving needs and to manage key areas of risks to be within an acceptable risk profile, rather than eliminate the risk of failure to achieve the Group’s policies and business objectives. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on all business units within the Group. The purpose is to ensure that the Group’s assets are safeguarded in the interest of preserving the investment of shareholders.

The Group’s and the Company’s system of internal controls, by its nature are designed to provide reasonable but not absolute assurance against risk of material errors, misstatement, fraud, or losses occurring. The Group has an Enterprise Risk Management (ERM) framework that outlines the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions. The Management-level RMC through their meetings ensures that the accountability for managing the significant risks identified is clearly assigned and that the identified risks affecting the Group is being satisfactorily addressed on timely basis.

The risk identification process, which is done at least once per annum, entails reviewing and assessing all key factors within the Group’s business context from an external perspective, i.e. from macro-environment, sustainability, cybersecurity, to industry and internal operating risks. Risks are categorised as strategic or operational risk and further classified into distinct categories, i.e. financials, operations, industry, compliance and people. For the current year, the MRMC had conducted on-going assessment on the COVID-19 impact on business operations risk and mitigation measures such as compliance with the National Security Council (NSC) Standard Operating Procedures (“SOPs”), business continuity risks assessment, cybersecurity risks assessment, as well as annual corruption risk assessment (as per the Group’s ABAC Policy).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

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

Risk Management and Internal Control Framework (Cont'd)

The AC is tasked with the duty to assess the Group's and Company's internal control environment to determine the adequacy and effectiveness of the system of internal controls put in place by Management. On the other hand, the Board RMC supports the Board by having oversight of the Group's risk management framework and to set up and monitor the risk policy implementation by the Group, regularly assessing such risk management processes to ascertain their adequacy and effectiveness.

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

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

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

Communication between the Company and its Stakeholders

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

The Group values its dialogues and engagements with all stakeholders. Shareholders and stakeholders of the Company are kept informed of the Group's performance, major corporate developments and other matters affecting stakeholders' interests through the Annual Report, the various disclosures and announcements made to Bursa Malaysia and the Company's website updates. Apart from this, financial results and other corporate information as contained in the Annual Reports and/or circulars to shareholders are available to enable shareholders and investors to have better understanding of the Group's business activities and performance.

The Company disseminates its Annual Report to its shareholders in electronic format in the form of PDF file that can be downloaded from its website. The Company leverages on technology to enhance the quality of engagement with the shareholders, and to broaden the channels of information dissemination. Shareholders who are eligible to vote at general meetings but are unable to attend the same in person, may appoint proxies to vote on their behalf.

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

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

Conduct of General Meetings

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Conduct of General Meetings (Cont'd)

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

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

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

To in line with the MCGG's Practice 13.3, the Company had leveraged on technology by conducting the Company's Seventeenth Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) held on 27 May 2021 and 22 November 2021 respectively on a Fully Virtual Basis through live streaming and online remote voting using the Remote Participation and Voting facilities (“RPV Facilities”) provided by the Poll Administrator of the Company, Securities Services (Holdings) Sdn Bhd via <https://sshsb.net.my/login.aspx>.

This allows shareholders or proxies or attorneys or authorised representatives to attend, participate, and pose questions prior to the meeting via email or through the real-time submission of typed text through a text box within the online meeting platform at the meeting.

Shareholders or proxies or attorneys or authorised representatives who joined the live streaming of proceedings of meeting were given sufficient time to cast their votes remotely at the meeting of the Company via RPV Facilities.

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

KEY FOCUS AREAS AND FUTURE PRIORITIES

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

The Board has identified environmental, social and governance (ESG) matters, which includes sustainability, circular economy and climate change issues, as well as future crisis management, supply chain enhancement and business continuity risks assessment and action plan, as the key focus areas for the near-and long-term business strategies of the Group.

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

The Board will provide the appropriate guidance and oversight to the Senior Management team as they work towards developing a more resilient and robust sustainability agenda for the Group, at the same implementing initiatives in enhancing the Group's supporting business infrastructures and facilities, which include investing into more machine and/or process automation, IoT sensors, new Enterprise Resource Management (ERP) information systems platforms and putting in place essential cybersecurity risk strategies, as con-concurrent priority as we move into more digital and online based working environment whereby remote work-from-home (WFH), online business-to-business (B2B) and business-to-consumer (B2C) e-commerce platforms and virtual meetings/networkings are the new norm.

AUDIT COMMITTEE REPORT

1. COMPOSITION

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

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

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

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

2. THE TERMS OF REFERENCE

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

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

3. MEETINGS AND ATTENDANCE

The AC held five (5) meetings during the financial year ended 31 December 2021 (“FY2021”). The Managing Director, Executive Directors, Financial Controller, department heads and representatives of the External and Internal Auditors attend AC meetings as and when invited, in order to facilitate direct communications in respect on matters of significant concern or interest. The Minutes of the AC meetings were circulated to all members of the Board for their notation.

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

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

4. SUMMARY OF WORK OF AC

The AC’s main scope of works for the financial year ended 31 December 2021 are summarised as follows:

Financial Reporting

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

Date of Meeting	Review of Unaudited Quarterly Financial Statements / Audited Financial Statements
22 April 2021	Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2020
27 May 2021	First Quarter ended 31 March 2021
20 August 2021	Second Quarter ended 30 June 2021
22 November 2021	Third Quarter ended 30 September 2021
21 February 2022	Fourth Quarter ended 31 December 2021

AUDIT COMMITTEE REPORT (CONT'D)

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

Financial Reporting (Cont'd)

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

Subsequent to the reporting period, the AC had on 18 April 2022 reviewed the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2021 at its meeting, and recommended the same to the Board for approval.

External Audit

On 22 November 2021, the AC reviewed the Audit Planning Memorandum for financial year ended 31 December 2021 with Messrs. Crowe Malaysia PLT ("**Crowe Malaysia**") outlining the responsibilities of the Directors and Management, audit scope and approach, audit timeframe, areas of audit emphasis, fraud considerations, audit fees, development in Malaysian Financial Reporting Standards and assessment on impact of coronavirus disease (COVID)-19.

On 21 February 2022, the AC reviewed the Audit Review Memorandum, which had summarised the significant audit findings and summary of audit adjustments arising from the statutory audit of the Group and the Company for the financial year ended 31 December 2021, with the External Auditors, Crowe Malaysia.

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

The AC also conducted annual assessment of the performance, suitability, objectivity and independence of the External Auditors with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees rendered. The AC is satisfied with the suitability and independence of the External Auditors and the Board have accepted the recommendation for the re-appointment of Crowe Malaysia as External Auditors of the Group for the ensuing financial year in the upcoming 18th Annual General Meeting of the Company.

The AC had two (2) private sessions with Crowe Malaysia without the presence of the Executive Directors and Management of the Company to discuss issues of concern that the External Auditors may have, arising from the statutory audit for the financial year ended 31 December 2021. There were no areas of concern that were brought to the attention of AC.

Internal Audit ("IA") – Summary of the work of IA Function

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

The Company engaged an external consultant, Tricor Axcelasia Sdn. Bhd. ("**Tricor Axcelasia**") to carry out the internal audit function of the Group. The primary function of the internal audit is to independently carry out a review of the existing systems, controls and procedures, and thereafter provide such recommendations that would further enhance the existing internal control. Based on the audits, the outsourced Internal Auditors provide the AC with independent and objective reports on the state of internal control of the various operating units within the Group, and the extent of compliance by the units with the Group's established policies and procedures.

AUDIT COMMITTEE REPORT (CONT'D)

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

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

The AC approves the biennial risk based audit plan of the Group presented by Tricor Axcelasia to ensure adequate scope and coverage of key risks areas of the Group.

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

Upon completion of the audits, the Internal Auditors closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by the Management. In addition, the AC reviewed the follow-up Internal Audit reports and ascertained if the responsible operating units have rectified the findings noted in the audit reports.

During the financial year ended 31 December 2021, Tricor Axcelasia carried out two (2) cycles of internal audit review on the operations of the Group, covering areas as below, focusing on the key risks associated with the operating process therein:

- Production, Quality Control and H.S.E. Management;
- Financial Management;
- Supply Chain Management; and
- Warehousing and Inventory Management.

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

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

The total costs incurred for the outsourced internal audit function of the Group for FY2021 amounted to RM46,132 (2020: RM51,878).

Related Party Transactions

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

Other Matters

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

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

NOMINATION MATTERS (CONT'D)

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

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

The Board is mindful of Practice 5.3 of the MCCG which recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In the event such director is to be retained as an independent director, the Board must first justify and seek annual shareholders' approval through a two-tier voting process as described in the Guidance to Practice 5.3 of MCCG 2021.

Presently, Mr. Lim Kim Hock was appointed as an Independent Non-Executive Director of the Company on 22 February 2008 and therefore, has served the Board in the capacity for a cumulative term of more than twelve (12) years. The Board proposes to retain Mr. Lim Kim Hock as Independent Non-Executive Director, subject to the shareholders' approval through a two-tier voting process as described in the Guidance to Practice 5.3 of the MCCG 2021 at the forthcoming (18th) Annual General Meeting of the Company.

The NRC and the Board have determined at the annual assessment carried out that Mr. Lim Kim Hock remains objective and independent in expressing his views and in participating in deliberations and decision making of the Board. As a professional practicing accountant, Mr. Lim Kim Hock continues to discharge his duties as Chairman professionally and impartially. This, coupled with his thorough understanding of the business of the Group and the financial, accounting and commercial implications arising from its business and operations makes him a valuable, fit and objective director on the Board. The length of his services on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

Subsequent to the financial year, the Board and the NRC during their meeting on 21 February 2022 had also reviewed the new MCCG 2021 Practice 4.4 recommendation to include a review of the performance of the Board and Senior Management in addressing the company's material sustainability risks and opportunities. It was resolved during the meeting that the Group will conduct a review to identify and incorporate the new ESG related goals and targets by 4Q2022, as part of the performance evaluations for Board and Senior Management, and to implement the changes in financial year 2023.

REMUNERATION MATTERS

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

During the financial year ended 31 December 2021, the NRC met and discharged the following duties on remuneration matters:

- Recommended the payment of Directors' fees for the financial year ended 31 December 2021; and
- Recommended the payment of Directors' benefits to the Non-Executive Directors with effect from 28 May 2021 until the next Annual General Meeting of the Company in year 2022.

