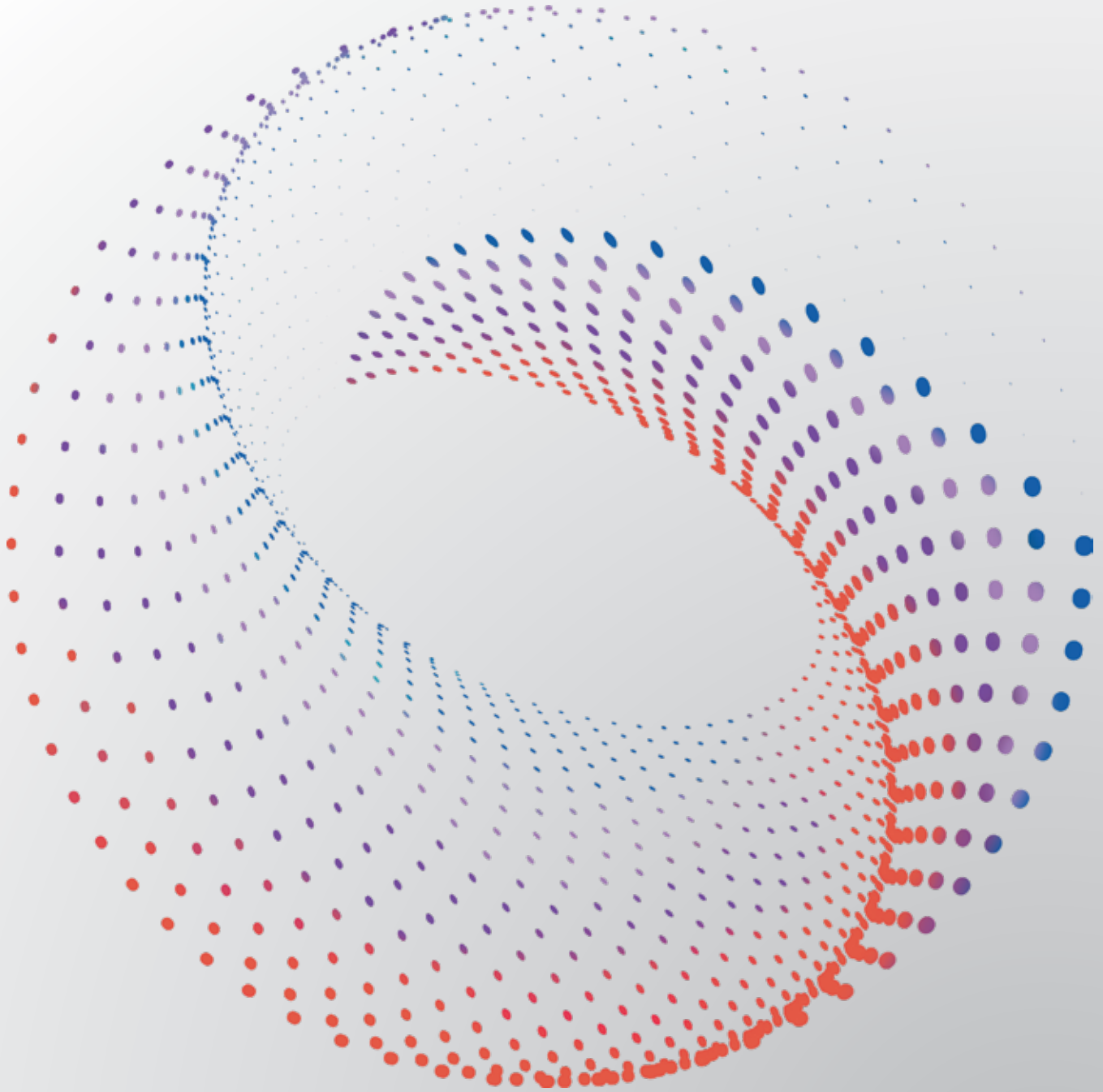




南源塑膠控股有限公司
BP PLASTICS HOLDING BHD.
[Registration No. 200401006398 (644902-V)]



ANNUAL REPORT
2022
STRETCHING BEYOND



BPPLAS

BPPLAS is a progressive Polyethylene (“PE”) flexible plastics packaging manufacturer, deploying the latest state-of-the-art machinery with advanced multi-layer co-extrusion technology that is capable of producing high quality primary, secondary and tertiary packaging solutions for various market needs.

To date, BPPLAS is one of the largest PE film manufacturers in the Asian Region, supplying both domestic and overseas markets. We are strongly committed to continuous improvement in innovating and producing superior high-quality products for our customers. Meanwhile, we seek for opportunities to grow our business presence, expand our capacity and product offerings, and continuously be in the forefront of technology advancement.

Our *Cast Stretch Film Division* focuses on premium grade stretch film rolls that are primarily used to protect and enhance palletised goods product handling, improves warehousing and logistics efficiency. Our brands include INFINITY® which is a premium brand of thinner and stronger hand and machine stretch films to secure heavy and hard-to-hold loads. Beyond, with our commitment towards on-going development of our premium products, we have commissioned two units of Nano-technology 67-layers stretch film machines, offering ultra-high-performance machine stretch film brands, namely QUANTUM-N® and PRIORITY®.

Our *Blown PE Film Division* produces customised PE films suitable for use in different industrial packaging applications to improve packaging integrity and/or shelf life. The product offerings include form-fill-seal (“FFS”) food packaging films, lamination base film, collation shrink films, air cargo sheets, as well as construction/builder films.

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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

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

COMPANY SECRETARIES

Chua Siew Chuan

SSM PC No: 201908002648

(MAICSA 0777689)

Tan Ley Theng

SSM PC No: 201908001685

(MAICSA 7030358)

SHARE REGISTRAR

Securities Services (Holdings)

Sdn Bhd 197701005827 (36869-T)

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel: 03-2084 9000

Fax: 03-2094 9940

REGISTERED OFFICE

5A, Jalan Wawasan 2

Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

Tel: 07-455 7633

Fax: 07-455 7699

Email: enquiry@bpplas.com

HEAD/MANAGEMENT OFFICE

5A, Jalan Wawasan 2

Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

Tel: 07-455 7633

Fax: 07-455 7699

Email: enquiry@bpplas.com

SALES & MARKETING OFFICE (KL)

8-01, Level 8, Menara MBMR

No. 1, Jalan Syed Putra

58000 Kuala Lumpur

Tel: 03-2276 4461

Email: enquiry@bpplas.com

WEBSITE

www.bpplas.com

AUDITORS

Crowe Malaysia PLT

*201906000005 (LLP0018817-LCA)
& AF 1018*

52, Jalan Kota Laksamana 2/15

Taman Kota Laksamana

Seksyen 2, 75200 Melaka

Tel: 06-282 5995

Fax: 06-283 6449

STOCK EXCHANGE LISTING

BPPLAS (5100)

Main Market of Bursa Malaysia

Securities Berhad

Sector:

Industrial Products & Services

Sub-sector:

Packaging Materials

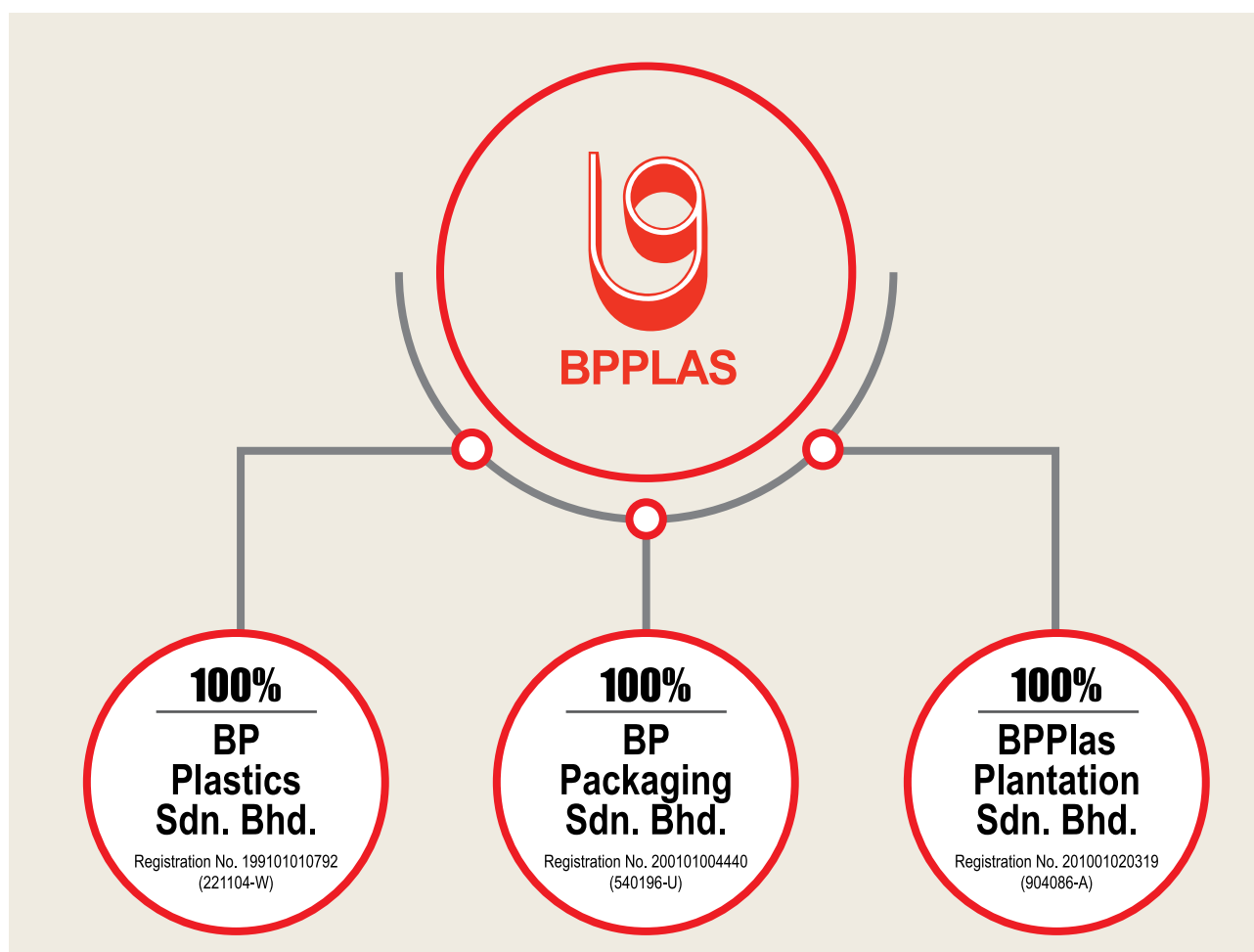
(Listed on 23 February 2005)

PRINCIPAL BANKERS

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

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.

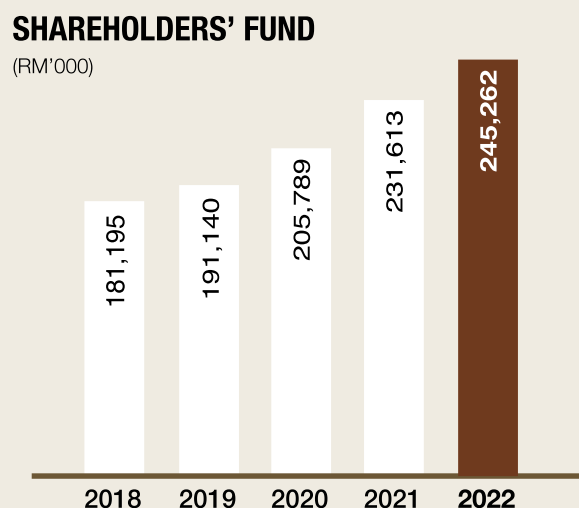
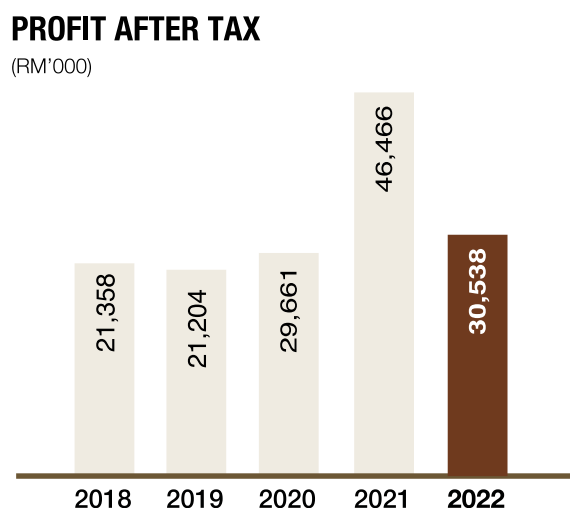
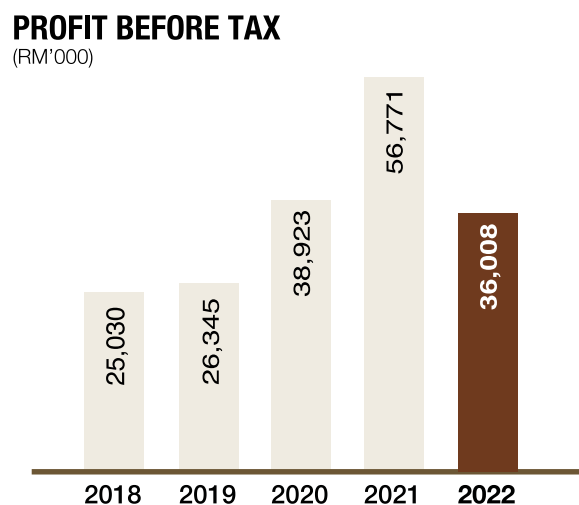
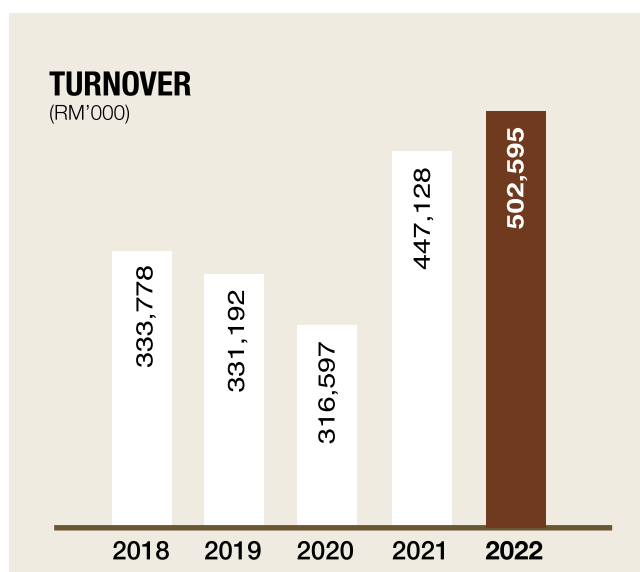
The principal activities of its subsidiaries are as follows:

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

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
TURNOVER	333,778	331,192	316,597	447,128	502,595
EBITDA	34,241	37,055	50,318	67,216	47,577
PROFIT BEFORE TAX	25,030	26,345	38,923	56,771	36,008
PROFIT AFTER TAX	21,358	21,204	29,661	46,466	30,538
SHAREHOLDERS' FUNDS	181,195	191,140	205,789	231,613	245,262
ROE	12.26%	11.39%	14.95%	21.25%	12.81%
NON CURRENT ASSET	85,321	86,944	78,704	95,322	126,073
ROA	25.03%	24.39%	37.69%	48.75%	24.22%
EPS *	7.59	7.53	10.54	16.51	10.85
Net Div declared (sen) *	4.00	4.00	5.33	8.00	5.50
NTA per share (RM) *	0.64	0.68	0.73	0.82	0.87

* 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

Malaysian, Male, Aged 57

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

Malaysian, Male, Aged 60

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**

Malaysian, Male, Aged 59

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 SHIOH HOE**

Malaysian, Male, Aged 60

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**

Malaysian, Female, Aged 54

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 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 OM Holdings Limited and Capitaland Malaysia Trust, and Non-Independent Non-Executive Director of Tune Protect Group Berhad and Tune Insurance Malaysia Berhad.

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

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

**TAN HOCK HIN**

Malaysian, Male, Aged 58

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)



CHUAH SUE YIN

Malaysian, Female, Aged 52

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 28 years of working experience. She oversees the finance and operations of the Group. She is involved in providing services such as financial accounting and reporting, internal and external audits, due diligence services as well as providing tax compliance and tax consultancy services for direct and indirect tax, and also human resource related services. 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

Malaysian, Female, Aged 43

Position in the Company: Financial Controller

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

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

Other Directorship in Public/Listed Companies: None

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

Notes:

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

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

SUSTAINABILITY 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 covered in this Statement is limited to the principal business activities and operations of BPPLAS and its subsidiaries.

In line with the Group’s annual reporting cycle, the information and data in this Statement covers the period from 1 January 2022 to 31 December 2022, and it is confined to the data collected within the organisation, unless indicated otherwise.

Reporting Standards

This Statement is prepared in accordance with the Main Market Listing Requirements (“MMLR”) and guided by the Sustainability Reporting Guide (2nd edition) and Toolkits issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”), with further reference to the United Nations Sustainable Development Goals (“SDGs”).

On 26 September 2022, Bursa Malaysia announced the amendments to MMLR in relation to enhanced sustainability reporting framework with the aim to elevate sustainability practices and disclosures of listed issuers. In tandem with the enhanced sustainability disclosures requirements, a Sustainability Reporting Guide (3rd edition) and updated Toolkits were also released.

BPPLAS is working on putting in place the relevant policies and procedures to improve our sustainability disclosures, as well as to comply with the enhanced requirements and the respective implementation timeline.

Review and Assurance

In preparing this Statement, the Group undertakes appropriate good governance and internal reporting practices, and shall continue to improve on internal data collection, review and reporting processes. However, no independent assurance has been made on this Statement.

SUSTAINABILITY GOVERNANCE

The Board is mindful and cognizant of the growing emphasis/concern by our various key stakeholders, particularly the investing community and shareholders 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, in alignment with the latest ESG reporting standards as promulgated by the MCCG2021 practice recommendation.

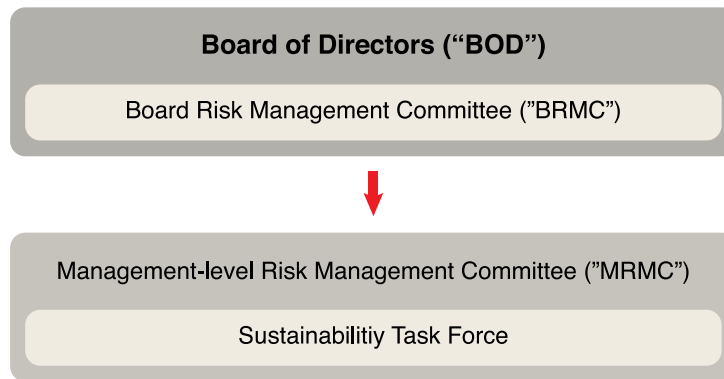
The Board of Directors of BPPLAS (“BOD”, “the Board”) holds the main role in driving the Group’s sustainability strategy and direction by providing necessary guidance and assigning the governance of sustainability matters to its Board Risk Management Committee (“BRMC”). The BRMC is responsible for the oversight of the Group’s overall business risks management, identification of the related risks and opportunities, including the relevant sustainability policies and initiatives.

The BRMC is supported by the Management-level Risk Management Committee (“MRMC”), which comprises the Managing Director, Executive Directors, Head of Risk Governance, and respective Heads of Department. The MRMC is responsible to guide, coordinate, review and monitor the adequacy, development and implementation of the Group’s risk policies as well as sustainability practices across all business operations.

A Sustainability Task Force was set up last year in order to assist the MRMC and facilitate a more dedicated focus and implementation of key sustainability projects/initiatives such as circular economy and climate change.

SUSTAINABILITY GOVERNANCE (CONT'D)

The MRMC conducts periodic Risk and Sustainability assessments, which are compiled and tabulated for reporting to the BRMC (at least 2 times a year), including outcome and recommendation of existing or potential key business risks and material sustainability matters, as well as the ongoing action plans.



SUSTAINABILITY COMMITMENT

At BPPLAS, in line with our vision to be the plastics packaging specialist of choice in the Asian region, we recognise the importance of sustainability and embedding it as a core principle in our business strategies and day-to-day operations, addressing the ESG aspects across our all our business units, towards accomplishing our mission to produce reliable and high-quality packaging products.

Committed towards building a sustainable Polyethylene ("PE") packaging business, we remain focused on our long-term objective to deliver enhanced stakeholder value, whilst maintaining our obligations to conduct business and in an environmentally and socially responsible manner. Therefore, we have been taking an integral approach in addressing economic, environmental, and social ("EES")¹ sustainability risks and opportunities 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 recognised the importance of balancing economic, environmental, and social sustainability in driving developments.

As part of the wider network of being a global citizen, we support the initiative of the UN SDGs. Mapping and aligning our sustainability matters and activities, we have adopted 9 of the 17 SDGs.



¹ According to Bursa Malaysia's Sustainability Reporting Guide, the terms EES (economic, environmental, and social) and ESG (environmental, social and governance) are not clearly differentiated and often used interchangeably. The Guide focus largely on EES because the "G" - governance element has already been extensively covered elsewhere under the existing disclosure requirements in the Listing Requirements and the Malaysian Code on Corporate Governance.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Stakeholders play pivotal roles in the growth and development of our business.

Through a variety of channels and methods, we maintain regular interactions and consistent engagement with our stakeholders. We aim to keep them informed on our sustainability journey progress, to obtain feedback, understand their concerns, expectations, as well as their perceptions on different sustainability matters. The outcome and information from these engagements are important in our continuous improvement and decision-making, including but not limited to sustainability strategies.

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

Stakeholders Group	Engagement Methods	Areas of Concern
Shareholders & Investors	<ul style="list-style-type: none"> Annual General Meeting Financial results and reports Corporate website Bursa Malaysia announcements Electronic communications Investor relations engagements 	<ul style="list-style-type: none"> Financial & non-financial performance Business prospects & strategic plans Returns & value creation 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, staff engagement activities Performance appraisals Trainings & workshops Meetings & discussions Electronic communications 	<ul style="list-style-type: none"> Employee welfare & benefits Healthy & safe workplace environment Human rights, diversity & inclusion Career development opportunities
Customers	<ul style="list-style-type: none"> Meetings & visits Feedback and 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

STAKEHOLDER ENGAGEMENT (CONT'D)

We continue to explore and enhance our channels of engagement with stakeholders to better understand their needs, gain insight, develop strategic plans, and maintain our accountability.

The COVID-19 pandemic has changed the way we work, live, and communicate. Since the outbreak of the pandemic, various meetings and activities have been shifted to be conducted virtually via online platforms. However, with the reopening of borders and easing of travel restrictions, more in-person engagements have resumed as face-to-face communication is important in building more meaningful relationships with our stakeholders.

MATERIALITY ASSESSMENT

For 2022, materiality assessment was conducted by the Sustainability Task Force to review and look into the material sustainability matters that are significant and relevant to our business and of concern i.e. important to our stakeholders, in the EES aspects.

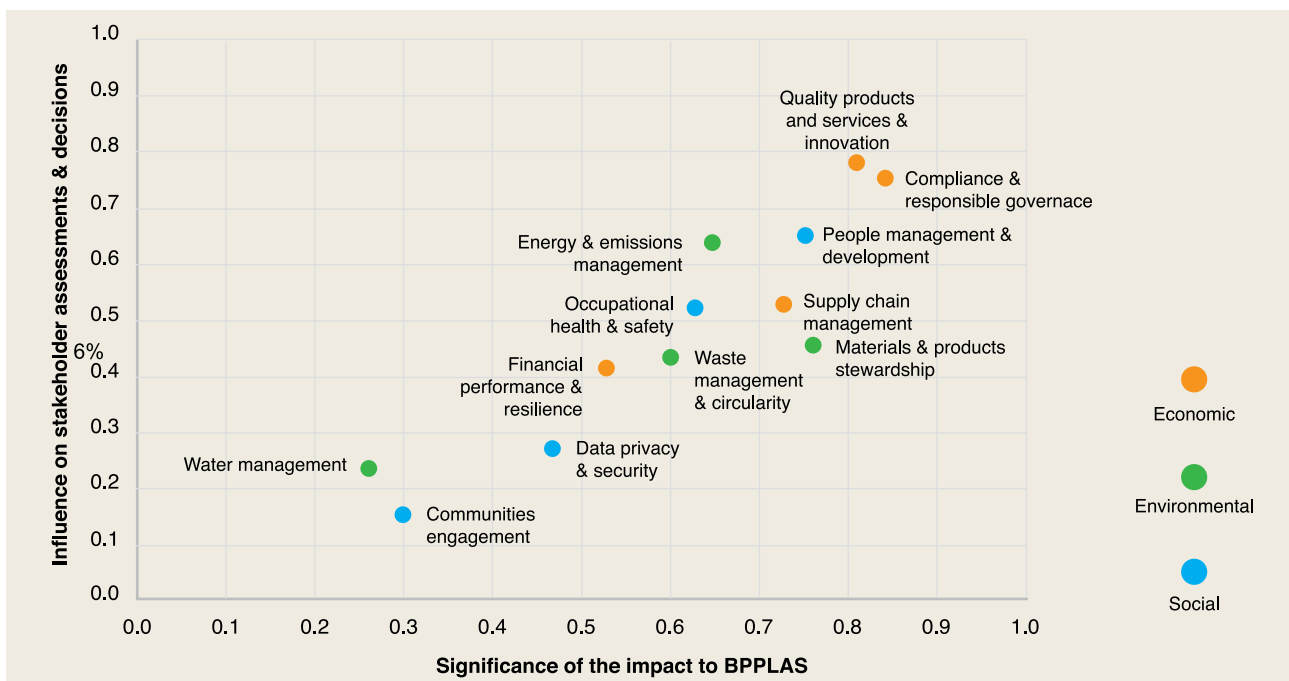
The materiality assessment was conducted in the following approach.

- We identify a list of relevant sustainability matters, through an initial review of previous materiality matrix in 2021, reporting guidelines, 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 and materiality matrix is then presented, further discussed and validated by the MRMC, with endorsement by the Management.

As a result of the materiality assessment, we identified twelve material sustainability matters.



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

The following shows the materiality matrix:



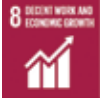









SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS

Material Sustainability Matters	Description	Alignment with SDGs
Economic		
Quality products and services & innovation	Focusing on innovative high quality products and services, we strive to maintain our competitive edge by bringing satisfaction and value-added benefits to customers, through continuous process enhancement and adoption of new technology.	  
Compliance & responsible governance	Compliance with regulatory requirements and implementation of robust corporate governance frameworks are critical to ensure integrity and ethical conduct of business.	 
Financial performance & resilience	Pursuing sustainable and resilient economic performance, growth and expansion of the Group is important in driving long-term value for our stakeholders.	
Supply chain management	Besides ensuring supply chain reliability for cost and operational efficiency, there has been increasing dialogues, considerations and actions with both customers and suppliers alike, on social and environmental aspects within our supply chain.	 
Environmental		
Energy & emissions management	Managing our energy source, consumption, and efficiency, as well as embarking on new additional initiatives and efforts on GHG emissions management to do our part on addressing the climate change issue.	  
Waste management & circularity	Aside emphasising on reduction of waste generation and the Recycle, Reuse and Reduce (3Rs) concept, proper waste handling complying to industrial standards are followed to avoid negative impact on the environment and surrounding community.	
Materials & products stewardship	As a plastics manufacturer, we promote responsible and efficient use of resources, while continuously explore and undertake developments towards sustainable solutions and plastics circularity.	  

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 recognised management systems, it is our priority to maintain a safe and healthy working environment.	 
People management & development	At BPPLAS, we are committed to maintaining fairness, diversity, and inclusion at workplace; we uphold ethical labor practices, and provide our employees with fair remuneration and support on career development.	  
Data privacy & security	Protecting and securing data privacy of our stakeholders including customers, suppliers, employees is our responsibility as a trusted business partner and organisation.	 
Communities engagement	We have always been cognizant of our social responsibility in supporting the development of the communities in which we operate.	 

ECONOMIC



Quality Products and Services & Innovation

Why it Matters

Ensuring customers' satisfaction, gaining trust, and building long-lasting relationships with customers are important in driving our business success.

We are committed to delivering reliable and high-quality products and services that meet customers' expectations. While at the same time focusing on understanding customers' needs and latest market trends in a rapidly-evolving world, including the ongoing developments on sustainable packaging solutions to support the circular economy initiative. Moreover, 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 by focusing on customers' satisfaction and bringing them value-added benefits.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)



Quality Products and Services & Innovation (Cont'd)

Management Approach and Performance

To meet customers' requirements and deliver products of reliable quality, we maintain a comprehensive Quality Management System with various controls and procedures, in compliance with ISO 9001:2015 (Quality Management Systems) at both our plants. We are also accredited with ISO 22000:2018 (Food Safety Management Systems) assuring our ability to provide safe and hygienic flexible packaging that complies with food safety requirements.

In our day-to-day manufacturing, various Quality Assurance ("QA") and Quality Control ("QC") tasks were performed according to internal procedures across the entire operations from incoming/receiving, in-process manufacturing activities, as well as outgoing final checks.

As shown in the table below, for FY2021 and FY2022, goods return (measured in weight) reduced compared to the previous year by 8.6% and 19% respectively. Meanwhile, the total value of goods return and discount for quality issues reduced by 10.8% in FY2021, but it increased by 18.4% in FY2022, in line with the higher sales revenue recorded.

	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000
Change in goods return (kgs)	-40.5%	-8.6%	-19.0%
Change in total goods return & discount for quality issues (RM)	-28.2%	-10.8%	18.4%
Total goods return & discount for quality issues (as % of sales)	0.36%	0.23%	0.24%

To understand customers' needs and difficulties, we proactively engage with them by seeking feedback, interacting and communicating regularly, providing support on deliveries arrangement and technical matters. Annually, Customers Satisfaction Survey is conducted to assess how well we meet our customers' requirements and expectations, as well as to collect feedback to drive continuous improvement. The four key assessment areas in the survey are Response to Enquiries, Quality of Product, Delivery Capability and Customer Service. For FY2021 and FY2022, we achieved customer satisfaction index higher than 90%, improved from performance in previous years.

	FY2020	FY2021	FY2022
Customer satisfaction index	83%	95%	94%

Collaborating with suppliers and customers, we have been continuously working on product innovation, improvement, and development, focusing not only on safety and functional quality requirements, but also fulfilling the sustainability needs in contributing towards a circular economy.

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 without compromising packaging requirements.
- 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")

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)



Quality Products and Services & Innovation (Cont'd)

Management Approach and Performance (Cont'd)

Apart from that, process innovation is also a critical driver to ensure sustainable manufacturing. Along with our business growth and capacity expansion, we have been investing in enhancement of plants, facilities, as well as new-technology machines and equipment to improve process efficiency and automation, enhance quality consistency, and optimise resource consumption.

	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000
Building and facilities	1,035	1,756	18,072
Machines and equipment	4,822	28,086	19,707



Compliance & Responsible Governance

Why it Matters

Effective corporate governance and regulatory compliance is fundamental to ensure responsible and sustainable business operations in generating long-term values and growth.

At BPPLAS, we are committed to upholding highest level of ethics, integrity and legal business conduct across all operations and functions, to ensure our responsibility, transparency, and accountability to various stakeholders as a trustable organisation.

Management Approach

We continuously ensure that our practices comply with all relevant legal and regulatory requirements of the local and overseas jurisdictions we serve, while also on par with industrial standards. Besides, we are committed to maintaining a culture of ethics and integrity.

We adhere to the Malaysian Code of Corporate Governance ("MCCG"), and Group-wide policies and frameworks are implemented and practiced ensuring good corporate governance. For example, the risk management and internal control framework, the Code of Conduct, the Anti-Bribery and Anti-Corruption ("ABAC") Policy.

The Code of Conduct, outlining ethical practices in business conduct and practices, applies to all Directors and employees.

BPPLAS has a zero-tolerance stance against bribery and corruption. For FY2022, the annual corruption risk assessment was conducted by the MRMC and it covers the entire operations of BPPLAS. The ABAC Policy was communicated to our directors and employees, and it is further cascaded to our suppliers, contractors, agents, and other business partners. Ongoing, relevant ABAC training will be conducted on a yearly basis for all employees.

Through the whistle blowing policy, we provide our internal and external stakeholders with safe and confidential channels to report any improper conducts, wrongdoings or violations of the Group's policies and regulations.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)

Compliance & Responsible Governance (Cont'd)



Management Approach (Cont'd)

For the past 3 financial years (FY2020 – FY2022), there was no case reported on bribery and corruption, and we did not receive any fines and penalties regarding unethical business conduct or incompliance. Also, there were zero whistleblowing cases.