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

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

REMUNERATION MATTERS (CONT'D)

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

The component parts of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. The fees for the Executive Directors are restructured into salary component for each Executive Director. The objective is to better reflect the competitiveness as well as prevalent market rate and market conditions, taking into consideration the fiduciary duties expected from the Managing Director and Executive Directors. In the case of Non-Executive Directors, the levels of remuneration are reflected by the experience, level of responsibilities and the remuneration package for similar positions in the market and time commitment required from the Directors. The determination of the remuneration of Directors is a matter for the Board as a whole. The individual concerned will abstain from discussion and decision on his own remuneration. The remuneration of Non-Executive Directors comprises fees and meeting allowances while the remuneration package of Executive Directors comprises basic salary, fees and bonus.

The details of remuneration for the Directors of the Group and the Company for the financial year ended 31 December 2021 are set out below:

Group

In RM	Fees	Meeting Allowances	Salary, Bonus and EPF	Total
Executive Directors				
Lim Chun Yow	-	-	1,197,023	1,197,023
Tan See Khim	-	-	1,085,467	1,085,467
Hey Shioh Hoe	-	-	973,899	973,899
Subtotal	-	-	3,256,389	3,256,389
Non-Executive Directors				
Lim Kim Hock	96,000	5,000	-	101,000
Tan Ming-Li	52,000	5,000	-	57,000
Tan Hock Hin	52,000	5,000	-	57,000
Chuah Sue Yin	52,000	5,000	-	57,000
Subtotal	252,000	20,000	-	272,000
Total	252,000	20,000	3,256,389	3,528,389

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

REMUNERATION MATTERS (CONT'D)

Company

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

The Non-Executive Directors only received Directors' fees and meeting allowances from the Company and did not receive other form of remuneration from the Group for the financial year ended 31 December 2021.

The remuneration of the Senior Management (Group basis) in bands of RM50,000 for the financial year ended 31 December 2021 is as follows:-

Name of Senior Management	Remuneration Band(s) (in RM)
Chua Yi Fon – Financial Controller	250,000 – 300,000

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

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

INTRODUCTION

The Malaysian Code on Corporate Governance (“**MCCG**”) Practice 10.1 stipulates that the Board of Directors (the “**Board**”) of listed companies is to maintain a sound and effective risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets.

The Board is pleased to set out below:

- a) the Board Risk Management Committee Report, in conjunction with;
- b) the Board’s Statement on Risk Management and Internal Control which has been prepared in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”)’s Main Market Listing Requirements (“**MMLR**”) and in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

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

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

THE GROUP’S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director (“**MD**”) and his Management team. The MD and his Management team receive timely information pertaining to the performance and profitability of the Group through timely reports which include quantitative and qualitative trends, and analysis through its computerized information system.

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

The Group practises an “open door” policy whereby Executive Directors, Management team and Executives are encouraged to raise any matters to the MD for prompt response. This culture provides opportunity for the quick and efficient resolution of issues by drawing on the ideas, knowledge, and skillsets of employees from all levels within the Group.

Risk Management Report

The Board Risk Management Committee (“**BRMC**”) was formed on 1 October 2017 comprising entirely of Independent Non-Executive Directors, with the purpose of setting and overseeing the risk management framework and activities of the Group, in line with the step-up Practice 10.3 as set out in the MCCG.

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

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Management Report (Cont'd)

The Composition of the BRMC is as follows:

Chairman

Tan Hock Hin Independent Non-Executive Director

Members

Tan Ming-Li Senior Independent Non-Executive Director

Chuah Sue Yin Independent Non-Executive Director

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

During the financial year ended 31 December 2021, the BRMC met two (2) times with full attendance of all members of BRMC.

The BRMC reviews the Group's risk management processes to ascertain their adequacy and effectiveness. The BRMC is also responsible to ensure that the Group's Enterprise Risk Management ("**ERM**") Framework is established based on internationally recognised risk framework.

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

Risk Management Framework

BPPLAS has an ERM framework that outlines the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions.

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

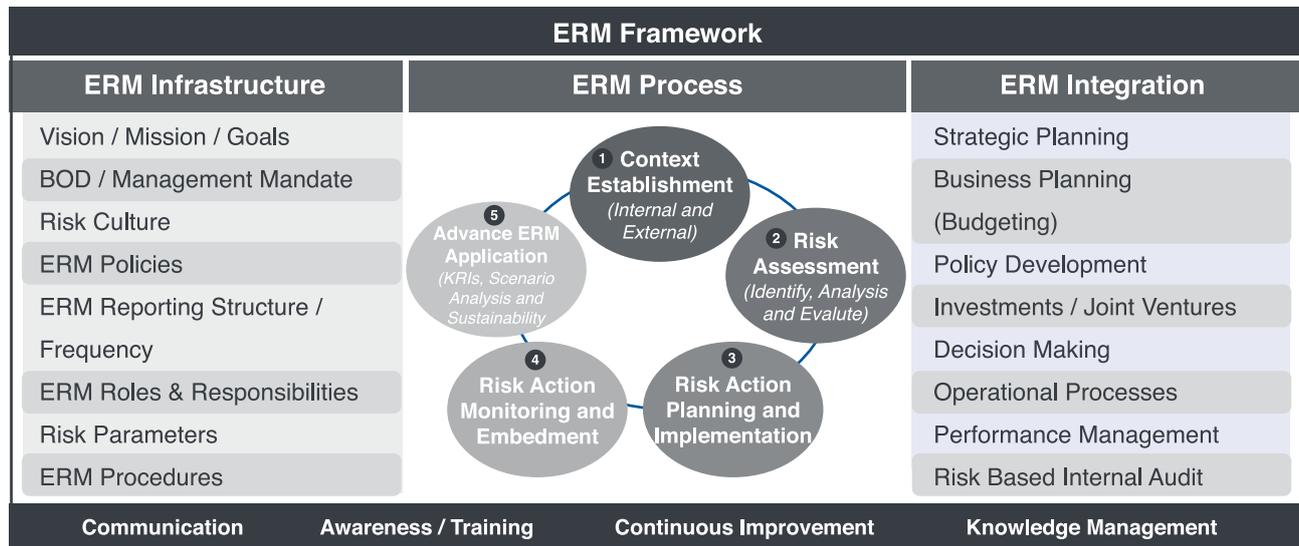
Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium,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

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

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

Risk Management Framework (Cont'd)

BPPLAS ERM Framework Overview:



The Policies of the Board for the ERM framework are:

- To integrate risk management into the management culture, business activities and decision-making processes.
- To anticipate and respond to the changing operational, social, environmental, and regulatory requirements proactively.
- To manage risks pragmatically, to acceptable levels given the circumstances of each situation.
- To require that relevant project/proposal papers submitted to the Board of Directors by Management on strategic key projects or investments above the prescribed threshold amount, must include a risk impact or assessment report; and
- To continuously strive towards strengthening risk management practices through continuous learning and improvement.

Summary of Activities of BRMC

During the financial year under review, the BRMC reviewed and deliberated the salient matters in the executive summary reported by the MRMC. Some of the key activities and areas of risks as highlighted and discussed in the MRMC meetings in FY2021 include the following:

- Review of the related COVID-19 risk and mitigation measures such as compliance with the National Security Council (NSC) Standard Operating Procedures (SOPs);
- Supply chain disruption, business continuity and cybersecurity risk assessment; and
- Conducted a review of the Anti-Bribery and Anti-Corruption (ABAC) corruption risk assessment, update on the latest MACC Sec 17A Adequate Procedures Best Practice Handbook and briefing to Management on updated ABAC Training slides.

The BRMC noted that the existing process of risk monitoring undertaken by the Management is adequate with no occurrence of material loss. The Minutes of the BRMC meetings are subsequently tabled to the Board for notation and further action, where necessary.

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

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

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Summary of Activities of BRMC (Cont'd)

In line with the latest update to the Malaysian Code on Corporate Governance ("MCCG 2021") on 28 April 2021, the BRMC at its meeting held on 22 November 2021, had also acknowledged on the need for the Group to address and manage the Environmental, Social and Governance ("ESG") related risks and opportunities over the short, medium, and long-term for alignment with the latest ESG reporting standards. Management would need to assess the potential risks and opportunities, such as sustainability and climate change with the Board, and put in place the necessary processes and controls within the business units across the Group. The Management should include the sustainability risk in the EWRM report to address the Group's exposure.

Moving forward, the Group aims to further embed ESG into the Group's risk matrix and its performance management system. This will support the overall effectiveness in assessing ESG risks and opportunities to ensure the resilience of the Group's business model.

Internal Audit Function

The Group has outsourced its internal audit function to an external professional service provider, Tricor Axcelasia Sdn. Bhd. ("**Tricor Axcelasia**"), to assist the Audit Committee ("**AC**") as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's internal control system in accordance with the scope of internal audit plan as approved by the AC.

The outsourced internal audit function is led by a Senior Executive Director, Mr. Derek Lee of Tricor Axcelasia, whereby he is a chartered member of the Institute of Internal Auditors Malaysia (IIAM) and possesses the professional qualifications of Certified Internal Auditor (CIA); Certification in Risk Management Assurance (CRMA); and other relevant professional qualifications. The internal audit function is supported by a team of internal auditors who have the relevant work experiences. The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the AC. The internal audit independently reviews the system of risk management and internal controls implemented by Management within the Group and reports to the AC on the outcome of the internal audit thereof. The internal audit planning and execution were carried out with reference to an internationally recognised framework, which is the 'International Professional Practices Framework' (IPPF) issued by the Institute of Internal Auditors (IIA) Inc.

During the financial year under review, the internal auditor carried out two (2) cycles of internal audit review on the operations of the Group, covering production, quality control and Health, Safety and Environment ("HSE") management, financial management, warehousing and inventory management, and supply chain management, focusing on the key risks associated with the operating processes therein. The scope of internal audit was determined after discussion with management and taking into consideration of input from AC (if any). The approved IA scope has considered the relevant aspects and level of governance, risk management and internal control practices at the Group and operating processes that subject to internal audit. Root cause of audit findings, where applicable, has been reported in the IA report.

During the respective quarterly AC meetings, the AC deliberated on the findings and recommendations for improvement highlighted by the internal auditors and is satisfied on the adequacy and operating effectiveness of the Group's system of risk management and internal controls, as well as the recommendation action plans to remediate the internal audit findings for each IA cycle completed during the year. The minutes of the AC meetings are subsequently tabled to the Board for notation and further action, where necessary.