For further information on the Group's corporate governance practices, please refer to Corporate Governance Overview Statement on pages 50-58 of this Annual Report or 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. In the current economic conditions where business environment faces rapid challenges and uncertainties, strengthening business resilience and continuity has become one of the top priorities for organisations.

Management Approach

The demand for flexible packaging has been growing along with economic growth globally. In the long-term, we are committed to continue striving for profitability and strategic growth while taking reasonable measures in carrying out expansion and investment plans, and at the same time maintaining our obligations to the environment, our people and the surrounding communities.

Focusing on improving product offerings and differentiation, developing in line with sustainable solutions needs, as well as internal efficiency and cost management, we have been delivering strong and resilient financial performance. We have therefore been generating values for 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, prospects, outlook and other details, please refer to page 4 on Financial Highlights, pages 40-49 on Management Discussion & Analysis, and pages 75-131 on Financial Statements.

Supply Chain Management



Why it Matters

We believe that maintaining a resilient, reliable, and efficient supply chain supports us on our product and service quality to customers, cost efficiency and competitiveness, as well as operational efficiency. Recent years, affected by the COVID-19 pandemic and the following imbalance trade flows, global supply chain have been facing numerous challenges. Therefore, supply chain management has become more critical to avoid business disruptions.

Meanwhile, sustainability in supply chain is important for our sourcing and procurement. As a responsible corporate citizen supporting global sustainable development, we encourage, support, and collaborate with our suppliers ensuring ESG initiatives are addressed and implemented.

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)

Supply Chain Management (Cont'd)

**Management Approach**

Our suppliers include suppliers of various materials, machinery, equipment, parts, and components relating to our products and operations, as well as other third-party vendors, consultants, contractors, and services providers.

We diversify our procurement to manage supply chain resiliency, stability, and cost efficiency. Our diversification includes sourcing from multiple suppliers from different countries and regions, applying appropriate purchasing and pricing strategies; this is important especially in the event of supply chain disruption that causes volatile raw material supply and pricing environment.

To support domestic economy and community, we source 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 FY2022, our local procurement spending is around 25%, similar to that in FY2021, while it is lower compared to earlier years mainly due to higher raw material prices in the past 2 years and the spending on new advanced machines. As a matter of fact, the procurement spending amount on local suppliers increased in FY2021 and FY2022, by 18% and 6% respectively.

	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000
Proportion (%) of procurement on local suppliers	35%	26%	25%
Change of procurement spending amount	2%	18%	6%

In selecting suppliers, our decision is based on the merit, quality of service and reputation. Meanwhile, aligned with our company's business ethics and integrity, we expect our suppliers to conduct business in a compliance, ethical and responsible manner, including their commitment and efforts on the aspects of sustainability. In line with ISO 9001, we carry out external provider assessment procedures to evaluate our potential suppliers including due diligence questionnaires answered and acknowledged by suppliers. In addition, ABAC Policy is communicated to suppliers, while our whistle blowing channel also applies to suppliers.

We consistently monitor the performance of our suppliers, conducting annual Supplier Performance Review for critical suppliers, based on four key aspects, namely quality, pricing, customer service and technical support. On top of these, ESG and sustainability-related considerations are also taken into account in evaluating suppliers' performance and quality.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL



Energy & Emissions Management

Why It Matters

Climate change has been said to be the greatest threat facing humanity in today's world. It is posing a lot of challenges to the environment, society, and economy. Following the Paris Agreement, a global commitment was set to work towards the main goal of limiting global warming to well below 2°C, and to pursue more efforts in limiting it to 1.5°C, compared to pre-industrial levels. With increasing public awareness on climate change, governments and organisations around the world are actively looking for actions and strategies on reducing GHG emissions to mitigate devastating effects on business, community, and our planet.

Globally, energy generation through burning fossil fuels for electricity is the primary source of GHG emissions. Manufacturing process is undeniably energy intensive, and it contributes majorly towards our emissions, while there is also increasing attention towards assessing emissions at other different stages of the operations, such as transporting goods, travelling and commuting etc.

As a responsible business, we are committed to contributing our part in addressing climate change issues, mainly through management of energy and emissions in our business operations, as well as encouraging towards more transparency on emissions over the supply chain, inside or outside of plant operations.

Management Approach

Our main approach on energy management is by increasing the use of renewable energy sources and improving energy efficiency throughout our plants and processes to ensure optimal use of energy, thus reducing our carbon footprint in electricity consumption.

Our plants' electricity consumption is mainly from electricity supplied by Tenaga Nasional Berhad ("TNB"). In March 2022, we started to subscribe to Green Electricity Tariff ("GET") programme by TNB for 2,500 MWh per month of electricity generated from renewable energy sources; this was around 50% of our then usage, auto-renewal on a 12-month subscription cycle basis.

Meanwhile, a small portion of our electricity consumption is from solar energy via solar panels installed at our factories since 2019.

Power Consumption (MWh)	FY2020	FY2021	FY2022
Conventional energy source	47,476	52,391	29,398
Renewable energy source (GET subscription)	-	-	24,194
Renewable energy source (in-house solar system)	1,345	1,334	1,285
Total electricity consumption	48,821	53,725	54,876
Renewable energy source %	2.8%	2.5%	46.4%
tCO ₂ emissions generated from conventional energy*	30,337	33,478	18,785
tCO ₂ emissions avoided from renewable energy*	859	853	16,281

* Calculated based on the latest Peninsular Malaysia emissions factor of 0.639 tCO₂/MWh, published by SEDA based on study conducted by MGTC.

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)

Energy & Emissions Management (Cont'd)

Management Approach (Cont'd)

In FY2022, electricity consumption from conventional energy source is 29,398 MWh, while electricity consumption from renewable energy source is 25,478 MWh. Thus, we achieved 46.4% renewable source for our total electricity consumption, compared to 2.5% in FY2021.

Using the renewable energy source from GET and in-house solar panels had helped us to reduce our carbon emissions significantly, i.e. it helped us to avoid 16,281 tons of CO₂ emissions in 2022, calculated based on the latest Peninsular Malaysia emissions factor of 0.639 tCO₂/MWh, published by Sustainable Energy Development Authority (“SEDA”) based on study conducted by Malaysian Green Technology Corporation (“MGTC”).

We have been tracking our energy consumption data and metrics (such as energy intensity) for all machineries and manufacturing processes. Every month, we provide analytic information to relevant departments and sections to create awareness and improve management on energy preservation and efficiency. We measure our energy intensity by calculating our total energy consumption compared to production output. For the past 2 years in FY2021 and FY2022, our energy intensity reduced by 1.7% and 3.8% compared to the previous year. However, this metric fluctuates depending on product mixes and volumes.

Amongst the efforts we have made in optimizing energy efficiency and reducing GHG emission includes:-

- Improving and innovating products, e.g. downgauged solutions that reduced materials consumption
- Investing in advanced and environment-friendly machine or equipment that have improved efficiency in energy and materials consumption
- Making proper planning of machines’ operations, e.g. start-up and shutdown
- Installing and replacing light bulbs with LED bulbs
- Using and switching to electric forklifts
- Maintaining effective waste management practices, including 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, improving and reviewing our strategies, measures and automation related to emissions management and climate change response, both in our manufacturing and non-manufacturing parts, to strive for ongoing improvements.

Furthermore, we are working on relevant data collection and calculation methodology to improve our emissions assessment and disclosures, in line with the enhanced requirements or guidance such as the Bursa Sustainability Reporting Guide (3rd Edition) and Task Force on Climate-Related Financial Disclosures (“TCFD”) Recommendations.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)

Waste Management & Circularity

**Why It Matters**

We promote responsible consumption of resources and uphold best practices in waste management and resources circularity, including efforts in recycling and proper disposal, not only for plastics resins and products, but also other components, parts and packaging materials that we use.

As we strive for long-term sustainable economic development for our business, it is also our responsibility to limit adverse effects to the environment, conserve natural resources, and thus protect public health and the planet.

Management Approach

Certified with ISO 14001:2015 Environment Management System at both of our manufacturing plants; 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. This is in line with the concept of circular economy.

(a) Reduce Waste Generation

Promoting responsible consumption of resources, we are committed to eliminating and reducing generation of waste, scraps or defects at production processes and daily operating activities.

Our efforts in reducing waste generation and preventing negative environmental impact include

- 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 flows, and ensure personnel handling the job has the proper skills and understanding;
- implement proper housekeeping, cleaning, containment measures to prevent resins and other materials leakages or spillages into the environment; and
- continue to raise awareness amongst our people about sustainable waste management and circularity concept

Compared to previous year, our plastic production scraps increased to 3,982mt in FY2022 compared to 3628mt in FY2021, mainly due to an increase in production output. However, all our plastic production scraps are not directed to disposals, they are segregated and being processed into recycled resins using our in-house recycling machines.

Our scheduled waste includes waste that we do not have recycling capabilities for and need to be disposed from our factories, such as ink and solvent waste, emptied tongs and drums. In FY2022, scheduled waste generated is 62.1mt, maintained at a similar level to the previous years despite an increase in production output including printing output.

Meanwhile, other non-recyclable general waste (rubbish) directed to disposal increased to 115.3mt in FY2022, compared to 85.2mt in FY2021. In FY2022, business operations return to normalcy, compared to previous years under COVID-19 restrictions where companies are only allowed to operate at a limited workforce.

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Waste Management & Circularity (Cont'd)

Management Approach (Cont'd)

(a) Reduce Waste Generation (Cont'd)

Waste (mt)	FY2020	FY2021	FY2022
Production scraps	3,576.9	3,627.8	3,981.7
Waste diverted from disposal	3,576.9	3,627.8	3,981.7
Scheduled waste	62.4	62.2	62.1
General waste	85.4	85.2	115.3
Waste directed to disposal	147.8	147.3	177.4
Total waste	3,723.7	3,775.2	4,159.1
% waste diverted from disposal	96%	96%	96%

For the past three years, our waste diverted from disposal made up around 96% of our total waste.

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

The 3Rs concept of “Recycle, Reuse and Reduce” has been embedded in our daily operations. Our practices and measures in advocating 3Rs are monitored and improved consistently.

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, stretch hoods, and stretch films)
- convert the segregated wastes into recycled materials using mechanical recycling machines (“Recycle”), the recycled materials are classified into Post-Industrial Recycled Resin (“PIR”) and Post-Consumer Recycled Resin (“PCR”) depends on whether the plastics products had been generated in their end-uses of the intended purposes.
- incorporate and reuse (“Reuse”) the recycled materials as inputs to our manufacturing for suitable product applications.

Our two recycling machines with advanced technology and capacity facilitate our plastic waste recovery. The recycling capacity utilisation increased to 80.8% in FY2022, compared to 66.8% last year. Meanwhile, the recycled resins consumption (as a % of total resins consumption) is also higher at 8.8% in FY2022, compared to 7.3% in FY2021. Recycled materials content could vary depending on product mixes.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)

Waste Management & Circularity (Cont'd)

Management Approach (Cont'd)

(b) Recycle, Reuse and Reduce (3Rs) Concept (Cont'd)

	FY2020	FY2021	FY2022
Recycling capacity utilisation (%)	70.5%	66.8%	80.8%
Recycled resins consumption (% of total resins consumption)	8.4%	7.3%	8.8%

In our daily operation and manufacturing activities, we reuse whenever possible for various components, accessories or materials, such as paper cores, carton boxes, pallets. Furthermore, we

- purchase used paper cores from our customers and reuse them,
- replace wooden pallets, paper cores with plastic pallets and plastics cores that are durable and can be reused and recycled.

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, make more efficient use of our valuable resources, and potentially reduce our carbon footprint.

(c) Waste Handling Practices

In compliance with ISO and regulatory requirements, we ensure that our effluent and waste is properly handled and stored. For unavoidable waste directed to disposal, it is collected and/or disposed by approved/appointed licensed contractors.

We also work closely with our strategic partners/suppliers to supply non-hazardous products to mitigate environmental contamination and reduce our carbon footprint wherever possible.

Materials & Products StewardshipWhy 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 is an enabler which provides many advantages and environmental benefits. Flexible plastic packaging plays a powerful and important role in product packaging; it is the preferred solution 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 to food safety and preservation.

Besides continuous developments and innovation of plastics products, there has been increasing awareness of circular economy for plastics; it is an initiative promoted widely to help eliminate plastic waste and pollution. However, the move towards circular economy requires collaboration not only within the industries, but also the community, government and non-governmental organisations, and policymakers etc.

Nevertheless, the growing focus on plastics circularity and low-carbon initiatives are driving more companies, manufacturers, brand owners and consumers to explore and shift towards sustainable packaging solutions.

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Materials & Products Stewardship (Cont'd)

Management Approach

As a plastic packaging manufacturer, we embrace our role in playing a part contributing towards circular economy and supporting low-carbon initiatives. Working with our raw material suppliers and customers, we have been continuously exploring, innovating and developing products, focusing on plastics circularity and life cycle impact, mainly in the areas stated below.

(a) Design for Recyclability & Circularity

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 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 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 BPPAS, all our manufactured products are considered mono-material (can be mono-layered or multi-layered), i.e. they are all made up of more than 90% Polyethylene ("PE"). Thus, our products are fully recyclable.

Ongoingly, we are continuously exploring potential developments and suitable investment opportunities in sustainable packaging solutions of full recyclability and contributing towards circular economy.

(b) Access and Use of Recycled Contents

We have our own in-house recycling facilities whereby production waste and scraps, as well as supplier resin bags, are processed into recycled resin, i.e. Post-Industrial Recycled Resin ("PIR") and Post-Consumer Recycled Resin ("PCR") respectively. These recycled resins are then being re-used into products with suitable applications. In FY2022, recycled materials consumption as a percentage of total resin consumption is 8.8%.

	FY2020	FY2021	FY2022
Recycled resins consumption (% of total resins consumption)	8.4%	7.3%	8.8%

We are continuously innovating and improving our products to increase and optimise the use of recycled materials, without compromising on functional quality of the products. Meanwhile, we are exploring the availability of suitable recycled materials from external sources, feasibility of other renewable raw materials, as well as the relevant improvements and developments including certification systems.

Our main plant that covers around 62% of our manufacturing activities (measured by production output) was certified with the International Sustainability and Carbon Certification ("ISCC") PLUS in April 2022. This certification system ensures the traceability of sustainable materials (particularly bio-based and circular/recycled raw materials) across the whole supply chain, and mass balance approach is acknowledged.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENTAL (CONT'D)



Materials & Products Stewardship (Cont'd)

Management Approach (Cont'd)**(c) Less Consumption and More Efficient Use of Materials**

Over the recent years/decade, the product innovation focus for flexible plastics has been towards downgauging solutions. Along with the industry demand and shift, we have successfully developed and improved our downgauged plastic films, supported by product R&D, technological advancement of machinery and innovative raw materials.

Through product innovation efforts such as product re-formulation, blending of recycled materials, as well as improving technology and efficiency in machineries, we can reduce consumption and/or improve more efficient consumption of raw materials, thus contribute to preserving resources, reducing environmental impact and carbon footprint / GHG emissions from raw materials extraction.

**Water Management****Why it Matters**

For our business, sufficient supply of clean water is needed in daily basic activities from machine to cleaning use. However, it is not a major resource nor material for our manufacturing operations. Water discharge from our operations is also minimal.

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.

Our water supply is mainly from Ranhill SAJ. Aside, we have installed water tanks since 2019 to yield and store rainwater which is then used for chillers, cooling towers, and other basic cleaning or toilet use. In recent 2 years, additional water tanks have been installed, thus our rainwater harvested had increased and achieved 9.1% of our total water consumption in FY2022.

Meanwhile, our total water consumption increased from 69,878 m³ in FY2021 to 71,726 m³ in FY2022, in line with the increase in production capacity and operations resumption post-pandemic.

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

Water consumption (m ³)	FY2020	FY2021	FY2022
Rainwater harvested	1,518	2,937	6,512
Supply from SAJ	66,971	66,941	65,214
Total water consumption	68,489	69,878	71,726
Rainwater harvested %	2.2%	4.2%	9.1%

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

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 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 for fulfilling EHS objectives. Safety trainings, instructions for use in line with our operational guidelines (e.g. fire drills, fire evacuation training, chemical handling, forklift driving training, etc.), as well as other health and safety topics are carried out for employees upon joining the company and on a regular basis. In FY2022, out of our 461 employees, 321 received training on health and safety standards. The list of trainings conducted in FY2022 can be found on the material sustainability matter “people management & development” under “employees upskilling and career growth”.