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

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Other Internal Control Processes

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

- Group Organisation Structure and Authorization Procedures

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

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

- Executive and Management Committees

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

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

- Board Committees

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

- Annual Budget

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

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

- Policies and Procedures

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

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

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Other Internal Control Processes (Cont'd)

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

- Code of Conduct, Whistle Blowing and Anti-Bribery and Anti-Corruption ("ABAC") Policy

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

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

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

In line with the Anti-Corruption Amendments in MMLR of Bursa Malaysia, as well as the regulatory compliance with the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") Section 17A Corporate Liability provisions which came into effect on 1 June 2020, the Board had adopted the Anti-Bribery and Anti-Corruption ("**ABAC**") Framework and Policy on 29 May 2020, after conducting the necessary review to ensure that BPPLAS has the adequate procedures, policies and controls for the prevention of corrupt acts and practices.

A copy of the ABAC Framework and ABAC Policy is available at the Company's website at www.bpplas.com.

- Employees' Competency

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

- Quality Management System

The Group has implemented a comprehensive Quality Management System which fully complies with ISO 9001:2015 Quality Management System – Requirements. As part of the requirements of the ISO 9001:2015 certification accredited to the Group, a scheduled internal quality audit is conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the MD and Management, where prompt actions are taken on areas requiring further improvement.

The Group is also accredited with the certification of ISO 22000:2018 Food Safety Management Systems – Requirements for any organisation in the Food Chain. With the commitment to comply with ISO 22000 and to continually improve the relevant internal operating processes, the Group can produce flexible packaging that complies with the applicable food safety regulations. The Management has in place a Food Safety Policy and established food safety objectives to ensure safe manufacturing environment and conditions to produce products. The Food Safety policies and objectives shall be reviewed periodically for its continuing relevance.

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

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Other Internal Control Processes (Cont'd)

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

- Health, Safety and Environment

The Group is also accredited with certifications for ISO 14001:2015 Environmental Management System – Requirements with guidance for use, and ISO 45001:2018 Occupational Health and Safety Management Systems – Requirements with guidance for use. With these certifications, the Group will ensure that all environmental aspect and impact as well as safety and health issues are appropriately addressed. Each year, there will be a surveillance audit being carried out and the results of the audit are reported to the MD and Management team, where issues highlighted for further improvement are duly acted upon.

THE BOARD'S COMMITMENT

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia and pursuant to the scope set out in Audit and Assurance Practice Guide (“AAPG”) 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2021.

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

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

In preparing the annual financial statements, the Directors have also ensured that Management has:

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

The Directors are also responsible for:

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

The Directors confirmed that they have complied with the above requirements for the annual financial statements for year ended 31 December 2021.



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 2021.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the Company	46,466,421	21,753,513

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2020 were as follows:

	RM
<u>In respect of financial year ended 31 December 2020</u>	
– Fourth single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 26 March 2021	3,753,060
<u>In respect of financial year ended 31 December 2021</u>	
– First single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 7 July 2021	3,753,060
– Special single tier interim dividend of 1 sen per share, on 187,653,000 ordinary shares paid on 7 July 2021	1,876,530
– Second single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares paid on 8 October 2021	3,753,060
– Special single tier interim dividend of 1 sen per share, on 187,653,000 ordinary shares paid on 8 October 2021	1,876,530
– Third single tier interim dividend of 2 sen per share, on 187,653,000 ordinary shares payable on 6 January 2022	3,753,060
– Special single tier interim dividend of 1 sen per share, on 187,653,000 ordinary shares payable on 6 January 2022	1,876,530
	20,641,830

On 21 February 2022, the Company declared a fourth single tier interim dividend of 2 sen per ordinary share amounting to RM5,629,590 in respect of the current financial year, payable on 8 April 2022, to shareholders whose names appeared in the record of depositors on 11 March 2022. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

DIRECTORS' REPORT (CONT'D)

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) The Company increased its number of issued and paid-up share capital by way of a bonus issue of 93,843,992 new ordinary shares at Nil consideration on the basis of one (1) bonus share for every two (2) existing ordinary shares held.

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

- (b) There were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

The Warrants are constituted by the Deed Poll dated 25 November 2021 ("Deed Poll").

On 15 December 2021, 37,530,591 Warrants ("Warrants") were issued free by the Company pursuant to the bonus issue on the basis of one (1) Warrant for every five (5) existing shares held.

The salient features of the Warrants are as follows:

Terms	Details
Form	The Warrants were issued in registered form and constituted by the Deed Poll.
Board lot	For the purposes of trading on Bursa Securities, a board lot of Warrants shall comprise one hundred (100) warrants carrying right to subscribe for 100 new shares at any time during the exercise period, or such denomination as determined by Bursa Securities.
Listing	Approval has been obtained from Bursa Securities on 3 November 2021 for the admission of the Warrants to the Official List of Bursa Securities, and for the listing of and quotation for the new shares arising from the exercise of the Warrants.
Expiry date	Five (5) years from the date of issuance of the Warrants.
Exercise period	The Warrants may be exercised at any time within the period commencing from the date of issue of the Warrants and will be expiring on 14 December 2026. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise price	RM2.45 payable in full upon exercise of each Warrant.
Exercise rights	Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new ordinary share in the Company at the Exercise Price.

DIRECTORS' REPORT (CONT'D)

WARRANTS (CONT'D)

The salient features of the Warrants are as follows: (Cont'd)

Terms	Details
Participating rights	The Warrant holders are not entitled to vote in any general meetings of the Company or participation in any form of distribution other than on winding-up, compromise or arrangement of Company and/or in any offer of further securities in the Company until and unless the Warrant holder becomes a shareholder of Company by exercising his/her Warrants into new Company's Shares or unless otherwise resolved by Company in a general meeting.
Ranking of new Company's shares	The new Company's shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing Company's shares, save and except that the new Company's shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions, that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Company's shares.
Governing law	Law and regulations of Malaysia.

The movements in the Warrants are as follows:

	Entitlement for Ordinary Shares			
	At 1.1.2021	Bonus Issue	Exercised	At 31.12.2021
Number of unexercised Warrants	-	37,530,591	-	37,530,591

DIRECTORS

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

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

* *Directors of the Company and its subsidiaries*

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than directors' remuneration as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 27(b) to the financial statements.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS (CONT'D)

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares		
	1.1.2021	Bonus Issue	Sold 31.12.2021
Direct interest			
Lim Chun Yow	17,456,403	8,728,201	- 26,184,604
Tan See Khim	17,830,999	8,915,499	- 26,746,498
Hey Shiow Hoe	14,609,998	7,304,999	- 21,914,997
Tan Hock Hin	15,000	7,500	- 22,500
Indirect interest *			
Lim Chun Yow	81,165,000	40,582,500	- 121,747,500
Tan See Khim	81,165,000	40,582,500	- 121,747,500
Hey Shiow Hoe	81,165,000	40,582,500	- 121,747,500

* 121,500,000 shares were deemed interest by virtue of his substantial shareholdings in LG Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and 247,500 shares were deemed interest by virtue of his spouse shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.

	Number of warrants		
	1.1.2021	Bonus Issue	Converted 31.12.2021
Direct interest			
Lim Chun Yow	-	3,491,280	- 3,491,280
Tan See Khim	-	3,566,199	- 3,566,199
Hey Shiow Hoe	-	2,921,999	- 2,921,999
Tan Hock Hin	-	3,000	- 3,000
Indirect interest #			
Lim Chun Yow	-	16,233,000	- 16,233,000
Tan See Khim	-	16,233,000	- 16,233,000
Hey Shiow Hoe	-	16,233,000	- 16,233,000

16,200,000 warrants were deemed interest by virtue of his substantial shareholdings in LG Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and 33,000 warrants were deemed interest by virtue of his spouse's warrants shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.

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

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM11,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

TREASURY SHARES

During the financial year, the treasury shares were entitled to 17,500 bonus shares pursuant to the completion of bonus issue of shares on 13 December 2021. As such, the 17,500 bonus shares were treated as treasury shares.

As at 31 December 2021, the Company held as treasury shares a total of 52,500 (2020: 35,000) of its 281,531,992 (2020: 187,688,000) issued ordinary shares. Such treasury shares are held at a carrying amount of RM20,740 (2020: RM20,740) and further relevant details are disclosed in Note 23 to the financial statements.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

DIRECTORS' REPORT (CONT'D)

CONTINGENT AND OTHER LIABILITIES

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 31 to the financial statements.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 16 to the financial statements. The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

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

AUDITORS

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

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2022.

Lim Chun Yow

Tan See Khim

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lim Chun Yow and Tan See Khim, being two of the directors of BP Plastics Holding Bhd., state that, in the opinion of the directors, the accompanying financial statements set out on pages 75 to 120 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year end on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2022.

Lim Chun Yow

Tan See Khim

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Chua Yi Fon, being the officer primarily responsible for the financial management of BP Plastics Holding Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 75 to 120 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned

Chua Yi Fon
at Batu Pahat in the State of Johor
on 18 April 2022.

Chua Yi Fon

Before me,

Chiang Ee Chin (J247)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BP PLASTICS HOLDING BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 75 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF BP PLASTICS HOLDING BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

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

Revenue Recognition

Refer to Note 4 in the financial statements

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Consolidated revenue recorded by the Group during the year amounted to RM447.1 million. In view of the Group's large volume of transactions, we considered revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. • Reviewing the terms of sales contracts to determine the point of transfer of risk and rewards on a sample basis. • Testing the recording of sales transactions, revenue cut-off and review of credit notes after year end. • Obtaining confirmations and reviewing collections relating to material trade receivables as at financial year end.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF BP PLASTICS HOLDING BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF BP PLASTICS HOLDING BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Tan Guan Seng
03387/08/2022 J
Chartered Accountant

18 April 2022
Melaka

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM Restated	2021 RM	2020 RM
Revenue	4	447,127,959	316,597,497	22,101,100	21,200,000
Cost of sales		(378,755,430)	(267,625,870)	-	-
Gross profit		68,372,529	48,971,627	22,101,100	21,200,000
Other items of income					
Other income	5	2,305,382	1,976,572	444,209	436,682
Other items of expenses					
Administrative and general expenses		(12,698,893)	(10,803,860)	(793,253)	(549,028)
Selling expenses		(1,209,850)	(1,373,646)	-	-
Net impairment losses on financial assets	6	2,237	152,516	-	-
Profit before taxation	7	56,771,405	38,923,209	21,752,056	21,087,654
Income tax expense	10	(10,304,984)	(9,262,074)	1,457	(22,300)
Profit net of tax, representing total comprehensive income for the year, attributable to owners of the Company		46,466,421	29,661,135	21,753,513	21,065,354
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11	16.51	10.54		