	FY2020	FY2021	FY2022
No. employees trained on health and safety standards	376	250	321

The Occupational Safety and Health (“OHS”) committee is responsible for managing and addressing 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 and relevant, increasing awareness of the critical aspects of work safety and that they are competent and equipped with the right knowledge and resources to work safely.

The Group is conscious of the need to manage workplace safety and employees’ security in tandem with business growth. As shown in the table below, in FY2022, the numbers of accident cases, occupational poisoning and disease cases, as well as lost man days are reduced compared to the previous year, these cases are being investigated and improved accordingly. Meanwhile, the number of fatalities has been zero for the past three years. Our occupational poisoning and disease cases were all related to hearing disorders, we continuously ensuring effective protective equipment is provided and limiting workers exposure to excessive noise.

Nevertheless, we continue to identify, monitor, prevent, react and take corrective actions diligently to reduce work-related accidents and ill-health cases, and work towards goals of zero accidents, zero fatalities, as well as lost man-days rate less than 80 days.

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)

	FY2020	FY2021	FY2022
No. of accident cases	12	16	12
No. of occupational poisoning and disease cases	62	5	2
No. of fatalities	0	0	0
Lost man days (no. of days)	64	305	110
Total no. of hours worked	793,613	709,879	933,738
Accident rate ¹	15.1	22.5	12.9
Occupational poisoning and disease rate ²	78.1	7.0	2.1
Fatality rate ³	0	0	0
Lost man-days rate ⁴	80.64	429.65	117.81

¹ Accident rate = No. of accident cases / Total no. of hours worked * 1,000,000

² Occupational poisoning and disease rate = No. of occupational poisoning and disease cases / Total no. of hours worked * 1,000,000

³ Fatality rate = No. of fatalities / Total no. of hours worked * 1,000,000

⁴ Lost man days rate = Lost man days / Total no. of hours worked * 1,000,000



Training "Program Ceramah Keselamatan di Tempat Kerja" conducted by SOCSO in April 2022



Training "Pasukan Keselamatan Kebakaran (PKK) / ERT Training" conducted on 4-6 July 2022

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Occupational Health & Safety (Cont'd)



Management Approach (Cont'd)

(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 holds a Certificate for Accommodation approved by the Ministry of Human Resources ("MOHR") that is valid until end of 2023.

Further, Human Resource ("HR") Department conducts bi-weekly checks on the hostels covering cleanliness, safety, and damage of the buildings.

(c) Response in Post 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 organisation, to help keep our workforce, their families and the communities safe.

As the world currently on the path of recovering from COVID-19 and most in endemic stage, and progressively returning to new normal, we are continuously monitoring the COVID-19 situation, and will take the necessary preventive measures to minimise the impact on business continuity.



People Management & Development

Why it Matters

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

As we progressively expand our business and embark on industrial digital transformation which focuses heavily on interconnectivity, automation, machine learning and real-time data, we recognise the need to prioritise upskilling of our employees as part of their ongoing career development and move towards a more productive, high-skilled and agile workforce of the future.

Aside, we are committed to nurture a culture that values our employees' contributions, focuses on employees' welfare and wellbeing, and holds respect for diversity, equality, and human rights.

Management Approach

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

- Employees upskilling and career growth
- Employees welfare and engagement
- Ethical labor practices
- Diversity and equal opportunity

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

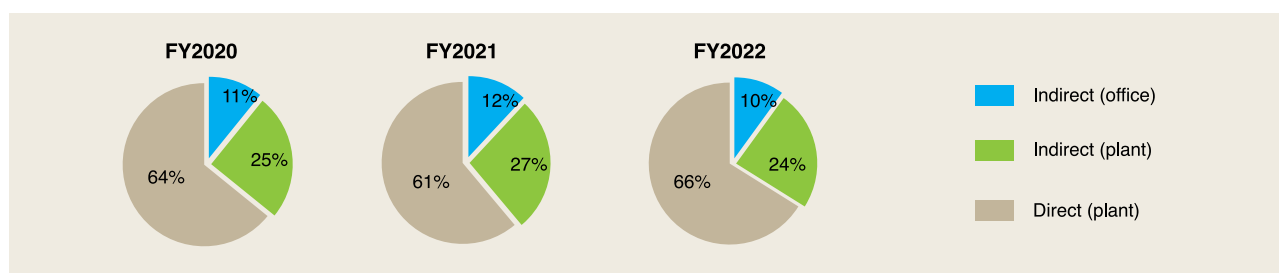
People Management & Development (Cont'd)

Management Approach (Cont'd)

Through these, we are committed to developing a passionate and productive workforce, while maintaining a diverse, respectful and encouraging workplace.

Our employees are categorised into three groups, based on work nature, namely indirect employees in office, indirect employees in manufacturing plant, and direct employees in manufacturing plant. As at end of FY2022, we have 461 employees in total, where 10%, 24%, 66% are indirect office employees, indirect plant employees, and direct plant employees, respectively.

	FY2020	FY2021	FY2022
Number of employees	407	392	461

**(a) Employees Upskilling and Career Growth**

Upskilling and empowering our employees are important to our business growth and success. We are committed to support 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.

Internal and external training programmes are organised for various groups of employees for different objectives and areas of focus, including technical and functional knowledge, industry knowledge, as well as soft skills development. They are conducted through a variety of methods such as workshops and conferences, coaching, mentoring and on-the-job trainings etc.

Through yearly Performance Appraisals, Training Needs Analysis ("TNAs") are also conducted by people managers and HR department to identify training needs, skills gaps, or any other required competencies.

	FY2020	FY2021	FY2022
All employees			
Total training hours	6,130	2,368	4,123
Training hours per person	15.1	6	8.9
Indirect (office) employees			
Total training hours	312	510	774
Training hours per person	6.8	10.6	16.5

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)

	FY2020	FY2021	FY2022
Indirect (plant) employees			
Total training hours	842	967	1,702
Training hours per person	8.3	9.3	15.2
Direct (plant) employees			
Total training hours	4,976	891	1,648
Training hours per person	19.2	3.7	5.5

The training hours for direct employees in 2020 is high due to the COVID-19 related trainings as per required by Kementerian Kesihatan Malaysia ("KKM", Ministry of Health Malaysia) and this is the group of workers that work physically in the plant under the movement restrictions.

The following are some of 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	13–14 January 2022	Sandmerit KPI Bootcamp (Online)
2	25–26 January 2022	FMM – Deloitte Webinar: Employer's 2021 Income Tax Reporting.
3	6-10 February 2022	Course for Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
4	21–23 February 2022	ITIL 4 Foundation
5	29-31 March 2022	Radiation Safety & Health
6	30 March 2022	Forklift Safety & Certification
7	12-15 April 2022	Occupational Safety and Health Coordinator (OSH-C)
8	13 April 2022	Program Ceramah Keselamatan di Tempat Kerja
9	16 June 2022	FMM Webinar on New Customs Harmonised System (HS) Codes 2022
10	4–6 July 2022	Pasukan Keselamatan Kebakaran (PKK) / ERT Training
11	14–15 July 2022	HACCP Awareness Training
12	19 August 2022	Menangani Cabaran & Isu-Isu Perburuhan Negara
13	20-21 August 2022	Team Bonding (Group 1) – 2-Day Business Strategy & Financial Acumen with Managing Business Today Simulation Program
14	20–21 August 2022	Team Bonding (Group 2) – 2-Day Paper Plane Inc. Business simulation
15	7 September 2022	HACCP (MS1480:2019) Internal Audit Training

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 some of the key seminars and trainings, including virtual and online webinar sessions attended by the BPPLAS Management and employees during the year:- (Cont'd)

No.	Date of Training	Training Topics/Programmes
16	2 November 2022, 30 December 2022	Doing Business Without Bribery
17	1–2 December 2022	GRS Awareness Course (2 Days)
18	1 December 2022	Pengurusan & Pengiraan Gaji Mengikut Undang-Undang Perburuhan Malaysia
19	16 December 2022	Online Technical Report Preparation Workshop for EiMAS CePSWaM Competency Certificate 2022

(b) Employees Welfare and Engagement

Taking care of our employees' welfare is essential to ensure employees' needs are met, increase job satisfaction and loyalty. We appreciate and value our employees' contributions to the success of the company. We provide compensation and benefits that are fair and competitive to attract and retain right talents and to inspire and increase productivity. The standard benefits provided include long service award, insurance coverage, medical benefits, annual and special leaves, uniform, facilities such as lockers, prayer rooms etc. Depending on needs or job functions, other benefits include accommodation, personal protective equipment such as safety boots, earplugs.

We also further reward our employees based on merit and performance, we believe this is important to maintain a motivating and encouraging workplace environment. Employees' performance levels are assessed by the Heads of Department ("HODs") via annual Performance Appraisals, evaluated based on various areas linked to our organisation's focus, values and objectives. For FY2022, we have made bonus distribution and salary adjustments/increments to reward our people.



Long-serving staffs are presented tokens of appreciation.

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

People Management & Development (Cont'd)

Management Approach (Cont'd)**(b) Employees Welfare and Engagement (Cont'd)**

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

We continually engage and connect with our employees to strengthen their relationship with the organisation and among the employees. Regular meetings and sessions across different departments and job levels are conducted and ensure open discussions and communications to keep employees engaged and motivated. We believe this is important and beneficial in improving workers' retention, performance and productivity, allows us to achieve goals and better performance.

On 20 and 21 August 2022, our Team Bonding Programme targeted on leadership and team engagement activities was organised at Opero Hotel, Johor Bahru. 44 of our employees participated in the 2-day event.

For FY2022, the number of employees turnover is higher at 77.

	FY2020	FY2021	FY2022
All employees	52	44	77
Indirect (office) employees	41	32	51
Indirect (plant) employees	6	10	21
Direct (plant) employees	5	2	5



2-day Team Bonding Programme held on 20-21 August 2022

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)



People Management & Development (Cont'd)

Management Approach (Cont'd)

(c) Ethical Labor Practices

We are committed to ensure responsible and ethical labor practices across the organisation. Our labor practices are supported by policies and guidelines under our strong corporate governance framework.

A range of measures are implemented not only for regulatory compliance, but also with the Group's objective of fair and respectful treatment and protecting human rights: -

- recruit and apply for foreign workers strictly through official and legally recognised process,
- promote freely chosen employment, ensure no forced labour,
- do not hold worker's passports and other identification or personal documents,
- ensure only individuals that are 18 years old or above are recruited,
- ensure that we adhere to the maximum working days and working hours as per Malaysian Laws,
- ensure that overtime is voluntary and overtime payment is as per Malaysian Laws,
- do not charge or deduct recruitment fee or other related from foreign workers' salaries for their employment, and
- provide hostels that comply to guidelines on Minimum Standard of Accommodation.

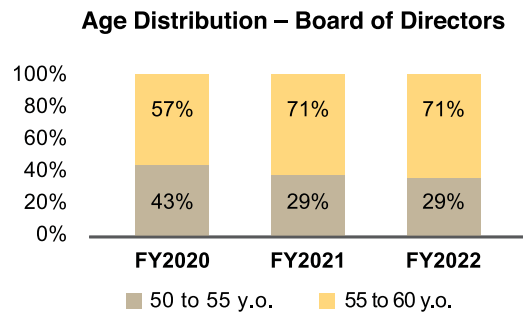
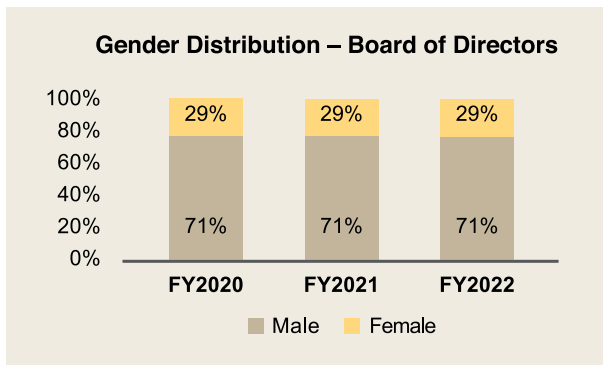
For the past three years, there were no complaints concerning human rights violations and unethical labour practices.

(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 Group in not adopting a formal gender, ethnicity and age diversity policy as the Group is committed to providing fair and equal opportunities and promoting diversity.

The gender and age distribution of our Board of Directors is as set out below:-



OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

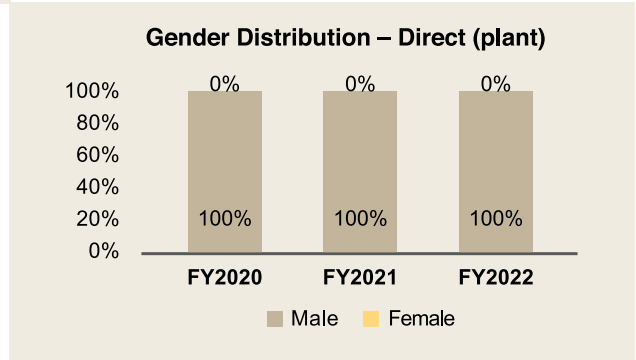
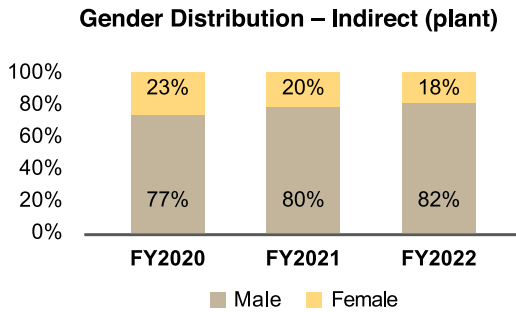
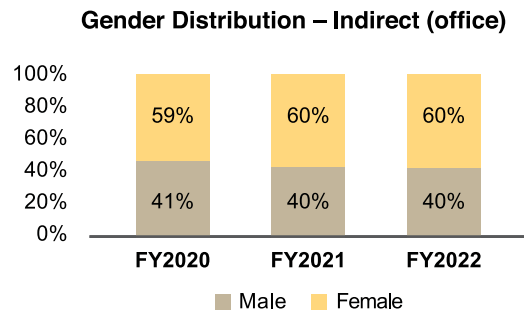
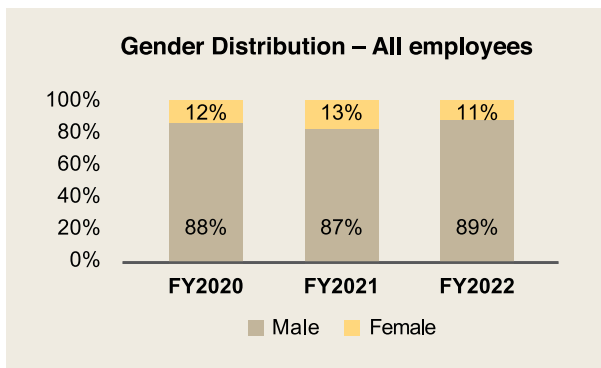
People Management & Development (Cont'd)



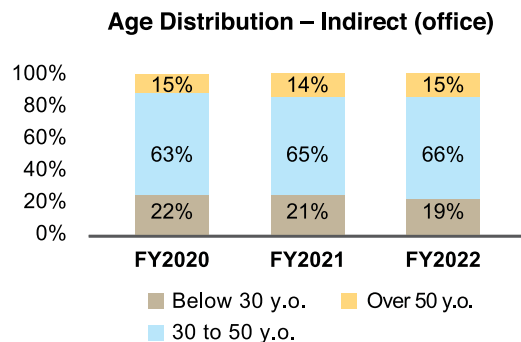
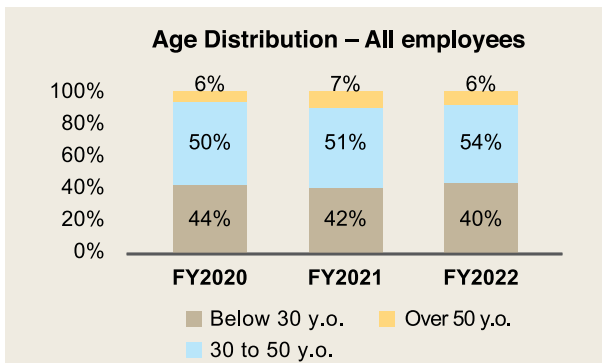
Management Approach (Cont'd)

(d) Diversity and Equal Opportunity (Cont'd)

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



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



SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

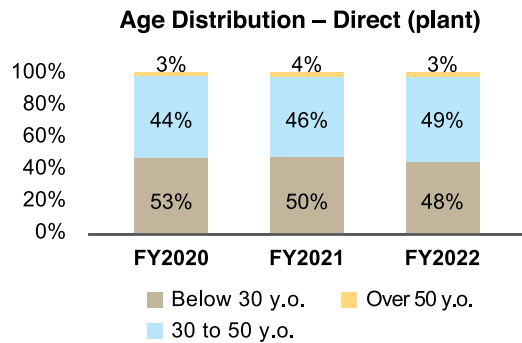
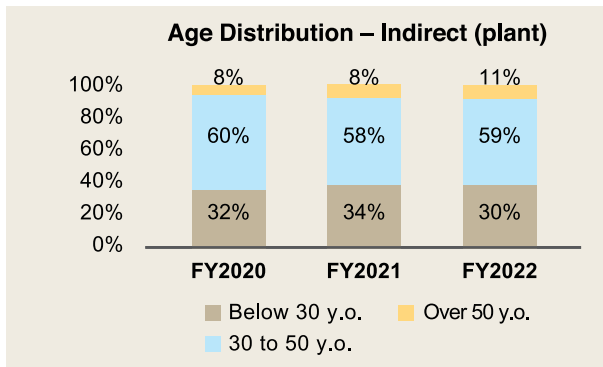


People Management & Development (Cont'd)

Management Approach (Cont'd)

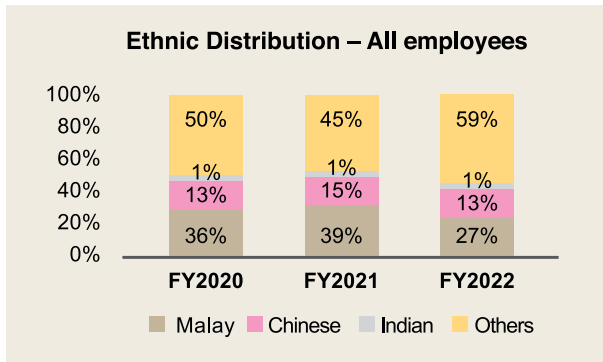
(d) Diversity and Equal Opportunity (Cont'd)

The age distribution of our workforce demographics is as set out below: (Cont'd)



Our manufacturing production operates on a 24/7 basis, not only to ensure machine, process, and cost efficiency, but also to support delivery to serve our worldwide customers' needs. In line with this and due to the job nature at the manufacturing shopfloor, the Group hires a significant number of male workers especially for the night shifts, of which majority are non-Malaysians. Our female participation in the organisation is 11% in FY2022. If excluding the direct workforce at the manufacturing plant, female participation is 30% in FY2022. Despite a relatively low women representation, we consistently provides equal opportunities and ensures that everyone's rights are respected and is able to contribute equally at all levels of decision making and leadership.

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



OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

People Management & Development (Cont'd)

Management Approach (Cont'd)

(d) Diversity and Equal Opportunity (Cont'd)

As shown in table below, for FY2022, local Malaysian employees intake dropped to 41% compared to higher ratios in previous two years, In fact, in FY2020, and FY2021, we faced a shortage of workers for the job roles at the manufacturing shop floor that are mainly filled by foreign workers when Malaysian government froze the recruitment of foreign workers in all sectors amid international border closures. In mid-2022, our labor shortage was subsequently resolved with the resumption of foreign workers' entry.

	FY2020	FY2021	FY2022
Local employees ratio	50%	55%	41%
Temporary/Contract employees ratio	26%	21%	19%

Data Privacy & Security

Why It Matters

To be a trusted organisation, we strive to protect and secure data privacy of our stakeholders including customers, suppliers, employees and other individuals or parties that trust us with information.

Along with the advancement of technology in this digital era and the remote working trend especially since the COVID-19 pandemic, access and connectivity of information has been increasing, thus leading to the growing importance of data privacy and cybersecurity.

Management Approach

Our Personal Data Protection Policy has been adopted since 2016, in accordance with the applicable laws and regulations, namely the Personal Data Protection Act 2010.

We are committed and responsible to treat data and information in an appropriate and lawful manner. The policy is communicated to all our employees, setting out the principles with regards to the collection, storage, and processing of personal information about employees, customers, suppliers and other parties.

With the increasing use of systems, technology, and digitalisation of and processes to improve efficiencies, we recognise the need to maintain effective firewall and information systems (software and infrastructure) to ensure data security, preventing potential damage to the company, such as cyberattacks and loss of private or confidential information and intellectual property.

Ongoingly, initiatives such as system, process enhancements, awareness trainings will be reviewed, improved and implemented accordingly for better data and information privacy and security.

SUSTAINABILITY STATEMENT (CONT'D)

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Local Communities Engagement



Why It Matters

BPPLAS has always been cognizant 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 a positive impact on the social well-being of the local communities and surrounding environment, thus maintaining a sense of trust and responsibility to the communities and also our local employees.

Management Approach

We create job opportunities for the local communities and have been continuously putting efforts into increasing employment of the local workforce. As at end of FY2022, our employment of local individuals is 41% of our total workforce.

We resumed our annual Blood Donation Campaign in FY2022 after cancellation in FY2021 due to restrictions during the COVID-19 pandemic. The campaigns have been held annually since 2010 as a form of support to the Blood Bank and to increase awareness of the importance of blood donation.

Our 2022 Blood Donation Campaign event was held on 16th October 2022 at Batu Pahat Mall. With the support from the caring community, we successfully collected a total of 136 blood packs at the event.



Nonetheless, we continue to make various social investments including donations, contribution, or sponsorships to the local communities.

In FY2022, we have made approximately RM25,236 of monetary and non-monetary contributions to the local communities.

	FY 2020	FY 2021	FY 2022
Blood donation contribution (packs)	136	N/A	136
Contributions to the local communities (RM)	8,207	37,200	25,236

CONCLUSION

As a responsible organisation, the Group aims to manage the issues, risks, and opportunities in all aspects of economic, environmental and social 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.

We will continue to enhance our sustainability practices and we are grateful to our stakeholders, especially our employees, for the ongoing support, contribution and determination.



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 2022 are as below:

	Group RM	Company RM
Audit services rendered	85,000	32,000
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control	5,000	5,000
Tax Services	36,500	4,500

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 2022.

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 2022 (“FY2022”)

After 2 years of prolonged COVID-19 pandemic lockdowns and closed borders, we began the year 2022 with most parts of the world grappling with the fast spreading Omicron variant contagion, posing further socio-economic complications and obstacles to recovery. In addition, businesses were presented with unique challenges in the form of the unexpected Russian-Ukraine conflict, fractured supply chains amid high demand resulting in elevated commodity prices, and in most major international shipping routes global container shipping rates were at unprecedented highs at nearly tenfold of the previous normal rate, while inland freight haul rates also soared. The year was also marked with labor market imbalances, aggressive central bank interest rate hikes, particularly in the U.S. and Europe, in an attempt to contain runaway inflation post-COVID recovery. Despite the challenges and hurdles, BPPLAS stayed on track and delivered a profitable performance for FY2022, supported by the sustained demand of plastic packaging.

On behalf of the Board of Directors of BPPLAS, we are pleased to present the MD&A for FY2022, outlining an overview of the Group’s operational conditions, financial performance in FY2022, business outlook and prospect, as well as future growth and expansion plans.

GROUP BUSINESS OVERVIEW

Operating since 1990, BPPLAS is a Polyethylene (“PE”) flexible plastic packaging products manufacturer based in Batu Pahat, Johor. We have been supplying high-quality primary, secondary and tertiary packaging solutions for customers in various segments over the years, catering to different consumer and industrial packaging needs. Our current product offerings are categorised into two main divisions, the Cast stretch film division and the Blown PE film division.

Guided by the Group’s vision to be the plastics packaging specialist of choice in the Asian region, we have been dedicatedly serving both local and overseas markets, predominantly in exports and continuously seeking to expand our business by increasing sales among existing customers and acquiring new customers, with the primary focus placed 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, we have been advocating for the use of right-gauge films to ensure the safety and functional quality for different applications. Through investments in research and development, machinery and equipment upgrades, technology adoption and employees upskilling, we have been striving to drive product innovation and quality, consistently aligning different aspects of the organisation with our mission of supplying reliable and high-quality packaging products.

Internally, we closely monitor and manage resource consumption, wastage and recoveries, operational efficiencies, and the enforcement of Quality Management System (“QMS”) in processes, whilst looking into areas of improvements in line with the Group’s sustainability initiatives.

The COVID-19 pandemic highlighted the importance for businesses to be adaptive, innovative and to embrace changes amidst a rapidly changing economic environment to ensure business continuity. For BPPLAS, we are dedicated to strengthening our risk management, improving sustainable practices in ESG aspects, At the same time, we are exploring market needs and potential opportunities in order to drive long-term value-creation and growth.

GROUP OPERATIONS OVERVIEW

Globally and in Malaysia, higher vaccination and boosters eased the burden on the healthcare system and allowed more economic activities to resume. As more countries re-opened their international borders, including Malaysia in April 2022, we resumed face-to-face meetings and business visits with customers and suppliers. Our manufacturing plant operations were also gradually normalised after almost 2 years of different phases of Movement Control Order (“MCO”) and restrictions implemented by the government on companies’ operations and workplace.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

GROUP OPERATIONS OVERVIEW (CONT’D)

Meanwhile with the post pandemic recovery, industries worldwide continue facing persistent supply chain disruptions with container shortages and high freight costs, along with complications of tight labor and raw material supply conditions, this is exacerbated by the Russian-Ukraine war, as well as protracted trade tensions. These complications led to high commodities and materials prices including agricultural (food), energy and petrochemicals, inflationary pressures and elevated costs for businesses. At the domestic level, we faced further increase in operating costs, including a higher minimum wage of RM1,500 imposed in May 2022, which is a 25% increase from RM1,200, as well as higher electricity costs due to the removal of Imbalance Cost Pass-Through (“ICPT”) electricity rebates.

In response to this cost increase, we have enhanced our cost management, including broadening and/or diversification of existing supply chain channels, reviewing internal workflows and processes, streamlining job schedules, in addition to the ongoing monitoring of output versus machine and labor overtime hours in order to optimise cost efficiency.

In addition, we had a shortage of labor as a result of the freezing of foreign workers’ entry imposed by the Government since the onset of the pandemic, However, this restriction was lifted in mid-2022 and the issue was resolved following the arrival of a new intake of workers in 2H2022.

Driven by persistent high inflation, major central banks across the world have been raising interest rates at a fast pace and on a larger scale. The U.S. Federal Reserve raised its key interest rate seven times over 2022, boosted its benchmark rate to 4.25%-4.5% by end of 2022, its highest level in 15 years. Meanwhile, Bank Negara Malaysia (“BNM”) hiked the Overnight Policy Rate (“OPR”) by 100bps at four consecutive meetings in May to November 2022, bringing the rate to 2.75% by end of the year.

Moving from mid-2022 into 2H2022, due to uneven border openings and recovery, elevated costs, high inventory, and overstocked positions across industries, we noted broadly weakened demand and economic slowdown for our flexible plastic packaging products which are linked to logistics and warehousing, supporting different sectors and goods, including electrical and electronics, food and beverages, furniture, as well as other industrial and consumer packaging. The overall market conditions remained unstable, which is not helped by the stringent zero-Covid policy put in place by China which was only eased at the end of December 2022.

Against the backdrop of elevated commodities pricing, unprecedented extremely high global freight and shipping cost, slowing demand, rising operating costs, coupled with high inflation-high interest rates environment, we experienced difficulties in passing through the higher costs amidst heightened competition, leading to a softer performance and compressed lower margins in the second half of the year.

FY2022 has been a year of unprecedented challenges for the Group. In spite of that, we have delivered a profitable and satisfactory operational and financial performance in FY2022, underpinned by our resilience and adaptability through the dedication of the Management and employees, the support from our customers, suppliers and all other stakeholders.

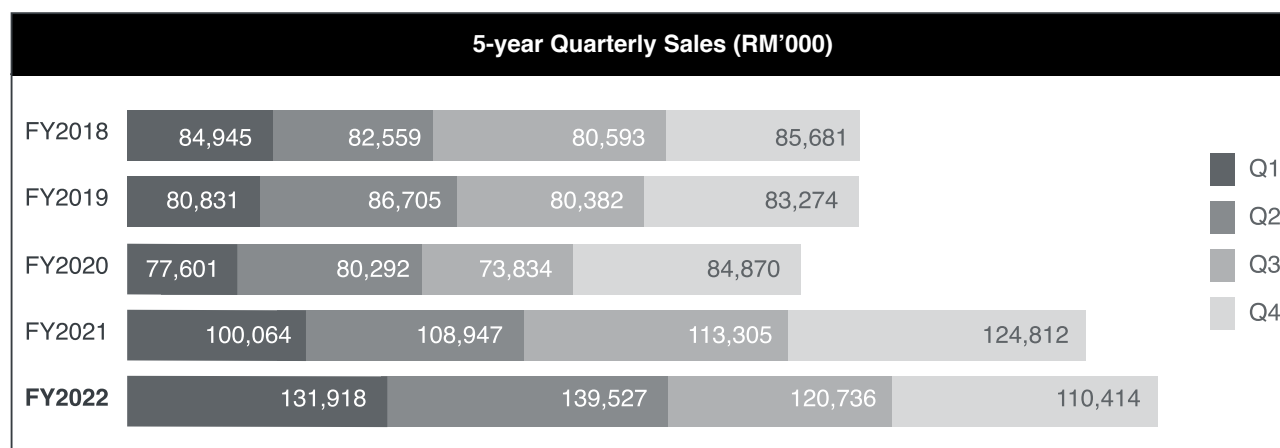
FINANCIAL PERFORMANCE HIGHLIGHTS

In FY2022, the Group achieved record-high top-line revenues while a decrease in bottom-line earnings and margins compared to the previous year amid challenging economic and business conditions as 2022 progressed.

	FY2018	FY2019	FY2020	FY2021	FY2022
	RM’000	RM’000	RM’000	RM’000	RM’000
Q1	84,945	80,831	77,601	100,064	131,918
Q2	82,559	86,705	80,292	108,947	139,527
Q3	80,593	80,382	73,834	113,305	120,736
Q4	85,681	83,274	84,870	124,812	110,414
Total Operating Revenue	333,778	331,192	316,597	447,128	502,595

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

FINANCIAL PERFORMANCE HIGHLIGHTS (CONT’D)



The Group recorded historical-high operating revenues of RM502.60 million in FY2022, representing a growth of 12.41% compared to RM447.13 million in the previous financial year, driven by overall higher average selling prices amid elevated commodities pricing environment for most of FY2022 but with only a marginal increase in sales volume. In fact, on a y-o-y basis, the volume growth recorded in 1H2022 was subsequently moderated by a lower and slower volume take up in 2H2022.

This was mainly attributed to the softening of demand and global economic slowdown towards the end of FY2022, but the overall demand was partially supported by customers in more resilient industries especially seen in essential consumer goods such as the food and beverage segment.

Revenue by Geographical

	2021 RM'000	2022 RM'000	Variance RM'000
Asia countries	277,355	287,139	9,784
Malaysia	118,019	149,795	31,776
Other countries	51,754	65,661	13,907
Total Operating Revenue	447,128	502,595	55,467

The Group's total operating revenue for FY2022 achieved growth across all territories and remain supported by major strategic business partners located in Asia, ASEAN and Australasia.

Export markets recorded sales of RM352.80 million (70.20% of total operating revenue), which is 7.2% higher than the RM329.11 million (73.61% of total operating revenue) in the previous year. Meanwhile, domestic market sales grew by 26.92% from RM118.02 million in FY2021 to RM149.80 million in FY2022.

Export sales ratio in FY2022 was lower in line with an overall weakened global demand, due to uneven recovery and inflation induced compressed demand. On the contrary, the higher domestic sales ratio in FY2022 of 29.80% of total operating revenue, compared to 26.39% in previous year, was supported by the reopening of Malaysian borders since April 2022 and a more robust domestic demand recovering from the pandemic, as well as a local markets product sales mix that is mainly in essential sectors, particularly food and beverage.

**MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)**

FINANCIAL PERFORMANCE HIGHLIGHTS (CONT’D)

Profitability

Description	2021 RM'000	2022 RM'000	Change %
Revenue	447,128	502,595	12.41%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	67,216	47,577	-29.22%
Profit before tax (“PBT”)	56,771	36,008	-36.57%
Profit after tax (“PAT”)	46,466	30,538	-34.28%
EBITDA margin	15.03%	9.47%	-5.56%
PBT margin	12.70%	7.16%	-5.54%
PAT margin	10.39%	6.08%	-4.31%

For FY2022, despite higher operating revenues, the Group posted lower PBT, PAT and EBITDA, and suffered margins compression due to higher raw materials and operating costs compared to the previous financial year.