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Non-current assets					
Property, plant and equipment	13	89,178,895	72,373,504	-	-
Investment property	14	965,489	987,942	-	-
Right-of-use assets	15	5,177,707	5,342,899	-	-
Investment in subsidiaries	16	-	-	84,040,592	83,040,595
		95,322,091	78,704,345	84,040,592	83,040,595
Current assets					
Inventories	17	89,240,046	84,106,763	-	-
Trade and other receivables	18	70,913,077	40,819,767	2,000	1,002,000
Short-term investments	19	33,461,753	56,825,992	13,596,465	22,584,437
Fixed deposits with a licensed bank	20	18,003,190	6,021,258	10,001,772	-
Cash and bank balances		9,454,175	21,218,937	5,837,366	112,062
		221,072,241	208,992,717	29,437,603	23,698,499
Total assets		316,394,332	287,697,062	113,478,195	106,739,094
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	22	98,772,817	98,772,817	98,772,817	98,772,817
Treasury shares	23	(20,740)	(20,740)	(20,740)	(20,740)
Retained earnings		132,861,136	107,036,545	8,990,491	7,878,808
Total equity		231,613,213	205,788,622	107,742,568	106,630,885
Non-current liability					
Deferred tax liabilities	24	11,442,000	9,890,000	-	-
Current liabilities					
Trade and other payables	25	71,034,617	68,582,231	5,694,667	45,400
Current tax liabilities		2,304,502	3,436,209	40,960	62,809
		73,339,119	72,018,440	5,735,627	108,209
Total liabilities		84,781,119	81,908,440	5,735,627	108,209
Total equity and liabilities		316,394,332	287,697,062	113,478,195	106,739,094

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM	Non Distributable Treasury shares RM	Distributable retained earnings RM	Total RM
2021					
Group					
Balance at 1 January 2021		98,772,817	(20,740)	107,036,545	205,788,622
Profit after taxation / Total comprehensive income		-	-	46,466,421	46,466,421
Transactions with owners					
Dividends on ordinary shares	12	-	-	(20,641,830)	(20,641,830)
Balance at 31 December 2021		98,772,817	(20,740)	132,861,136	231,613,213
2020					
Balance at 1 January 2020		98,772,817	(20,740)	92,387,650	191,139,727
Profit after taxation / Total comprehensive income		-	-	29,661,135	29,661,135
Transactions with owners					
Dividends on ordinary shares	12	-	-	(15,012,240)	(15,012,240)
Balance at 31 December 2020		98,772,817	(20,740)	107,036,545	205,788,622

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM	Non Distributable Treasury shares RM	Distributable retained earnings RM	Total RM
2021					
Company					
Balance at 1 January 2021		98,772,817	(20,740)	7,878,808	106,630,885
Profit after taxation / Total comprehensive income		-	-	21,753,513	21,753,513
Transactions with owners					
Dividends on ordinary shares	12	-	-	(20,641,830)	(20,641,830)
Balance at 31 December 2021		98,772,817	(20,740)	8,990,491	107,742,568
2020					
Balance at 1 January 2020		98,772,817	(20,740)	1,825,694	100,577,771
Profit after taxation / Total comprehensive income		-	-	21,065,354	21,065,354
Transactions with owners					
Dividends on ordinary shares	12	-	-	(15,012,240)	(15,012,240)
Balance at 31 December 2020		98,772,817	(20,740)	7,878,808	106,630,885

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM Restated	2021 RM	2020 RM Restated
Operating activities				
Profit before taxation	56,771,405	38,923,209	21,752,056	21,087,654
<u>Adjustments for:</u>				
Bad debt written off	-	50,255	-	-
Depreciation of property, plant and equipment	10,257,744	11,207,626	-	-
Depreciation of investment property	22,453	22,453	-	-
Depreciation of right-of-use assets	165,192	165,192	-	-
Gain on disposal of property, plant and equipment	(17,596)	(101,100)	-	-
Allowance for impairment loss on trade receivables	31,331	8,555	-	-
Reversal of allowance for impairment loss on trade receivables	(33,568)	(161,071)	-	-
Interest income	(1,209,038)	(1,415,784)	(444,209)	(436,682)
Unrealised loss/(gain) on foreign exchange	371	(167,490)	-	-
Operating cash flows before changes in working capital	65,988,294	48,531,845	21,307,847	20,650,972
Increase in inventories	(5,133,283)	(20,263,925)	-	-
(Increase)/Decrease in trade and other receivables	(24,160,138)	929,142	-	-
(Decrease)/Increase in trade and other payables	(3,003,810)	34,769,197	19,677	16,200
Cash flows from operations	33,691,063	63,966,259	21,327,524	20,667,172
Income taxes paid	(9,884,691)	(7,265,829)	(20,392)	(3,363)
Income taxes refunded	-	2,067,473	-	-
Net cash flows from operating activities	23,806,372	58,767,903	21,307,132	20,663,809

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM Restated	2021 RM	2020 RM Restated
Investing activities					
Deposit paid for purchase of property, plant and equipment		(6,104,700)	(3,019,125)	-	-
Interest received		1,209,038	1,415,784	444,209	436,682
Additional investments in an existing subsidiary		-	-	(999,997)	-
Repayment from/(Advances to) a subsidiary		-	-	1,000,000	(819,260)
Proceeds from disposal of property, plant and equipment		18,800	101,100	-	-
Purchase of property, plant and equipment		(27,064,339)	(3,155,205)	-	-
Disposal/(Purchase) of short-term investments		23,364,239	(19,286,360)	8,987,972	(5,198,423)
Net cash flows (used in)/from investing activities		(8,576,962)	(23,943,806)	9,432,184	(5,581,001)
Financing activities					
Dividends paid		(15,012,240)	(15,012,240)	(15,012,240)	(15,012,240)
Net cash flows used in financing activities		(15,012,240)	(15,012,240)	(15,012,240)	(15,012,240)
Net increase in cash and cash equivalents		217,170	19,811,857	15,727,076	70,568
Cash and cash equivalents at 1 January		27,240,195	7,428,338	112,062	41,494
Cash and cash equivalents at 31 December	21	27,457,365	27,240,195	15,839,138	112,062

Cash outflows for leases as a lessee

	Group	
	2021 RM	2020 RM
Included in net cash from operating activities:		
Payment relating to short-term leases	400,453	225,340
Total cash outflows for leases	400,453	225,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

BP Plastics Holding Bhd. (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim.

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

2. BASIS OF PREPARATION

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

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

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

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment

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

(b) Income Taxes

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

(c) Impairment of Trade Receivables

The loss allowance for trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends including changes in the customer payment profile in response to the COVID-19 pandemic, existing market conditions as well as forward-looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made In Applying Accounting Policies

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

Classification between Investment Properties and Owner-occupied Properties

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

3.2 Basis of Consolidation

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.2 Basis of Consolidation (Cont'd)

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.3 Functional and Foreign Currencies (Cont'd)

(b) Foreign Currency Transactions and Balances

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

3.4 Financial Instruments

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.4 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt instruments

(i) *Amortised Cost*

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

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

(ii) *Fair Value through Profit or Loss*

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

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

Equity instruments

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

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

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

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.4 Financial Instruments (Cont'd)

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

(ii) *Other Financial Liabilities*

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

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

(c) *Equity instruments*

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

(i) *Ordinary Shares*

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

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

(ii) *Treasury Shares*

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

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

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

(d) *Derecognition*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.5 Investment in Subsidiaries

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

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

3.6 Property, Plant and Equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

Factory buildings	50 years
Office buildings	50 years
Plant and machinery	5 to 15 years
Tools and equipment	10 years
Office equipment, furniture and fittings	2 to 10 years
Motor vehicles	5 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.7 Investment Properties

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

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

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

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

Office buildings	50 years
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Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

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

3.8 Leases

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.8 Leases (Cont'd)

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

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

3.9 Impairment

(a) *Impairment of Financial Assets*

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

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

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

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

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

(b) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.9 Impairment (Cont'd)

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

An impairment loss is recognised in profit or loss.

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

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials, labour and appropriate proportion of production overheads.

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

3.11 Income Tax

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.11 Income Tax (Cont'd)

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

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.12 Cash and Cash Equivalents

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

3.13 Provisions

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

3.14 Employee Benefits

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

3.15 Contingent Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.16 Earnings per Ordinary Share

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

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

3.17 Fair Value Measurements

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

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

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

3.18 Revenue from Contracts with Customers

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

3.18 Revenue from Contracts with Customers (Cont'd)

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

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

Sale of goods

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

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

The Group provides delivery services for customer. The group determined that both the goods and delivery services are capable of being distinct. The identification of delivery services as a separate deliverable service does not have any material impact on the amount and timing of revenue recognised and hence, these services are bundled together with the sale of goods to a customer and the Group accounted for revenue at a point in time.

There are no variable elements in consideration. There is no obligation for returns or refunds under the contracts with customers.

3.19 Revenue from Other Sources and Other Operating Income

(a) Dividend Income

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

(b) Interest Income

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

(c) Rental Income

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

3.20 Operating Segments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. REVENUE

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend income from subsidiary	-	-	22,101,100	21,200,000
Sales of goods	447,127,959	316,597,497	-	-
	447,127,959	316,597,497	22,101,100	21,200,000
Represented by geographical markets:				
Asia countries	277,355,178	187,262,030	-	-
Malaysia	118,019,847	91,383,589	22,101,100	21,200,000
Others	51,752,934	37,951,878	-	-
	447,127,959	316,597,497	22,101,100	21,200,000

5. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income from the following financial assets:				
– fair value through profit or loss	1,066,171	836,360	442,437	348,423
– amortised cost	142,867	579,424	1,772	88,259
Gain on foreign exchange:				
– unrealised	-	167,490	-	-
– realised	494,980	-	-	-
Gain on disposal of property, plant and equipment	17,596	101,100	-	-
Rental income from investment property	41,580	41,580	-	-
Miscellaneous	542,188	250,618	-	-
	2,305,382	1,976,572	444,209	436,682

6. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Group	
	2021 RM	2020 RM
Impairment losses:		
– trade receivables (Note 18)	31,331	8,555
Reversal of impairment losses:		
– trade receivables (Note 18)	(33,568)	(161,071)
	(2,237)	(152,516)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROFIT BEFORE TAXATION