PBT decreased by 36.57% to RM36.01 million from RM56.77 million in FY2021, while PAT decreased by 34.28% to RM30.54 million from RM46.47 million. For the past 2 financial years, due to the reinvestment allowances tax incentives available for one of the Group’s subsidiaries, the effective tax rates were lower at 18.35% recorded in FY2021, and 16.03% in FY2022.

The lower profits and margins in FY2022 were attributable to higher operating and production costs, as well as an overall slower demand in the second half of the year, resulting in more pricing pressures in a competitive landscape.

Looking into performance of the two key divisions, the Cast stretch film division performed under-expectations due to the weakened demand for industrial and logistics packaging amid slower global trade and growth, and resultant pressures of competitive pricing and lower production capacity utilisation. Meanwhile, the Blown PE film division improved due to the sales of value-added and technical films, and products segments in more resilient industries such as the essential consumer goods.

Nevertheless, the Group continues to remain vigilant in its cost pass-through mechanism and internal cost management, supply chain enhancement and coordinated pricing strategies. At the same time, the Group is consistently working on product re-design and innovation, new product-new market exploration to build on existing product mixes, developing higher value-added (“specialty”) product lines and moving into new sustainability-based product development.

FINANCIAL POSITION

As at 31 December 2022, the financial position and liquidity of the Group remained solid and healthy. Cash and Cash Equivalents amounted to RM33.42 million (FY2021: RM27.46 million). The Group has consistently maintained good dividend payouts throughout to reward shareholders in the current financial year. Meanwhile, the Group’s balance sheet remains leverage-free with no borrowings as at the end of FY2022.

Total shareholders’ funds was slightly higher at RM245.26 million (FY2021: RM231.61 million) while Net Tangible Assets (“NTA”) per share as at this financial year end stood at RM0.87 (FY2021: RM0.82).

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

SHARE PERFORMANCE FY2022

Year High:	RM1.70
Year Low:	RM1.16
Year Close:	RM1.26
Daily Average Trading Volume:	244,000 shares
Year End Market Capitalisation:	RM354.66 million

CAPITAL EXPENDITURE (“CAPEX”) INVESTMENT

During FY2022, we deployed a total amount of RM44.6 million of internally generated funds on CAPEX investments in plants, machinery, equipment, infrastructure, and facilities. The major CAPEX made during FY2022 includes a 10th Cast Stretch Film machine that was successfully commissioned in December 2022, it is the second Nano-technology supplemented 67-layers stretch film machine of the Group.

Further, we have now allocated approximately RM31.8 million of CAPEX investments for upcoming FY2023 which will include two new Blown Co-extrusion machines which are expected to be installed and commissioned by the end of 2023.

These investments are in line with the Group’s strategic investment plans to pursue business growth and expansion and to continuously re-invest in new technologies. Along with the production capacity expansion, the Group’s two on-going major projects namely, the new 33kV sub-station electricity power upgrade project to facilitate electricity supply at the manufacturing plant, as well as new Enterprise Resource Planning (“ERP”) system to enhance the integration of overall business processes and improve workflows and efficiency, are currently in good progress and the Group shall update its respective completion date in due course.

On 23 August 2022, the Group announced that BP Packaging Sdn Bhd (“BP Packaging”), a wholly-owned subsidiary, entered into a Sale and Purchase Agreement (“SPA”) with KHP Steel Product (M) Sdn Bhd for the acquisition of all that piece of leasehold industrial land held under Pajakan Negeri 36047 Lot 36918, Mukim of Simpang Kanan, District of Batu Pahat, State of Johor, together with an individual industrial complex erected which comprised of one double-storey office building annexed single-storey factory and one block of single-storey detached factory, for a total purchase consideration of RM14.9 million.

The acquisition was completed on 20 January 2023.

DIVIDEND DISTRIBUTION

The Group has a dividend policy of distributing a minimum of 40% payout of its net profits annually. Over the years since the dividend policy announcement in 2016, the Group has consistently achieved dividend payout ratios 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.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

DIVIDEND DISTRIBUTION (CONT’D)

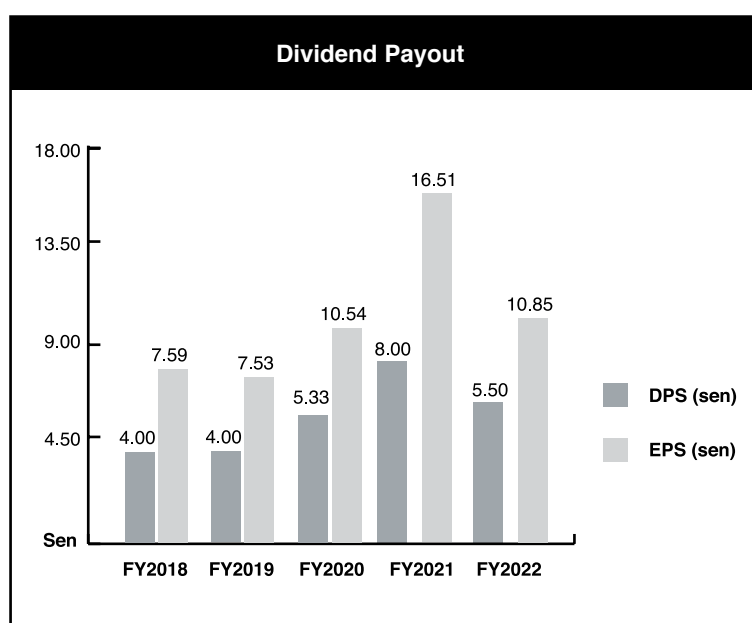
Total dividends declared and paid by the Group for FY2022 amounted to RM15.48 million, representing a 50.7% dividend payout ratio (FY2021: RM22.52 million; 48.5%).

	RM'000
In respect of FY2022:	
– First Single-tier interim dividend of 1.5 sen per share, paid on 7 July 2022	4,222
– Second Single-tier interim dividend of 1.5 sen per share, paid on 7 October 2022	4,222
– Third Single-tier interim dividend of 1 sen per share, paid on 12 January 2023	2,815
– Fourth Single-tier interim dividend of 1.5 sen per share, paid on 7 April 2023	4,222
Total dividends declared and paid for FY2022	15,481

DIVIDEND PAYOUT

Year	DPS *	EPS *	Dividend	PAT	Dividend
	(Sen)	(Sen)	RM'000	RM'000	Ratio
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%
FY2022	5.50	10.85	15,481	30,538	50.7%
5-year Average					51.1%

* The figures for FY2021 and before are restated to reflect the bonus issue of 1 for every 2 existing ordinary shares completed on 13 December 2021.



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

The figures for FY2021 and before are restated to reflect the bonus issue of 1 for every 2 existing ordinary shares completed on 13 December 2021.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

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. Persistent Supply Chain Issues

The prolonged COVID-19 pandemic and the uneven recoveries across markets had led to supply chain disruptions, which was also further exacerbated by geopolitical tensions, shortages of material and labor. Supply chain issues continue to linger and impact our operation as we source from different parts of the world. Furthermore, it is affecting not only the materials for our manufacturing products, but also the parts and components of machinery and equipment.

The Group continues to monitor the situation, the schedule, and the costs, working closely with suppliers our suppliers, ensuring stable and sufficient materials supply, and improving our inventory management.

B. Inflation, Elevated Costs and Volatile Market Conditions

As a consequence of various socio-macroeconomic factors, the world has been facing high inflation in the post-COVID-19 era, leading to increased costs for businesses. At BPPLAS, we have been experiencing higher costs for various materials, parts and accessories, as well as other operating costs such as salary and electricity.

Central banks around the world have tightened monetary policies over 2022 by raising interest rates aggressively to curb persistently high inflation. Progressing into 2023, inflation is expected to ease gradually with interest rates hike continuing at a slower pace, while prices and costs are expected to remain at elevated levels.

Surrounded by various headwinds, market conditions are highly volatile and economic slowdown is widely projected in 2023 which will have an impact on the demand for overall plastic packaging products.

Nevertheless, we remain mindful and act diligently regarding cost pass through mechanism and internal cost management, while monitoring closely on the evolving market conditions. We believe that maintaining balance sheet resilience would be essential in helping the Group leverage on market opportunities and tide through the economic uncertainties.

C. 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, and the supply and demand of polymers.

In such fluid situations as global supply chain and trade activities are still facing disruptions and uncertainties amidst geopolitical tensions, high inflation and interest rates, the Group remains vigilant to ensure a consistent and stable resin supply through diversification, i.e. by sourcing from multiple reliable and reputable suppliers from different countries and regions, while also implementing appropriate pricing strategies to take into account the prevailing commodities prices.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

ANTICIPATED OR KNOWN RISKS (CONT’D)

D. Forex Volatility

As an open trade economy, Malaysia has been relatively susceptible to the vagaries of market sentiment. Crude oil price plunges and foreign fund outflows from emerging markets could potentially result in significant forex fluctuations throughout the year. Recently, U.S. aggressive interest rates hike has also caused United States Dollar (“USD”) strengthening against nearly every other major currency.

A significant portion of the Group’s revenue and purchases (approximately 70% and 75%, respectively, in FY2022) are transacted using foreign currencies, predominantly in USD.

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

E. Operations Risk

Our operations’ risks are mainly related to the day-to-day manufacturing and operational activities. For example, unplanned outages of machines and equipment, failure of processes, accidents, and changes in government policies.

During the pandemic when restrictions were imposed on companies’ operations and workplace, we faced limitations on labor arrangement affecting our productivity. Furthermore, supply chain disruptions have also led to shortages or long lead time of components, causing longer-than-expected machine outages.

We are proactively monitoring and assessing operations risks, solving issues, and consistently improving our processes, technology adoption and risk management. Aside from this, some risks such as fire, certain accidents, theft, flood are mitigated by way of insurance coverage to minimise our potential financial losses.

Nevertheless, to survive and thrive in a volatile business environment, the Group remains cognizant to ensure our risk management is effective, and our strategy and direction is sustainable and adaptive based on market demands and the evolving economic conditions.

OUTLOOK AND PROSPECT

The year 2023 will continue to be a challenging year amid various uncertainties and hurdles. Inflation, rising interest rates, other macroeconomic complications and geopolitical instability are expected to continue to weigh on economies and businesses with possibility of recession, as well as the recent financial stability concerns.

On the international front, according to the forecasts by International Monetary Fund (“IMF”) and World Bank published in April 2023, global growth in 2023 is projected to be slower at 2.8% and 2%, with downside risks including geopolitical conflicts, supply chain disruptions, inflation, higher interest rates, tighter monetary policies that result in a weakened demand and slow economic activities, particularly in the advanced economies in the US and Europe. At the same time, the recent banking crisis in March 2023 poses more challenges to policymakers between curbing inflation and safeguarding the financial/banking system.

However, China’s reopening of international border since January 2023 is expected to send some positive signs to drive faster-than-expected recovery, where emerging markets in Asia are showing some economic strength.

For Malaysia, compared to gross domestic product (“GDP”) growth of 8.7% in 2022, Bank Negara Malaysia (“BNM”) expects full-year GDP growth in 2023 to moderate to between 4% and 5% (as of February 2023) amid a global slowdown. The projection is broadly in line with IMF and World Bank forecasts of 4.4% and 4% respectively.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

OUTLOOK AND PROSPECT (CONT’D)

On the two recent meetings of Monetary Policy Committee (“MPC”) of BNM on 19 January 2023 and 9 March 2023, Overnight Policy Rate (“OPR”) are maintained at 2.75% after previous four consecutive rate hikes of 25bps each. Economists expect the central bank to raise interest rates further in 2023 to manage inflationary pressures as well as to catch up with rates hike imposed by U.S. Federal Reserve, but it will also depend on domestic demand and economic fundamentals.

Following Malaysia’s 15th General Election, a new unity government was formed in November 2022. Businesses are looking forward to more political stability and supportive government policies.

In 2022, Malaysia concluded two major achievements for regional trade, the Regional Comprehensive Economic Partnership (“RCEP”) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“CPTPP”). The two free trade agreements (“FTA”) will result in positive outcomes for the economy in terms of gains in exports and new market access opportunities. The key benefits include tariff elimination and reduction of merchandise goods, including the facilitation of export and import of goods among the RCEP markets.

However, unfortunately, effective from 1 January 2023, the Imposition Cost Pass Through (“ICPT”) electricity rate hike from 3.7sen/kWh to 20sen/kWh for medium and high voltage users in Malaysia and the implementation of new Employment Act will further increase operating costs for local businesses. As such, cost management, enhancement on efficiency and productivity became more important than ever to sustain growth and competitiveness.

PROGRESSIVE AND FORWARD LOOKING

The demand for plastic packaging was robust and resilient during the pandemic, as they play a crucial supporting role in many essential sectors and goods, including logistics, electrical and electronics, food and beverages, as well as other industrial and consumer packaging. Moving forward, we remain cautiously optimistic of sustained and growing demand for plastic packaging products along with economic recovery and growth.

Looking ahead into 2023, the market momentum remains volatile despite slight optimism following lowered global freight and shipping rates, China’s reopened border and signs of inflation moderating. All things considered, regardless of the slowdown as seen in nearly all industries, the Group is committed to adapting with the dynamics.

Amongst our efforts to increasing sales and expanding market reach, we will focus on engaging with customers, participating in trade fairs, marketing events to solidify our presence, to keep pace with market trends, and to promote our brands and products.

Our recent investments in advanced machinery and cutting-edge technology includes:-

- two units of Nano-technology supplemented 67-layers stretch film machines (commissioned in December 2021 and December 2022 respectively); and
- two units of Blown Co-extrusion machines (expected to be commissioned by the end of 2023).

Not only are we expanding new products and new markets, developing, and improving our existing brands and products, the investments are also in line with the Group’s roadmap commitment to the direction on premium, technical and value-added products. Our key sales focus are high-quality machine and hand stretch films, technical and/or printed food packaging films, collation shrink films, lamination-based films for brand owners.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

PROGRESSIVE AND FORWARD LOOKING (CONT’D)

Aside from that, we are keeping in line with the trends of sustainable packaging, with our product stewardship efforts on downgauging thus using less virgin raw materials, designing products for recyclability, and using recycled materials (For more information, please refer to section “materials & products stewardship” in Sustainability Statement in this report).

Nevertheless, the drive towards sustainable packaging solutions requires innovation and collaboration across the value chain from raw materials suppliers, converters / manufacturers, brand owners, consumers, as well as governments. We are continuously working with our suppliers and customers, and exploring more opportunities in sustainable packaging such as

- sourcing of feasible recycled materials externally,
- developments on downgauging and/or increasing recycled contents without compromising on functional usage quality, and
- marketings and promotional plan for sustainable solutions, particularly products with recycled contents, namely Post-Industrial Recycled Resin (“PIR”) and Post-Consumer Recycled Resin (“PCR”).

At the same time, with our commitment towards ESG and sustainability objectives, we continue to pursue the goal of generating long-term stakeholder value while maintaining our obligations to conduct business in an environmentally and socially responsible manner (For more information, please refer to Sustainability Statement in this report).

For example, as part of our sustainability efforts on carbon emissions, we have subscribed to Green Electricity Tariff (“GET”) programme by TNB for electricity generated from renewable energy sources since March 2022, bringing the mix of renewable energy source to around 46.4% of our total energy consumption in FY2022 (FY2021: 2.5% only from in-house solar panels).

Meanwhile, aligning to Bursa’s enhanced sustainability reporting requirements and to improve our sustainability disclosures including for Scopes 1, 2, and 3 carbon emissions, we are looking into the relevant data, policies and procedures and potentially engaging external consultants.

On the operational front, we shall continue to focus on quality of products and services, innovation and efficiency, remaining vigilant on supply chain and cost management, while maintaining responsiveness in facing unprecedented adverse challenges, as well as preparedness in undertaking suitable expansion, capacity or technology adoption. With our new plant recently acquired, we are carrying out facilities reorganisation plans.

In spite of the headwinds and potential challenges in a demanding business environment, the Group is confident in delivering a profitable performance for financial year ending 31 December 2023, building on our strong fundamentals, adaptability and prudent planning, together with the continued support from its various stakeholders.