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
– audit fees	92,000	73,000	36,000	30,000
– non-audit fees	5,000	4,000	5,000	4,000
Bad debt written off	-	50,255	-	-
Depreciation of:				
– property, plant and equipment (Note 13)	10,257,744	11,207,626	-	-
– investment property (Note 14)	22,453	22,453	-	-
– right-of-use assets (Note 15)	165,192	165,192	-	-
Direct operating expenses on investment property	3,195	3,195	-	-
Loss on foreign exchange:				
– realised	-	69,806	-	-
– unrealised	371	-	-	-
Lease expenses:				
– short-term leases (Note 8)	400,453	225,340	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021 RM	2020 RM
Wages and salaries	20,198,886	18,108,229
Social security contribution	201,336	192,837
Defined contribution plan	1,729,062	1,514,531
Lease expenses:		
– short-term leases (Note 7)	400,453	225,340
Other staff related expenses	1,050,106	678,956
	23,579,843	20,719,893

Included in the employee benefits expense of the Group is executive directors' remuneration amounting to RM3,184,539 (2020: RM2,992,649) as further disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Executive directors' remuneration:</u>				
Salaries and other emoluments	2,676,520	2,515,270	-	-
Defined contribution plan	508,019	477,379	-	-
Estimated money value of benefits-in-kind	71,850	71,850	-	-
	3,256,389	3,064,499	-	-
<u>Non-executive directors' remuneration:</u>				
Fees	252,000	252,000	252,000	252,000
Allowances	20,000	20,000	20,000	20,000
	272,000	272,000	272,000	272,000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 8)	3,184,539	2,992,649	-	-
Total non-executive directors' remuneration	272,000	272,000	272,000	272,000
Total directors' remuneration	3,456,539	3,264,649	272,000	272,000

10. INCOME TAX EXPENSE

Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Current income tax:</u>				
Tax expense for the year	8,940,000	9,842,300	-	22,300
Overprovision in prior year	(187,016)	(71,226)	(1,457)	-
	8,752,984	9,771,074	(1,457)	22,300
<u>Deferred tax (Note 24):</u>				
Relating to origination and reversal of temporary differences	1,480,000	(305,000)	-	-
Under/(Over) provision in prior year	72,000	(204,000)	-	-
	1,552,000	(509,000)	-	-
Income tax expense recognised in profit or loss	10,304,984	9,262,074	(1,457)	22,300

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. INCOME TAX EXPENSE (CONT'D)

Reconciliation Between Tax Expense and Accounting Profit

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	56,771,405	38,923,209	21,752,056	21,087,654
Taxation at Malaysian statutory tax rate of 24%	13,625,137	9,341,570	5,220,493	5,061,037
Effect of:				
– income not subject to tax	(251,877)	(200,727)	(5,410,449)	(5,171,622)
– expenses not deductible for tax purposes	431,568	396,457	189,956	132,885
– utilisation of tax incentives	(3,363,930)	-	-	-
– utilisation of deferred tax assets	(20,898)	-	-	-
Overprovision of income tax expense in prior year	(187,016)	(71,226)	(1,457)	-
Under/(Over)provision of deferred tax in prior year	72,000	(204,000)	-	-
Income tax expense recognised in profit or loss	10,304,984	9,262,074	(1,457)	22,300

Subject to agreement with the tax authorities, the Group has unabsorbed tax losses and unutilised capital allowances of the Group are as follows:

	Group	
	2021 RM	2020 RM
Unabsorbed tax losses	7,000	7,000
Unutilised capital allowances	112,000	193,000
	119,000	200,000

No deferred tax assets are recognised in respect of the following items:

	Group	
	2021 RM	2020 RM
Unabsorbed tax losses	7,000	7,000
Unutilised capital allowances	112,000	193,000
	119,000	200,000

The unabsorbed tax losses are allowed to be utilised for 10 consecutive year of assessment. The unutilised capital allowances are allowed to be carried forward indefinitely and to be utilised against income from the same business source.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. EARNINGS PER SHARE

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

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

	Group	
	2021 RM	2020 RM
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	46,466,421	29,661,135
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share computation	281,479,492	281,479,492**
Basic earnings per share (sen)	16.51	10.54

The effects of potential ordinary shares arising from the conversion of the warrants were anti-dilutive and accordingly, it has been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.

** The comparative figure for the weighted average number of ordinary shares in issue has been restated to reflect the adjustments arising from bonus issue on the basis of 1 bonus share for every 2 existing ordinary shares held by the entitled shareholders. The bonus issue of shares was completed on 13 December 2021.

12. DIVIDENDS

	Group	
	2021 RM	2020 RM
<u>In respect of financial year ended 31 December 2019:</u>		
– Third single tier interim dividend of 2 sen per share	-	3,753,060
<u>In respect of financial year ended 31 December 2020:</u>		
– First single tier interim dividend of 2 sen per share	-	3,753,060
– Second single tier interim dividend of 2 sen per share	-	3,753,060
– Third single tier interim dividend of 2 sen per share	-	3,753,060
– Fourth single tier interim dividend of 2 sen per share	3,753,060	-
<u>In respect of financial year ended 31 December 2021:</u>		
– First single tier interim dividend of 2 sen per share	3,753,060	-
– Special single tier interim dividend of 1 sen per share	1,876,530	-
– Second single tier interim dividend of 2 sen per share	3,753,060	-
– Special single tier interim dividend of 1 sen per share	1,876,530	-
– Third single tier interim dividend of 2 sen per share	3,753,060	-
– Special single tier interim dividend of 1 sen per share	1,876,530	-
	20,641,830	15,012,240

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in- progress RM	Total RM
Group					
Cost:					
At 1 January 2020	32,164,001	155,622,747	8,932,466	463,758	197,182,972
Additions	755,676	1,674,699	239,043	485,787	3,155,205
Disposals and write off	-	(496,778)	(183,054)	-	(679,832)
Reclassification	-	542,132	-	(542,132)	-
At 31 December 2020 and 1 January 2021	32,919,677	157,342,800	8,988,455	407,413	199,658,345
Additions	100,000	1,240,633	307,771	25,415,935	27,064,339
Disposals and write off	-	(371,160)	(112,844)	-	(484,004)
Reclassification	445,281	23,671,279	-	(24,116,560)	-
At 31 December 2021	33,464,958	181,883,552	9,183,382	1,706,788	226,238,680
Accumulated depreciation:					
At 1 January 2020	6,030,075	103,650,232	7,076,740	-	116,757,047
Depreciation charge for the year (Note 7)	738,103	9,855,108	614,415	-	11,207,626
Disposals and write off	-	(496,778)	(183,054)	-	(679,832)
At 31 December 2020 and 1 January 2021	6,768,178	113,008,562	7,508,101	-	127,284,841
Depreciation charge for the year (Note 7)	744,156	8,872,309	641,279	-	10,257,744
Disposals and write off	-	(369,956)	(112,844)	-	(482,800)
At 31 December 2021	7,512,334	121,510,915	8,036,536	-	137,059,785
Net carrying amount					
At 31 December 2020	26,151,499	44,334,238	1,480,354	407,413	72,373,504
At 31 December 2021	25,952,624	60,372,637	1,146,846	1,706,788	89,178,895

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings

	Freehold land RM	Factory buildings RM	Office buildings RM	Total RM
Cost:				
At 1 January 2020	1,089,647	29,683,991	1,390,363	32,164,001
Additions	736,813	18,863	-	755,676
At 31 December 2020 and 1 January 2021	1,826,460	29,702,854	1,390,363	32,919,677
Additions	-	100,000	-	100,000
Reclassification	-	445,281	-	445,281
At 31 December 2021	1,826,460	30,248,135	1,390,363	33,464,958
Accumulated depreciation:				
At 1 January 2020	-	5,891,530	138,545	6,030,075
Depreciation charge for the year	-	710,296	27,807	738,103
At 31 December 2020 and 1 January 2021	-	6,601,826	166,352	6,768,178
Depreciation charge for the year	-	716,349	27,807	744,156
At 31 December 2021	-	7,318,175	194,159	7,512,334
Net carrying amount				
At 31 December 2020	1,826,460	23,101,028	1,224,011	26,151,499
At 31 December 2021	1,826,460	22,929,960	1,196,204	25,952,624

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. INVESTMENT PROPERTY

	Group	
	2021 RM	2020 RM
Cost:		
At 1 January/31 December	1,122,660	1,122,660
Accumulated depreciation:		
At 1 January	134,718	112,265
Depreciation during the financial year (Note 7)	22,453	22,453
At 31 December	157,171	134,718
Net carrying amount at 31 December	965,489	987,942
Represented by:		
Office building	965,489	987,942
Fair value	1,231,230	1,231,230

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods of 2 years (2020: 2 years) and an option that is exercisable by the customers to extend their leases for 2 years (2020: 2 years).

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

The undiscounted operating lease payments receivable are as follows:

	Group	
	2021 RM	2020 RM
Within 1 year	15,593	41,580
Between 1 and 2 years	-	15,593
	15,593	57,173

- (b) The investment property of the Group has been bound under a negative pledge to banks for banking facilities granted to the Group.
- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. RIGHT-OF-USE ASSETS

	Leasehold land RM
Group	
Cost:	
At 1 January/31 December	8,017,903
Accumulated depreciation:	
At 1 January 2020	2,509,812
Depreciation charge for the year (Note 7)	165,192
At 31 December 2020 and 1 January 2021	2,675,004
Depreciation charge for the year (Note 7)	165,192
At 31 December 2021	2,840,196
Net carrying amount	
At 31 December 2020	5,342,899
At 31 December 2021	5,177,707

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

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

- (b) The right-of-use assets of the Group has been bound under a negative pledge to banks for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	84,407,738	83,407,741
Accumulated impairment losses	(367,146)	(367,146)
	84,040,592	83,040,595

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Percentage of issued share capital held by parent (%)		Principal activities
		2021	2020	
<i>Subsidiaries of the Company:</i>				
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of plastic products
BPPlas Plantation Sdn. Bhd.	Malaysia	100	100	Dormant

17. INVENTORIES

	Group	
	2021 RM	2020 RM
Raw materials	71,572,149	67,792,786
Work-in-progress	8,046,417	4,713,268
Spare parts	1,988,596	1,501,670
Finished goods	7,632,884	10,099,039
	89,240,046	84,106,763
Recognised in profit or loss:		
Inventories recognised as cost of sales	378,755,430	267,625,870

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade receivables				
Third parties	57,069,029	36,706,198	-	-
Less: Allowance for impairment losses	(310,824)	(313,061)	-	-
	56,758,205	36,393,137	-	-
Other receivables				
Sundry receivables	8,050,172	1,407,505	2,000	2,000
Deposit paid for purchase of property, plant and equipment	6,104,700	3,019,125	-	-
Amount due from a subsidiary	-	-	-	1,000,000
	14,154,872	4,426,630	2,000	1,002,000
	70,913,077	40,819,767	2,000	1,002,000

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movement in allowance accounts:

	Group	
	2021 RM	2020 RM
At 1 January	313,061	465,577
Charge for the year (Note 6)	31,331	8,555
Reversal of impairment loss on receivables (Note 6)	(33,568)	(161,071)
At 31 December	310,824	313,061

(b) Amount Due from a Subsidiary

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. SHORT-TERM INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fair value through profit or loss on financial assets				
– Money market funds	33,461,753	56,825,992	13,596,465	22,584,437

The funds invest mainly into debentures, deposits and money market instruments and thus have minimum exposure to changes in market value.