LIM CHUN YOW

Managing Director

10 April 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

The Management and Board of Directors ("**Board**") of BP Plastics Holding Bhd ("**BPPLAS**") stayed the course in navigating another year of unpredictability starting with the Russia-Ukraine war, continuous supply chain disruptions in the form of high commodities, energy, shipping freight and food prices, which in turn fueled the high global inflation and interest rate hikes environment. This was possible through strong and resilient partnership with our key stakeholders (i.e., employees, suppliers and customers), in overcoming the many challenges along the way. The various disruptions has highlighted again and put into new renewed focus the value and importance of imbedding good corporate governance practices, promoting concepts of sustainability, building supply chain resilience, business processes improvements, as well as putting in place the necessary business contingency and continuity plans which will always remain high on our priority agendas.

With the pledge and on-going commitment to further improve in coming FY2023 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 2022.

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
- Directors' Fit and Proper Policy

This Statement was approved by the Board of Directors on 10 April 2023.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

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 at www.bpplas.com. The table below summarises the key responsibilities and oversight areas of the respective Board Committees:-

Board led by the Chairman Primarily responsible for the leadership, orderly conduct and effectiveness of the Board		
Audit Committee	Nominating and Remuneration Committee	Risk Management Committee
Review of financial reporting, internal controls, related party transactions and conflict of interest situations, as well as evaluation of external and internal audit function	Review of Board composition, nomination of new nominees, appointment and re-appointment to the Board, establishing competitive remuneration policies and packages for Directors and Senior Management	Oversight and review of the risk management framework and policies of the Group, including oversight of environmental, social and governance (“ESG”) matters, related risks and opportunities over the short, medium and long-term
Managing Director Oversees the operations of the Group and implementation of the Board’s policies, decisions and business strategies		
Management Committee (“MANCO”)	Executive Committee (“EXCO”)	Management-level RMC

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

The 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 at www.bpplas.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

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

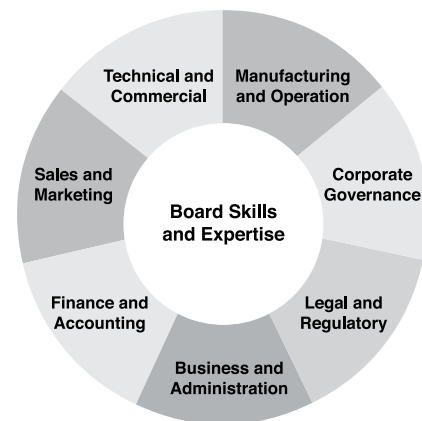
Board Composition

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.

For the appointment and re-election of directors of the Company and its subsidiaries, the Board has on 30 June 2022 approved and adopted the Directors' Fit and Proper Policy, with the same to be published on the Company's corporate website. This was in line with the Enhanced Director Amendments to the MMLR of Bursa Malaysia issued on 19 January 2022, aimed at further strengthening board independence, quality and diversity.

The nomination and assessment by the NRC are guided by a set of criteria and expectations (as set out in Section 2.0 of the Fit & Proper Policy) based upon the integrity, experience, competencies and commitment of the candidates to secure the best Board 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%

**CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")**

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

Board Composition (Cont'd)

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.

Presently, under Para 15.02(1)(b) of the enhanced director amendments to the MMLR of Bursa Malaysia issued on 19 January 2022, the Group is compliant on the requirement to have at least 1 women director on its board.

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. Following the Malaysian government announcement of re-opening of borders and entering into endemic stage since April 2022, 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 FY2022, in adapting to the new norm of conducting meetings post COVID-19.

During the financial year under review, attendances of Directors to the meeting during FY2022 are as follows:-

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

The Directors remain fully committed in discharging their statutory duties and responsibilities, as reflected by their full attendance at Board meetings held during the FY2022. 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 2022 ("FY2022")**

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 FY2022:-

Name	Training/Seminar/Forum/Conference Attended	Date
Non-Independent Executive Directors:		
Lim Chun Yow	• TFCD Climate Disclosure Training Programme	2 & 9 March 2022
	• Move ahead with sustainability - Know Your Company's Carbon Footprint (MPMA)	9 March 2022
	• SBTi Symposium: Demystifying urgent actions for a 1.5c pathway	5 April 2022
	• Circular economy – Shaping the industry for global competitiveness (MPMA)	7 April 2022
	• BNM – Economic and Monetary Review (Southern Region)	14 April 2022
	• Dow Pack Studios Academy 2022	14-16 June 2022
	• Circular Economy Conference 2022 (by the Star Media Group)	13-14 July 2022
	• Planning for Plastics Procurement in Volatile Times (MPMA / ICIS)	10 August 2022
	• Team Building Program – 2-Days Business Strategy & Financial Acumen with Managing Business Today Simulation Program	20-21 August 2022
	• PLC Transformation Programme (PLCT) - Guidebook 3 Highlights (Bursa)	6 October 2022
Tan See Khim	• Team Building Program – 2-Days Business Strategy & Financial Acumen with Managing Business Today Simulation Program	20-21 August 2022
Hey Shiow Hoe	• HACCP Awareness Training	14-15 July 2022
	• Team Building Program – 2-Days Business Strategy & Financial Acumen with Managing Business Today Simulation Program	20-21 August 2022
Independent Non-Executive Directors:		
Lim Kim Hock	• Transitional from ISQC1 to ISQM1 & ISQM2	12 July 2022
	• International Standard on Quality Management	14 July 2022
	• National Tax Conference 2022	2 August 2022
	• Engagement Quality Reviews and Documentation ISQM2, ISA220 (Revised) & ISA230	3 November 2022
	• Tax Compliance, Knowledge & Complexity	15 November 2022
Tan Ming-Li	• Overview of the Malaysian Code on Corporate Governance (updated 2021) for the Directors of CapitaLand Malaysia Trust ("CLMT") and its subsidiaries by KPMG PLT	20 January 2022
	• In house: Boards legal obligation based upon the Commonwealth Climate and Law Initiative (CCLI)	3 October 2022
Tan Hock Hin	• Cybersecurity: Risky Behaviour – Information Security	11 April 2022
	• Pricing Excellence – The Pricing Journey	12 October 2022
	• Pricing Excellence – Value Mindset	19 & 26 October 2022
	• Pricing Excellence – Pricing Realization	27 & 31 October 2022

**CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")**

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

Board Meetings (Cont'd)

Name	Training/Seminar/Forum/Conference Attended	Date
Independent Non-Executive Directors:		
Chuah Sue Yin	• Hasil-CTIM Tax Forum 2022	24 March 2022
	• Audit Oversight Board : Conversation with Audit Committees	7 April 2022
	• Updates and Overview 2022 - Selected MFRS Standards	26 - 27 July 2022
	• Audit Oversight Board : Conversation with Audit Firms	18 August 2022
	• ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement	30 August 2022
	• ISQC 1, ISQM 1 & ISQM 2 and ISA220 (Revised), Incorporating Root Cause Analysis	27-28 September 2022
	• ISQM1 Guide and Illustrative Manual (IGIM) - Workshop	3 October 2022
	• The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	6 December 2022
	• Malaysian Property Tax, Estates & Trusts	14 December 2022

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 2022 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

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

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 MCCG 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit Committee (Cont'd)

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 MCCG. The assessment is conducted on yearly basis by the AC, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

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

Risk Management and Internal Control Framework

The Board 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 has also conducted a review of the Anti-Bribery and Anti-Corruption (ABAC) Policy and ABAC Risk Assessment. In addition, the MRMC also reviewed and discussed the Environmental, Social and Governance Gap Analysis and proposed action plans to be taken as well as the requisite timeline for the action plans.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

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

Conduct of General Meetings (Cont'd)

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.

In line with the MCCG's Practice 13.3 to facilitate shareholders' voting in absentia and remote participation at AGMs, the Company had leveraged on technology by conducting the Company's Eighteenth Annual General Meeting ("AGM") held on 23 May 2022 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://sshshb.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 casted their votes remotely at the meeting of the Company via RPV Facilities.

KEY FOCUS AREAS AND FUTURE PRIORITIES

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

The Board has identified (i) environmental, social and governance (ESG) matters which includes sustainability, circular economy and climate change issues, (ii) product innovation, (iii) supply chain enhancement, (iv) business process re-design and automation, 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 Russia-Ukraine war, global inflation environment and climate changes, the Board will continue to focus on business recovery, new product development and market expansion, to ensure long term sustainability of the Group and 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 (including those related to renewable energy, energy conservation and efficiency), investing into new technology machine and/or process automation, IoT sensors, implementing 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 climate conscious, digitally inclined 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 2022 (“**FY2022**”). 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 2022 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
18 April 2022	Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2021
23 May 2022	First Quarter ended 31 March 2022
15 August 2022	Second Quarter ended 30 June 2022
21 November 2022	Third Quarter ended 30 September 2022
27 February 2023	Fourth Quarter ended 31 December 2022

AUDIT COMMITTEE REPORT (CONT'D)

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

Financial Reporting (Cont'd)

The review is to ensure that the Group's 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, International Accounting Standards and Companies Act 2016 as well as applicable disclosure provisions of the MMLR of Bursa Malaysia.

Subsequent to the reporting period, the AC had on 10 April 2023 reviewed the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2022 at its meeting, and recommended the same to the Board for approval.

External Audit

On 21 November 2022, the AC reviewed the Audit Planning Memorandum for financial year ended 31 December 2022 with Messrs. Crowe Malaysia PLT ("**Crowe Malaysia**") outlining the responsibilities of the Directors and Management, audit scope and approach, audit timeframe, areas of audit emphasis, fraud considerations, audit fees and development in Malaysian Financial Reporting Standards.

On 27 February 2023, the AC reviewed the Audit Review Memorandum, which had summarised the key 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 2022, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 19th 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 2022. 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 the 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.

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 2022, Tricor Axcelasia carried out two (2) cycles of internal audit review on the operations of the Group, covering areas as below, focusing on the key risks associated with the operating process therein:

- Sales & Marketing
- Strategic Management;
- Human Resources Management;
- Information Technology;
- Production & Quality Assurance; and
- Health, Safety and Environment.

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 FY2022 amounted to RM54,490 as compared to RM46,132 in FY2021.

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 NRC conducted an annual assessment of the composition and effectiveness of the respective Board Committees and the Board as a whole, including the contribution of each individual Director, using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by the Directors as compiled by the Company Secretary were tabled to the Board for review and deliberation.

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

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

The newly Board-adopted Fit and Proper Policy sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment and re-election of the Directors of the Group, among others, covering the following 3 main areas of:-

- i) Character and integrity – probity, personal integrity, financial integrity, reputation
- ii) Experience and competence – qualification, training & skills; relevant experience and expertise; relevant past performance or track record
- iii) Time and commitment – ability to discharge role having regard to other commitments; participation and contribution in board discussions

In addition to the annual Board evaluation exercise, the Directors who are standing for re-election have also completed declarations in relation to fit and proper requirements as enumerated in Directors' Fit and Proper Policy that was approved by the Board on 30 June 2022.

Following the fit and proper assessment, both the NRC and the Board were satisfied that the Directors seeking re-election were fit and proper to be re-elected as Directors of the Company and have recommended that re-election of the said Directors be tabled at the forthcoming 19th AGM for the shareholders' approval.

The Board is mindful that Practice 5.3 of MCCG 2021 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 redesignation 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.

In addition, pursuant to the Enhanced Director Amendments to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") issued on 19 January 2022, a 12-year limit was imposed on the tenure of an Independent Director, and all long-serving independent directors impacted by this enhancement must resign or be redesignated as non-independent directors by 1 June 2023.

Mr. Lim Kim Hock who has been serving the Board as an Independent Non-Executive Director of the Company for cumulative term of more than twelve (12) years since his appointment on 22 February 2008, had obtained shareholders' approval at the 18th AGM held on 23 May 2022 and was retained through a two-tier voting process to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the forthcoming Nineteenth (19th) AGM.

In line with this, Mr Lim Kim Hock has indicated his intention to step down as Independent Non-Executive Director at the conclusion of the upcoming 19th AGM of the Company on 26 May 2023.

The NRC had considered the profound leadership, guidance and invaluable contributions of Mr. Lim Kim Hock to the Company over the years. Mr. Lim Kim Hock as the Board Chairman had displayed strong leadership, qualities in democratizing boardroom deliberations, and effectively contributed and added value to the Company through the Board.

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Nomination Matters (Cont'd)

Based on the above premise, the NRC had recommended and the Board had endorsed the recommendation for Mr. Lim Kim Hock to be retained and redesignated to a Non-Independent Non-Executive Director at the conclusion of the 19th AGM.

Presently, Ms. Tan Ming-Li was appointed as an Independent Director of the company on 29 May 2013, and has therefore served the Board in the capacity for a cumulative term of more than nine (9) years. The Board proposes to retain Ms. Tan Ming-Li as Independent Director, and seek annual shareholders' approval at the forthcoming 19th AGM of the Company, through a two-tier voting process as described in the Guidance to Practice 5.3 of the MCCG 2021, until the twelfth (12th) year, subject to the 12-year tenure limit for independent director pursuant to the MMLR of Bursa Malaysia.

The NRC and the Board have determined at the annual assessment carried out that Ms. Tan Ming-Li remains objective and independent in expressing her views and in participating in deliberations and decision making of the Board and the Board Committee she serves. As a professional practicing lawyer, Ms. Tan Ming-Li continues to discharge her duties professionally and impartially. This, coupled with her specialised legal expertise in corporate and securities law, thorough understanding and accumulated knowledge of the business and operations of the Group makes her a valuable, fit and objective director on the Board. The length of her tenure on the Board does not in any way interfere with her exercise of independent judgement and ability to act in the best interests of the Company.

In line with Practice 4.4 of the MCCG 2021, the Company is to include a review of the performance of the Board and Senior Management in addressing the company's material sustainability risks and opportunities.

Subsequent to the financial year, the Board and the NRC had on their meeting on 27 February 2023, conducted their annual Board evaluation with newly incorporated rating in respect of environmental, social and governance ("ESG") issues, so as to increase the focus on ESG stewardship. Where necessary, Directors will enroll in more ESG-related training programmes in order to increase their knowledge and awareness on the climate change risk and developments in ESG.

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 2022, the NRC met and discharged the following duties on remuneration matters:

- Recommended the payment of Directors' fees for the financial year ended 31 December 2022; and
- Recommended the payment of Directors' benefits to the Non-Executive Directors with effect from 24 May 2022 until the next Annual General Meeting of the Company in year 2023.

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

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

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Remuneration Matters (Cont'd)

The component parts of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. 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 2022 are set out below:-

Group

In RM	Fees	Meeting Allowances	Salary, Bonus and EPF	Total
Executive Directors				
Lim Chun Yow	-	-	1,020,125	1,020,125
Tan See Khim	-	-	923,603	923,603
Hey Shiow Hoe	-	-	817,653	817,653
Subtotal	-	-	2,761,381	2,761,381
Non-Executive Directors				
Lim Kim Hock	130,000	5,000	-	135,000
Tan Ming-Li	65,000	5,000	-	70,000
Tan Hock Hin	65,000	5,000	-	70,000
Chuah Sue Yin	65,000	5,000	-	70,000
Subtotal	325,000	20,000	-	345,000
Total	325,000	20,000	2,761,381	3,106,381

Company

In RM	Fees	Meeting Allowances	Salary, Bonus and EPF	Total
Non-Executive Directors				
Lim Kim Hock	130,000	5,000	-	135,000
Tan Ming-Li	65,000	5,000	-	70,000
Tan Hock Hin	65,000	5,000	-	70,000
Chuah Sue Yin	65,000	5,000	-	70,000
Total	325,000	20,000	-	345,000

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)**Remuneration Matters (Cont'd)**

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 2022.

The remuneration of the Senior Management (Group basis) in bands of RM50,000 for the financial year ended 31 December 2022 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 computerised information system.

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

The Group practises an “open door” policy whereby Executive Directors, Management team and Executives are encouraged to 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.

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

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.

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 2022, 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.