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 1.94% (2020: 2.52%) and 2.06% (2020: 2.46%) respectively. There is no maturity period for money market funds as these money are callable on demand.

20. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group and of the Company at the end of the reporting period bore effective interest rates of 2.18% (2020: 2.12%) and 2.18% (2020: Nil) per annum respectively. The fixed deposits have maturity periods of 90 days (2020: 90 days) for the Group and 90 days (2020: Nil) for the Company.

21. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	9,454,175	21,218,937	5,837,366	112,062
Fixed deposits with a licensed bank	18,003,190	6,021,258	10,001,772	-
Cash and cash equivalents	27,457,365	27,240,195	15,839,138	112,062

22. SHARE CAPITAL

	2021	2020	2021	2020
	Number of shares	Number of shares	RM	RM
Issued and fully paid				
At 1 January	187,688,000	187,688,000	98,772,817	98,772,817
Issuance of new shares:				
– Bonus issue	93,843,992	-	-	-
At 31 December	281,531,992	187,688,000	98,772,817	98,772,817

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(6) of the Companies Act 2016. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. There were no shares repurchased, resold or cancelled by the Company during the current financial year (2020: Nil).

During the financial year, the treasury shares were entitled to 17,500 bonus shares pursuant to the completion of bonus issue of shares on 13 December 2021. As such, the 17,500 bonus shares were treated as treasury shares.

Of the total 281,531,992 (2020: 187,688,000) issued and fully paid-up ordinary shares at the end of the financial year, 52,500 (2020: 35,000) ordinary shares are held as treasury shares by the Company.

24. DEFERRED TAX LIABILITIES

	At 1 January RM	Recognised in Profit or Loss (Note 10) RM	At 31 December RM
Group			
2021			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	9,606,000	1,601,000	11,207,000
Right-of-use assets	319,000	(10,000)	309,000
Unrealised loss on foreign exchange	40,000	(40,000)	-
	9,965,000	1,551,000	11,516,000
<i>Deferred Tax Assets</i>			
Other temporary differences	(75,000)	1,000	(74,000)
	9,890,000	1,552,000	11,422,000
2020			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	10,208,000	(602,000)	9,606,000
Right-of-use assets	329,000	(10,000)	319,000
Unrealised loss on foreign exchange	-	40,000	40,000
	10,537,000	(572,000)	9,965,000
<i>Deferred Tax Assets</i>			
Other temporary differences	(138,000)	63,000	(75,000)
	10,399,000	(509,000)	9,890,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Trade payables</u>				
Third parties	49,862,018	58,392,574	-	-
<u>Other payables</u>				
Sundry payables	9,431,813	5,437,370	-	-
Deposit received	14,346	11,346	-	-
Sales tax payables	164,963	149,251	-	-
Accrued operating expenses	5,931,887	4,591,690	41,101	45,400
Amount due to a subsidiary	-	-	23,976	-
Dividends payable	5,629,590	-	5,629,590	-
	21,172,599	10,189,657	5,694,667	45,400
	71,034,617	68,582,231	5,694,667	45,400

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2020: 30 to 60 days) terms.

(b) Sundry Payables and Accrued Operating Expenses

These amounts are non-interest bearing and normally settled within twelve months (2020: twelve months).

(c) Amount Due to a Subsidiary

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

26. COMMITMENTS

	Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	22,222,324	17,628,587

27. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Subsidiaries				
Dividend income	-	-	22,101,100	21,200,000
Person connected to director of the Group				
Lease expenses	24,000	24,000	-	-

(c) Compensation of Key Management Personnel

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

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

	Group	
	2021 RM	2020 RM
Salaries and other emoluments	2,676,520	2,515,270
Defined contribution plan	508,019	477,379
Estimated money value of benefits-in-kind	71,850	71,850
	3,256,389	3,064,499

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

B. Fair value hierarchy

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

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

	Fair Value of Financial Instruments Carried At Fair Value Level 1 RM	Carrying Amount RM
Group		
2021		
Financial assets		
Short-term investments	33,461,753	33,461,753
2020		
Financial assets		
Short-term investments	56,825,992	56,825,992
Company		
2021		
Financial assets		
Short-term investment	13,596,465	13,596,465
2020		
Financial assets		
Short-term investments	22,584,437	22,584,437

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS

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

29.1 Financial Risk Management Policies

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

(a) Credit Risk

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

(i) Credit Risk Concentration Profile

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

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

	Group	
	2021	2020
	RM	RM
Asia countries	27,580,840	14,713,680
Malaysia	26,998,552	20,256,028
Others	2,178,813	1,423,429
	56,758,205	36,393,137

(ii) Exposure to Credit Risk

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

(iii) Assessment of Impairment Losses

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Financial Risk Management Policies (Cont'd)

(a) Credit Risk (Cont'd)

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

Trade Receivables

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

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

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

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

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

Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
2021				
Not past due	44,522,589	-	(153,415)	44,369,174
1 to 30 days past due	10,258,403	-	(37,330)	10,221,073
31 to 60 days past due	2,007,436	-	(4,933)	2,002,503
61 to 90 days past due	138,813	-	(640)	138,173
91 to 120 days past due	1,908	-	(393)	1,515
More than 120 days past due	28,011	-	(2,244)	25,767
Credit impaired	111,869	(111,869)	-	-
	57,069,029	(111,869)	(198,955)	56,758,205

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Financial Risk Management Policies (Cont'd)

(a) Credit Risk (Cont'd)

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

Trade Receivables (Cont'd)

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

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

Other receivables and amount due from a subsidiary

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

Fixed deposits with a licensed bank, cash and bank balances

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Financial Risk Management Policies (Cont'd)

(b) Liquidity Risk

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

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

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

(c) Market Risk

(i) Foreign Currency Risk

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

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

Foreign Currency Exposure

	Group	
	2021	2020
	RM	RM
Financial Assets		
<u>Trade and other receivables</u>		
United States Dollar	27,975,172	12,027,683
Singapore Dollar	8,203,620	4,255,260
Euro	313,256	325,328
	36,492,048	16,608,271
<u>Cash and bank balances</u>		
United States Dollar	1,947,654	12,817,485
Singapore Dollar	792,485	3,683,834
Euro	157,785	301,377
	2,897,924	16,802,696

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Financial Risk Management Policies (Cont'd)

(c) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Group	
	2021	2020
	RM	RM
Financial liabilities		
<u>Trade and other payables</u>		
United States Dollar	(42,829,487)	(52,383,423)
Singapore Dollar	(210,046)	(13,466)
Euro	(2,160,636)	(125,429)
	(45,200,169)	(52,522,318)
<u>Net currency exposure</u>		
United States Dollar	(12,906,661)	(27,538,255)
Singapore Dollar	8,786,059	7,925,628
Euro	(1,689,595)	501,276

Foreign currency risk sensitivity analysis

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

	Group	
	2021	2020
	RM	RM
Effect on profit after taxation		
USD/RM – strengthened 4% (2020:8%)	(392,000)	(1,674,000)
– weakened 4% (2020: 8%)	392,000	1,674,000
SGD/RM – strengthened 3% (2020: 3%)	200,000	181,000
– weakened 3% (2020: 3%)	(200,000)	(181,000)
EUR/RM – strengthened 7% (2020: 9%)	(90,000)	34,000
– weakened 7% (2020: 9%)	90,000	(34,000)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Financial Risk Management Policies (Cont'd)

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

(ii) *Interest Rate Risk*

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

The Group does not have any interest-bearing borrowings and the fixed deposits with licensed banks are at fixed rates, hence the Group is not exposed to interest rate risks.

(iii) *Equity Price Risk*

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

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

29.2 Capital Risk Management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 Classification of Financial Instruments

	Group	
	2021 RM	2020 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investments (Note 19)	33,461,753	56,825,992
<u>Amortised cost</u>		
Trade and other receivables (Note 18)	70,913,077	40,819,767
Fixed deposits with a licensed bank (Note 20)	18,003,190	6,021,258
Cash and bank balances (Note 21)	9,454,175	21,218,937
	98,370,442	68,059,962
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables	70,869,654	68,432,980
Company		
	2021 RM	2020 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investment (Note 19)	13,596,465	22,584,437
<u>Amortised cost</u>		
Trade and other receivables (Note 18)	2,000	1,002,000
Fixed deposits with a licensed bank (Note 20)	10,001,772	-
Cash and bank balances (Note 21)	5,837,366	112,062
	15,841,138	1,114,062
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables (Note 25)	5,694,667	45,400

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Gains or Losses Arising from Financial Instruments

	Group	
	2021 RM	2020 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	1,066,171	836,360
<u>Amortised cost</u>		
Net gains recognised in profit or loss	483,002	479,332
Financial liabilities		
<u>Amortised cost</u>		
Net gains recognised in profit or loss	173,394	350,291
	Company	
	2021 RM	2020 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	442,437	348,423
<u>Amortised cost</u>		
Net gains recognised in profit or loss	1,772	88,259

30. SEGMENT INFORMATION

(a) Geographical Location

	Group			
	2021 RM	2021 %	2020 RM	2020 %
Operating revenue:				
Asia countries	277,355,178	62%	187,262,030	59%
Malaysia	118,019,847	26%	91,383,589	29%
Others	51,752,934	12%	37,951,878	12%
	447,127,959	100%	316,597,497	100%

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

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in manufacturing of plastics packaging products which are carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. SEGMENT INFORMATION (CONT'D)

(b) Major Customers

There is no revenue from major customer with the revenue equal to or more than 10% (2020: Nil) of the Group revenue.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 22 November 2021, the shareholders of the Company, have approved the following proposal:

- (i) bonus issue of 93,843,992 new ordinary shares on the basis of one (1) bonus shares for every two (2) existing shares held; and
- (ii) bonus issue of 37,530,591 Warrants in the Company ("Warrants") on the basis of one (1) Warrant for every five (5) existing shares held by the entitled shareholders of the Company.

The bonus issue of new ordinary shares was completed on 13 December 2021, following the listing and quotation of 93,843,992 bonus shares on the Main Market of Bursa Malaysia Securities Berhad.

The bonus issue of Warrants transaction was completed on 23 December 2021. Upon completion, 37,530,591 Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

32. COMPARATIVE FIGURES

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

	As Previously Reported RM	As Restated RM
Group		
Statement of Profit or Loss and Other Comprehensive Income (Extract):		
Cost of sales	(260,257,987)	(267,625,870)
Selling expenses	(8,741,529)	(1,373,646)
Statement of Cash Flows (Extract):		
Net cash flows used in investing activities		
Purchase of short-term investments	-	(19,286,360)
Cash and cash equivalents at 1 January	44,967,970	7,428,338
Cash and cash equivalents at 31 December	84,066,187	27,240,195

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. COMPARATIVE FIGURES (CONT'D)

The following figures have been reclassified to conform with the presentation of the current financial year: (Cont'd)

	As Previously Reported RM	As Restated RM
Company		
Statement of Cash Flows (Extract):-		
Net cash flows used in investing activities		
Purchase of short-term investment	-	(5,198,423)
Cash and cash equivalents at 1 January	17,427,508	41,494
Cash and cash equivalents at 31 December	22,696,499	112,062

- (a) The Group has reclassified freight charges of RM7,367,883 from selling expenses to cost of sales to conform with the presentation of the current financial year in accordance with MFRS 15: Revenue from Contract with Customers.
- (b) The Group and the Company have reclassified short-term investments of RM19,286,360 and RM5,198,423 respectively, from cash and cash equivalents to non-cash and cash equivalents, to be in line with the definitions of "cash equivalents" in accordance with MFRS 107: Statement of Cash Flows.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 18 April 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2022

SHARE CAPITAL

Number of issued shares	: 281,531,992 Ordinary Shares (including 52,500 treasury shares)
Voting rights	: One vote per Ordinary Share
Number of shareholders	: 3,918

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Issued	%
1 – 99	89	2.27	4,349	0.00
100 – 1,000	451	11.51	239,722	0.09
1,001 – 10,000	2,190	55.90	9,468,367	3.36
10,001 – 100,000	1,050	26.80	29,575,880	10.51
100,001 – 14,073,973*	134	3.42	51,526,175	18.31
14,073,974 and above **	4	0.10	190,664,999	67.74
Total	3,918	100.00	281,479,492	100.00

Note:

(*) means less than 5% of issued shares

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

CATEGORY OF SHAREHOLDINGS

Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
Individual	2,907	27	134,421,429	941,675	47.76	0.33
Body Corporate						
a) Bank/Finance Companies	2	-	12,000	-	-	-
b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c) Industrial and Commercial Companies	32	1	123,603,025	1	43.91	-
Government Agencies/Institutions	-	-	-	-	-	-
Nominees	913	36	18,888,637	3,612,725	6.71	1.28
Others	-	-	-	-	-	-
Total	3,854	64	276,925,091	4,554,401	98.38	1.62

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 18 MARCH 2022

SUBSTANTIAL SHAREHOLDERS

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

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Issued Shares Held	% ¹	No. of Issued Shares Held	% ¹
LG Capital Sdn. Bhd.	121,500,000	43.16	-	-
Lim Chun Yow	26,184,604	9.30	121,500,000 *	43.16
Tan See Khim	26,746,498	9.50	121,500,000 *	43.16
Hey Shiow Hoe	21,914,997	7.79	121,500,000 *	43.16

Note:

- (*) Deemed interest by virtue of his substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (†) Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 18 March 2022.

DIRECTORS' SHAREHOLDINGS

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

Name of Directors	Direct Interest		Indirect Interest	
	No. of Issued Shares Held	% ¹	No. of Issued Shares Held	% ¹
Lim Chun Yow	26,184,604	9.30	121,747,500 *	43.25
Tan See Khim	26,746,498	9.50	121,747,500 *	43.25
Hey Shiow Hoe	21,914,997	7.79	121,747,500 *	43.25
Lim Kim Hock	-	-	-	-
Tan Ming-Li	-	-	-	-
Tan Hock Hin	22,500	0.01	-	-
Chuah Sue Yin	-	-	-	-

Note:

- (*) 121,500,000 shares were deemed interest by virtue of his substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and 247,500 shares were deemed interest by virtue of his spouse shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.
- (†) Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 18 March 2022.

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 18 MARCH 2022

THIRTY (30) LARGEST SECURITIES HOLDERS

No.	Shareholders	No. of Shares	%
1.	LG Capital Sdn. Bhd.	121,500,000	43.16
2.	Tan See Khim	25,814,998	9.17
3.	Lim Chun Yow	23,625,004	8.39
4.	Hey Shiow Hoe	19,724,997	7.01
5.	Tay Khiang Puang	3,884,100	1.38
6.	Lim Chun Yow	2,559,600	0.91
7.	Hey Shiow Hoe	2,190,000	0.78
8.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad	1,939,300	0.69
9.	Gan Hong Liang	1,794,375	0.64
10.	Tan Gian Hock	1,704,750	0.61
11.	Lim Chin Siong	1,582,500	0.56
12.	Gan Hong Liang	1,247,850	0.44
13.	Teuh Chin Keong	1,200,000	0.43
14.	Tan See Khim	931,500	0.33
15.	Soh Yong Beng	931,500	0.33
16.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Islamic Trustee Berhad – PMB Shariah Dividend Fund</i>	900,000	0.32
17.	Tang Chin Hong	900,000	0.32
18.	Lim Boon Kheng	811,050	0.29
19.	Lim Khuan Eng	750,000	0.27
20.	Lim Siau Mei	743,100	0.26
21.	Siow Kin Leong	726,750	0.26
22.	Tay Khiang Puang	725,400	0.26
23.	Tan Suan Chin	675,000	0.24
24.	Lim Ying Ying	607,425	0.22
25.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund</i>	597,400	0.21
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)</i>	594,800	0.21
27.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>The Bank of New York Mellon for Ensign Peak Advisors Inc.</i>	581,500	0.21
28.	Tan Suan Cheng	570,000	0.20
29.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kong Chee Wai (E-MLB/JLP)</i>	540,000	0.19
30.	Federlite Holdings Sdn. Bhd.	533,100	0.19
	Total	220,885,549	78.47

Note:

⁽¹⁾ Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 18 March 2022.

STATISTICS OF WARRANTS A HOLDINGS

AS AT 18 MARCH 2022

Number of Warrants A Issued : 37,530,591

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Warrants A Holders	%	No. of Warrants A	%
1 – 99	299	10.32	11,197	0.03
100 – 1,000	1,522	52.56	720,246	1.92
1,001 – 10,000	855	29.52	2,936,920	7.83
10,001 – 100,000	205	7.08	5,938,610	15.82
100,001 – 1,876,528*	11	0.38	2,501,620	6.67
1,876,529 and above **	4	0.14	25,421,998	67.74
Total	2,896	100.00	37,530,591	100.00

Note:

(*) means less than 5% of issued Warrants A

(**) means 5% and above of issued Warrants A

CATEGORY OF WARRANTS A HOLDINGS

Category of Shareholders	No. of Warrants A		No. of Warrants A		% of Warrants A	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
Individual	2,157	19	18,348,975	113,530	48.89	0.30
Body Corporate						
a) Bank/Finance Companies	-	-	-	-	-	-
b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c) Industrial and Commercial Companies	25	-	16,459,090	-	43.85	-
Government Agencies/Institutions	-	-	-	-	-	-
Nominees	642	35	2,049,766	559,230	5.47	1.49
Others	-	-	-	-	-	-
Total	2,842	54	36,857,831	672,760	98.21	1.79

STATISTICS OF WARRANTS A HOLDINGS (CONT'D) AS AT 18 MARCH 2022

DIRECTORS' WARRANTS A HOLDINGS

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

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants A Held	%	No. of Warrants A Held	%
Lim Chun Yow	3,491,280	9.30	16,233,000 *	43.25
Tan See Khim	3,566,199	9.50	16,233,000 *	43.25
Hey Shiow Hoe	2,921,999	7.79	16,233,000 *	43.25
Lim Kim Hock	-	-	-	-
Tan Ming-Li	-	-	-	-
Tan Hock Hin	3,000	0.01	-	-
Chuah Sue Yin	-	-	-	-

Note:

⁽¹⁾ 16,200,000 shares were deemed interest by virtue of his substantial shareholdings in LG Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and 33,000 shares were deemed interest by virtue of his spouse shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.

STATISTICS OF WARRANTS A HOLDINGS (CONT'D) AS AT 18 MARCH 2022

THIRTY (30) LARGEST WARRANTS A HOLDERS

No.	Shareholders	No. of Shares	%
1.	LG Capital Sdn. Bhd.	16,200,000	43.16
2.	Tan See Khim	3,441,999	9.17
3.	Lim Chun Yow	3,150,000	8.39
4.	Hey Shiow Hoe	2,629,999	7.01
5.	Tay Khiang Puang	517,880	1.38
6.	Lim Too Hock	350,000	0.93
7.	Lim Chun Yow	341,280	0.91
8.	Hey Shiow Hoe	292,000	0.78
9.	Tan Gian Hock	227,300	0.61
10.	Lim Chin Siong	211,000	0.56
11.	Tan See Khim	124,200	0.33
12.	Soh Yong Beng	124,140	0.33
13.	Lim Boon Kheng	108,140	0.29
14.	HSBC Nominees (Asing) Sdn. Bhd. <i>J.P. Morgan Securities PLC</i>	103,480	0.28
15.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Thean Bee (Penang-CL)</i>	102,200	0.27
16.	Leong How Luan	100,000	0.27
17.	Lim Khuan Eng	100,000	0.27
18.	Lim Siau Mei	99,080	0.26
19.	Siow Kin Leong	96,900	0.26
20.	Tay Khiang Puang	96,720	0.26
21.	Tan Suan Chin	90,000	0.24
22.	Lim Ying Ying	80,990	0.22
23.	Bernard Edwin Capel	80,000	0.21
24.	Ong Boon Saik	80,000	0.21
25.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Boon Hwa (E-BPT)</i>	80,000	0.21
26.	Yu Lai Kuen	80,000	0.21
27.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund</i>	78,840	0.21
28.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>The Bank of New York Mellon for Ensign Peak Advisors Inc.</i>	76,920	0.20
29.	Loh Fung Yeng	74,900	0.20
30.	Tan Suan Cheng	74,000	0.20
	Total	29,211,968	77.84

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)	18	19.11.2003	1,506	31-Dec-09
2. No P.T.D. : 31030 No H.S.(D) : 32034 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 26,120 sq ft	A parcel of industrial land improved upon with: – 1 unit Single-Storey Detached Factory (Factory) – 1 unit Double-Storey Office Building (Office)	27 25	08.06.1994 28.08.1996	1,963	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)	24	29.04.1997	1,824	31-Dec-09

LIST OF GROUP PROPERTIES (CONT'D)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built Up Area	Description/ (Existing Use)	Estimated Age of Buildings (Years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last Revaluation/ (Acquisition)
4. No P.T.D. : 31031 No H.S.(D) : 32033 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5B, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 23,100 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	18	28.05.2003	1,855	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)	20	07.11.2001	3,865	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/ 231,830 sq ft	A parcel of industrial land improved upon with: – 1 unit Single-Storey Detached Factory (Factory) – 1 unit Single-Storey Detached Factory & Warehouse (Factory & Warehouse) – 1 unit Single-Storey Detached Factory & Warehouse (Warehouse)	16 9 4	07.04.2006 07.04.2006 02.09.2019	17,095	31-Dec-09

LIST OF GROUP PROPERTIES (CONT'D)

Title/Location	Tenure/Date of Expiry of Lease	Land/ Built Up Area	Description/ (Existing Use)	Estimated Age of Buildings (Years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last Revaluation/ (Acquisition)
8. No P.T.D.: 57435 No H.S.(D): 62579 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor	Freehold	2 Acres/ 87,120 sq ft	A parcel of Building Land (Vacant)	NA	NA	680	(15-Sep-10)
9. Unit No.8-01, Mukim 842, Lot 15, Tempat Sungei Puteh Mukim : Kuala Lumpur	Freehold	1,370 sq ft	Office Suites (Office)	8	01.11.2014	1,196	(06-Oct-11)
10. Unit No.8-03, Mukim 842, Lot 15, Tempat Sungei Puteh Mukim : Kuala Lumpur	Freehold	1,155 sq ft	Office Suites (Rented Out)	8	01.11.2014	965	(06-Oct-11)
11. No Hakmilik : GM 3050 Lot No.: 238 Daerah: Batu Pahat Mukim: Simpang Kanan Negeri: Johor	Freehold	1.4374 Acres/ 62,614 sq ft	A parcel of Agricultural Land (Vacant)	NA	NA	737	(17-Sep-20)

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the EIGHTEENTH ANNUAL GENERAL MEETING of BP Plastics Holding Bhd. (“**Company**”) will be conducted on a fully virtual basis vide the live streaming and online voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 23 May 2022 at 9:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note A**
2. To re-elect the following Directors who retire by rotation pursuant to Clause 122 of the Company’s Constitution and being eligible, offered themselves for re-election:
 - (i) Mr. Hey Shioh Hoe **Ordinary Resolution 1**
 - (ii) Ms. Tan Ming-Li **Ordinary Resolution 2**
3. To approve the payment of the following Directors’ fees to the Non-Executive Directors of the Company in respect of the financial year ending 31 December 2022: **Ordinary Resolution 3**
 - (i) Non-Executive Chairman’s fees of RM130,000 per annum; and
 - (ii) Director’s fee for each of the Non-Executive Directors of RM65,000 per annum.
4. To approve the payment of Directors’ benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 24 May 2022 until the next Annual General Meeting of the Company in 2023. **Ordinary Resolution 4**
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

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

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

“**THAT** pursuant to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject to the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad; **AND FURTHER THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONT'D)

7. ORDINARY RESOLUTION

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

“THAT Mr. Lim Kim Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021.”

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

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
(SSM PC NO. 201908002648)

TAN LEY THENG (MAICSA 7030358)
(SSM PC NO. 201908001685)
Company Secretaries

Batu Pahat, Johor Darul Takzim

Dated: 22 April 2022

EXPLANATORY NOTE A

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

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Ordinary Resolutions 1 and 2 – Re-election of Directors

Clause 122 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming Eighteenth Annual General Meeting (“18th AGM”), the Nominating and Remuneration Committee (“NRC”) has considered the following:-

- (i) Directors’ self-assessment and peer-to-peer performance evaluation;
- (ii) Evaluation on the effectiveness of the Board as a whole and the Committees of the Board; and
- (iii) For Independent Non-Executive Directors (“INEDs”) only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board approved the NRC’s recommendation for the retiring Directors pursuant to Clause 122 of the Constitution of the Company. All the retiring Directors have consented to their re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NRC and Board meetings, where applicable.

2. Payment of Directors’ Fees and Benefits

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

The Board recommends that shareholders’ approval shall be sought for the fees and benefits payable to the Directors at the 18th AGM of the Company in Ordinary Resolutions 3 and 4.

2.1 Ordinary Resolution 3 – payment of Directors’ fees for the financial year ending 31 December 2022

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

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

The proposed Resolution 4, if passed, will authorise the payment of benefits to the Non-Executive Directors up to an amount of RM30,000 from 24 May 2022 until the next AGM of the Company in year 2023 (“Period”). The Directors’ benefits payable for the Period comprises the meeting attendance allowance payable to the Non-Executive Directors for attendance of Board and/or Board Committee meetings, whenever meetings are called during the Period.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONT'D)

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

3. Ordinary Resolution 5 – Re-appointment of Auditors

The Audit Committee had assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2022. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same to be tabled to the shareholders for approval at the forthcoming 18th AGM of the Company.

4. Ordinary Resolution 6 – Authority to issue and allot shares pursuant to the Companies Act 2016

The proposed Resolution 6 is for the purpose of seeking a renewal of the general mandate given to the Directors of the Company to issue and allot shares as approved by the shareholders at the Seventeenth Annual General Meeting (“17th AGM”) of the Company (“Previous Mandate”).

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

Resolution 6, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the 18th AGM of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

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

5. Ordinary Resolution 7 – Retention of Mr. Lim Kim Hock as Independent Non-Executive Director

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

The Board via the Nominating and Remuneration Committee after having assessed the independence of Mr. Lim Kim Hock, regarded him to be independent, based amongst others, the following justifications and recommends that Mr. Lim Kim Hock be retained as an Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance 2021:-

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

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2022 (“**General Meeting Record of Depositors**”) shall be eligible to participate, speak and vote at the Meeting.
2. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the same Meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

As guided by the Securities Commission Malaysia’s Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression.

Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal’s platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshb.com.my during the Meeting. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, shall either be executed under its common seal or under the hand of an authorised officer or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialed.
7. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournment thereof, at which the person named in the appointment proposes to vote:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the office of Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic means via email

In the case of an appointment made via email transmission, the Form of Proxy must be received via email at eservices@sshb.com.my.

For option (ii), the Company will require the member to deposit the original executive Form of Proxy as in (i) above no later than Saturday, 21 May 2022 at 9:00 a.m. for verification purpose.

(iii) Online

In the case of an appointment made via online lodgement facility, please submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshb.net.my/>. All resolutions set out in this notice of meeting are to be voted by poll.

8. Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshb.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the Meeting in order to register, participate, speak and vote remotely.
9. If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in our electronic Meeting by yourself, please write in to eservices@sshb.com.my to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the ordinary resolutions set out in the Notice of Meeting will be put to vote by way of poll.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING
(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)**

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

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PROXY FORM



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

BPPLAS

CDS Account No. _____

Number of Shares Held _____

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

NRIC/Passport/Registration No. _____ Contact No. _____

of (Full address) _____

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

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

** and / or * delete if inapplicable*

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

or failing *him / her, the *CHAIRMAN OF THE MEETING as *my / our proxy to participate, speak and vote for *me/us and on *my/our behalf at the Eighteenth Annual General Meeting of the Company which will be conducted on a fully virtual basis vide the live streaming and online voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 23 May 2022 at 9:00 a.m.

My / our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr. Hey Shioh Hoe who retires by rotation pursuant to Clause 122 of the Company's Constitution.		
2.	To re-elect Ms. Tan Ming-Li who retires by rotation pursuant to Clause 122 of the Company's Constitution.		
3.	To approve the payment of the following Directors' fees to the Non-Executive Directors of the Company in respect of the financial year ending 31 December 2022:- (i) Non-Executive Chairman's fees of RM130,000 per annum; and (ii) Director's fee for each of the Non-Executive Directors of RM65,000 per annum.		
4.	To approve the payment of Directors' benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 24 May 2022 until the next Annual General Meeting of the Company in 2023.		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	Authority to issue and allot shares pursuant to the Companies Act 2016.		
7.	Retention of Mr. Lim Kim Hock as an Independent Non-Executive Director.		

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

Dated this _____ day of _____ 2022

* Signature of Member / Common Seal

** Strike out whichever not applicable*

AFFIX
STAMP

BP PLASTICS HOLDING BHD.

[Registration No. 200401006398 (644902-V)]

c/o SS E Solutions Sdn. Bhd.

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara, Damansara Heights

50490 Kuala Lumpur, Wilayah Persekutuan

Please fold along this line

Notes:

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3. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the same Meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression.
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4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, shall either be executed under its common seal or under the hand of an authorised officer or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialed.
7. Appointment of proxy and registration for remote participation and voting
The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournment thereof, at which the person named in the appointment proposes to vote:-
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the office of Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.
 - (ii) By electronic means via email
In the case of an appointment made via email transmission, the Form of Proxy must be received via email at eservices@sshsb.com.my.
For option (ii), the Company will require the member to deposit the original executive Form of Proxy as in (i) above no later than Saturday, 21 May 2022 at 9:00 a.m. for verification purpose.
 - (iii) Online
In the case of an appointment made via online lodgement facility, please submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/>.
All resolutions set out in this notice of meeting are to be voted by poll.
8. Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the Meeting in order to register, participate, speak and vote remotely.
9. If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in our electronic Meeting by yourself, please write in to eservices@sshsb.com.my to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the ordinary resolutions set out in the Notice of Meeting will be put to vote by way of poll.

Please glue and seal along this edge

Thank you for being part of our journey.

BP PLASTICS HOLDING BHD.

[Registration No. 200401006398 (644902-V)]

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

Tel: 607 455 7633

Fax: 607 455 7699

www.bpplas.com