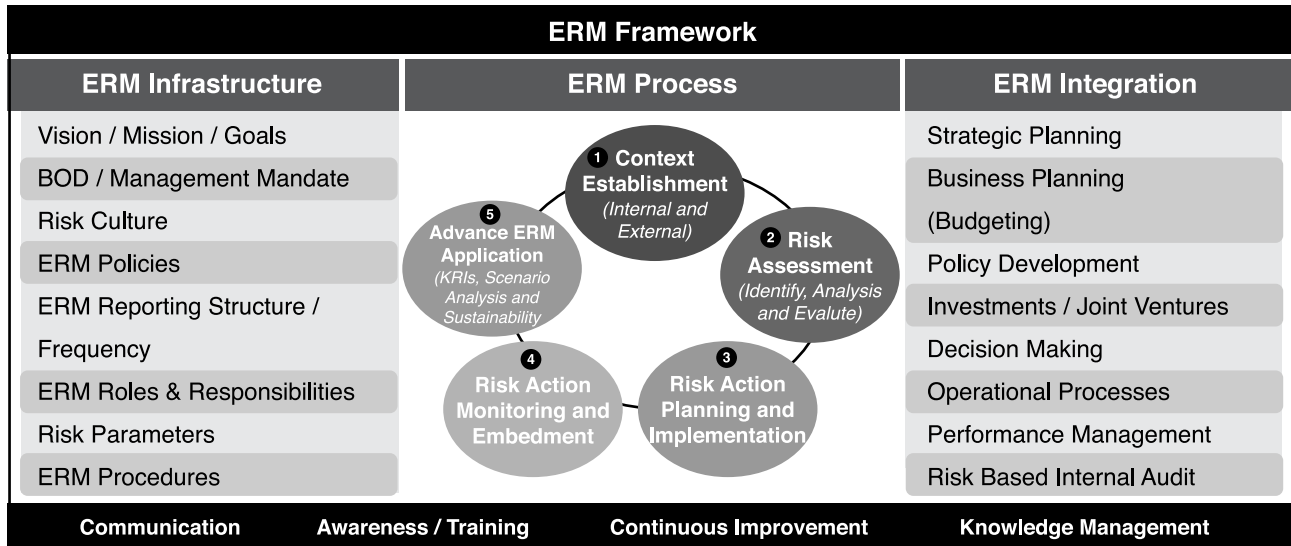
Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium,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

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

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

Risk Management Framework (Cont'd)

BPPLAS ERM Framework Overview:-



The Policies of the Board for the ERM framework are:-

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

Summary of Activities of BRMC

During the financial year under review, the BRMC reviewed and deliberated the salient matters in the executive summary reported by the MRMC. Some of the key activities and areas of risks as highlighted and discussed in the MRMC meetings in FY2022 include the following:

- a) Review of the Enterprise-Wide Risk Management Report;
- b) Review of the Anti-Bribery and Anti-Corruption (ABAC) Policy and ABAC Risk Assessment; and
- c) Conducted a review and discussion of the Environmental, Social and Governance Gap Analysis and proposed action plans to be taken as well as the requisite timeline for the action plans.

The BRMC noted that the existing process of risk monitoring undertaken by the Management is adequate and that any known risks had been highlighted with strategies and mitigating measures to minimise the impact of uncertainties. The implementation of action plans, mitigating factors and control procedures was carried out on an ongoing basis to address the risks. 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)

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 strategic management, sales and marketing, human resources management, IT, Health, Safety and Environment ("HSE") management, and production and quality assurance, 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, the Board had adopted the Anti-Bribery and Anti-Corruption ("**ABAC**") Framework and Policy 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 is able to produce flexible packaging that complies with the applicable food safety regulations. The Management has in place a Food Safety Policy and established food safety objectives to ensure safe manufacturing 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 as a result of weaknesses in the risk management framework or internal control system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2022.

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 2022, 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 2022.

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the Company	30,537,513	12,856,484

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2021 were as follows:

	RM
<u>In respect of financial year ended 31 December 2021</u>	
– Fourth single tier interim dividend of 2 sen per share, on 281,479,492 ordinary shares paid on 8 April 2022	5,629,590
<u>In respect of financial year ended 31 December 2022</u>	
– First single tier interim dividend of 1.5 sen per share, on 281,479,492 ordinary shares paid on 7 July 2022	4,222,192
– Second single tier interim dividend of 1.5 sen per share, on 281,479,492 ordinary shares paid on 7 October 2022	4,222,192
– Third single tier interim dividend of 1 sen per share, on 281,479,492 ordinary shares paid on 12 January 2023	2,814,795
	16,888,769

On 27 February 2023, the Company declared a fourth single tier interim dividend of 1.5 sen per ordinary share amounting to RM4,222,192 in respect of the current financial year, paid on 7 April 2023, to shareholders whose names appeared in the record of depositors on 17 March 2023. 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 2023.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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.
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.

DIRECTORS' REPORT (CONT'D)**WARRANTS (CONT'D)**

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

Terms	Details
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	Laws and regulations of Malaysia.

The movements in the Warrants are as follows:

	Entitlement for Ordinary Shares			
	At 1.1.2022	Bonus Issue	Exercised	At 31.12.2022
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:

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

* *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 the "Directors Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 27(b) to the financial statements.

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	At 1.1.2022	Number of ordinary shares		At 31.12.2022
		Bought	Sold	
Direct interests				
Lim Chun Yow	26,184,604	-	-	26,184,604
Tan See Khim	26,746,498	-	-	26,746,498
Hey Shioh Hoe	21,914,997	-	-	21,914,997
Tan Hock Hin	22,500	-	-	22,500
Indirect interests *				
Lim Chun Yow	121,747,500	-	-	121,747,500
Tan See Khim	121,747,500	-	-	121,747,500
Hey Shioh Hoe	121,747,500	-	-	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's shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.

	At 1.1.2022	Number of warrants		At 31.12.2022
		Bonus Issue	Converted	
Direct interests				
Lim Chun Yow	3,491,280	-	-	3,491,280
Tan See Khim	3,566,199	-	-	3,566,199
Hey Shioh Hoe	2,921,999	-	-	2,921,999
Tan Hock Hin	3,000	-	-	3,000
Indirect interests #				
Lim Chun Yow	16,233,000	-	-	16,233,000
Tan See Khim	16,233,000	-	-	16,233,000
Hey Shioh 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 Shioh Hoe by virtue of their interest in shares in the Company are also deemed to have interests in shares of all the Company's subsidiaries during the financial year to the extent of the Company has an interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding 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 Company during the financial year are as follows:

	Group RM	Company RM
Fees	325,000	325,000
Salaries and other emoluments	2,280,505	20,000
Defined contribution plan	428,930	-
	3,034,435	345,000

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM71,946.

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 RM12,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

TREASURY SHARES

As at 31 December 2022, the Company held as treasury shares a total of 52,500 (2021: 52,500) of its 281,531,992 (2021: 281,531,992) issued and fully paid up ordinary shares. The treasury shares are held at a carrying amount of RM20,740 (2021: RM20,740). The details of the treasury shares 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.

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

SUBSIDIARIES

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

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

The details of the auditors' remuneration for the financial year are as follows:

	Group RM	Company RM
Audit fees	100,000	38,000
Non-audit fee	5,000	5,000
	105,000	43,000

Signed in accordance with a resolution of the directors dated 10 April 2023.

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 financial statements set out on pages 88 to 131 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 2022 and of their financial performance and cash flows for the financial year end on that date.

Signed in accordance with a resolution of the directors dated 10 April 2023.

Lim Chun Yow**Tan See Khim****STATUTORY
DECLARATION****PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016**

I, Chua Yi Fon, being the officer primarily responsible for the financial management of BP Plastics Holding Bhd., do solemnly and sincerely declare that the financial statements set out on pages 88 to 131 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 10 April 2023.

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 2022 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 88 to 131.

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 2022, 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 RM502.6 million. In view of the Group's large volume of transactions, we considered revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	<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.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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
03387/08/2024 J
Chartered Accountant

10 April 2023
Melaka

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	502,594,779	447,127,959	13,060,000	22,101,100
Cost of sales		(454,032,175)	(378,755,430)	-	-
Gross profit		48,562,604	68,372,529	13,060,000	22,101,100
Other items of income					
Other income	5	2,313,191	2,327,678	483,415	471,695
Other items of expenses					
Administrative and general expenses		(12,717,759)	(12,721,189)	(661,801)	(820,739)
Selling expenses		(1,527,633)	(1,209,850)	-	-
Net impairment (losses)/gains on financial assets	6	(622,810)	2,237	-	-
Profit before taxation	7	36,007,593	56,771,405	12,881,614	21,752,056
Income tax (expense)/income	10	(5,470,080)	(10,304,984)	(25,130)	1,457
Profit net of tax, representing total comprehensive income for the year, attributable to owners of the Company		30,537,513	46,466,421	12,856,484	21,753,513
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11	10.85	16.51		

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Assets					
Non-current assets					
Property, plant and equipment	13	120,117,868	89,178,895	-	-
Investment property	14	943,036	965,489	-	-
Right-of-use assets	15	5,012,516	5,177,707	-	-
Investment in subsidiaries	16	-	-	98,940,592	84,040,592
		126,073,420	95,322,091	98,940,592	84,040,592
Current assets					
Inventories	17	69,333,367	89,240,046	-	-
Trade and other receivables	18	47,553,194	70,913,077	57,155	2,000
Short-term investments	19	29,874,237	33,461,753	4,770,695	13,596,465
Fixed deposits with a licensed bank	20	-	18,003,190	-	10,001,772
Cash and bank balances		33,417,550	9,454,175	2,856,879	5,837,366
Current tax assets		322,631	-	-	-
		180,500,979	221,072,241	7,684,729	29,437,603
Total assets		306,574,399	316,394,332	106,625,321	113,478,195
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		146,509,880	132,861,136	4,958,206	8,990,491
Total equity		245,261,957	231,613,213	103,710,283	107,742,568
Non-current liability					
Deferred tax liabilities	24	12,595,000	11,442,000	-	-
Current liabilities					
Trade and other payables	25	48,717,442	71,034,617	2,861,926	5,694,667
Current tax liabilities		-	2,304,502	53,112	40,960
		48,717,442	73,339,119	2,915,038	5,735,627
Total liabilities		61,312,442	84,781,119	2,915,038	5,735,627
Total equity and liabilities		306,574,399	316,394,332	106,625,321	113,478,195

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM	Non- Distributable Treasury shares RM	Distributable retained earnings RM	Total equity RM
2022 Group					
Balance at 1 January 2022		98,772,817	(20,740)	132,861,136	231,613,213
Profit after taxation/ Total comprehensive income		-	-	30,537,513	30,537,513
Transactions with owners					
Dividends on ordinary shares	12	-	-	(16,888,769)	(16,888,769)
Balance at 31 December 2022		98,772,817	(20,740)	146,509,880	245,261,957
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

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM	Non- Distributable Treasury shares RM	Distributable retained earnings RM	Total equity RM
2022					
Company					
Balance at 1 January 2022		98,772,817	(20,740)	8,990,491	107,742,568
Profit after taxation/ Total comprehensive income		-	-	12,856,484	12,856,484
Transactions with owners					
Dividends on ordinary shares	12	-	-	(16,888,769)	(16,888,769)
Balance at 31 December 2022		98,772,817	(20,740)	4,958,206	103,710,283
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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Operating activities				
Profit before taxation	36,007,593	56,771,405	12,881,614	21,752,056
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	11,382,210	10,257,744	-	-
Depreciation of investment property	22,453	22,453	-	-
Depreciation of right-of-use assets	165,191	165,192	-	-
Gain on disposal of property, plant and equipment	(145,986)	(17,596)	-	-
Fair value (gain)/loss on short term investments	(180,303)	22,296	(52,059)	27,486
Allowance for impairment losses on trade receivables	629,128	31,331	-	-
Reversal of allowance for impairment losses on trade receivables	(6,318)	(33,568)	-	-
Interest income	(856,007)	(1,231,334)	(431,356)	(471,695)
Unrealised (gain)/loss on foreign exchange	(145,686)	371	-	-
Operating cash flows before changes in working capital	46,872,275	65,988,294	12,398,199	21,307,847
Decrease/(Increase) in inventories	19,906,679	(5,133,283)	-	-
Decrease/(Increase) in trade and other receivables	24,772,393	(24,160,138)	-	-
(Decrease)/Increase in trade and other payables	(24,737,404)	(3,003,810)	(5,623,560)	19,677
Cash flows from operations	66,813,943	33,691,063	6,774,639	21,327,524
Income taxes paid	(6,953,598)	(9,884,691)	(16,880)	(20,392)
Income taxes refunded	9,385	-	3,902	-
Net cash flows from operating activities	59,869,730	23,806,372	6,761,661	21,307,132

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Investing activities					
Deposit paid for purchase of property, plant and equipment		(2,284,200)	(6,104,700)	-	-
Interest received		856,007	1,231,334	428,344	471,695
Additional investments in an existing subsidiary		-	-	(14,900,000)	(999,997)
(Advances to)/Repayment from a subsidiary		-	-	(76,119)	1,000,000
Proceeds from disposal of property, plant and equipment		148,036	18,800	-	-
Purchase of property, plant and equipment		(42,323,233)	(27,064,339)	-	-
Disposal of short-term investments		3,767,819	23,341,943	8,877,829	8,960,486
Net cash flows (used in)/from investing activities		(39,835,571)	(8,576,962)	(5,669,946)	9,432,184
Financing activities					
Dividends paid		(14,073,974)	(15,012,240)	(14,073,974)	(15,012,240)
Net cash flows used in financing activities		(14,073,974)	(15,012,240)	(14,073,974)	(15,012,240)
Net increase/(decrease) in cash and cash equivalents		5,960,185	217,170	(12,982,259)	15,727,076
Cash and cash equivalents at 1 January		27,457,365	27,240,195	15,839,138	112,062
Cash and cash equivalents at 31 December	21	33,417,550	27,457,365	2,856,879	15,839,138

Cash outflows for leases as a lessee

		Group	
		2022 RM	2021 RM
Included in net cash from operating activities:			
Payment relating to short-term leases		640,630	400,453
Total cash outflows for leases		640,630	400,453

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 set out in Note 16 to the financial statements.

2. BASIS OF PREPARATION

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

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

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

2.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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

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 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment

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

(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 period in which such determination is made.

(c) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.2 Basis of Consolidation

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

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

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

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

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.2 Basis of Consolidation (Cont'd)

(d) Loss of Control

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

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

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

3.3 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective financial currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.4 Financial Instruments (Cont'd)

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised cost

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

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

(ii) Fair value through profit or loss

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.4 Financial Instruments (Cont'd)

(b) Financial Liabilities

- (i) Financial liabilities at fair value through profit or loss

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

- (ii) Other financial liabilities

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

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

(c) Equity Instruments

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

- (i) Ordinary shares

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

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

- (ii) Treasury shares

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.4 Financial Instruments (Cont'd)

(d) Derecognition

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.

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, plant and equipment. Any changes are accounted for as a change in estimate.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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

3.6 Property, Plant and Equipment (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.8 Leases (Cont'd)

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.

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 a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.9 Impairment (Cont'd)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 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 its 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 determine the recoverable amount of the cash-generating unit to which the asset belongs.

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 method 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.11 Income Tax (Cont'd)

(b) Deferred Tax (Cont'd)

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

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

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

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

3.12 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 discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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.

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 2022

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 Group 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 2022

4. REVENUE

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Dividend income from subsidiary	-	-	13,060,000	22,101,100
Sales of goods	502,594,779	447,127,959	-	-
	502,594,779	447,127,959	13,060,000	22,101,100
Represented by geographical markets:				
Asia countries	287,138,357	277,355,178	-	-
Malaysia	149,794,985	118,019,847	13,060,000	22,101,100
Others	65,661,437	51,752,934	-	-
	502,594,779	447,127,959	13,060,000	22,101,100

5. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from the following financial assets:-				
– fair value through profit or loss	432,181	1,088,467	322,171	469,923
– amortised cost	423,826	142,867	109,185	1,772
Fair value gain on short-term investments	180,303	-	52,059	-
Gain on foreign exchange:-				
– unrealised	145,686	-	-	-
– realised	-	494,980	-	-
Gain on disposal of property, plant and equipment	145,986	17,596	-	-
Rental income from investment property	44,179	41,580	-	-
Miscellaneous	941,030	542,188	-	-
	2,313,191	2,327,678	483,415	471,695

6. NET IMPAIRMENT LOSSES/(GAINS) ON FINANCIAL ASSETS

	Group	
	2022 RM	2021 RM
Impairment losses:		
– trade receivables (Note 18)	629,128	31,331
Reversal of impairment losses:		
– trade receivables (Note 18)	(6,318)	(33,568)
	622,810	(2,237)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROFIT BEFORE TAXATION

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:-				
– audit fees:				
– current financial year	100,000	92,000	38,000	36,000
– overprovision in previous financial year	(14,000)	-	(6,000)	-
– non-audit fees:				
– current financial year	5,000	5,000	5,000	5,000
– overprovision in previous financial year	(1,000)	-	(1,000)	-
Depreciation of:				
– property, plant and equipment (Note 13)	11,382,210	10,257,744	-	-
– investment property (Note 14)	22,453	22,453	-	-
– right-of-use assets (Note 15)	165,191	165,192	-	-
Direct operating expenses on investment property	3,259	3,195	-	-
Fair value loss on short-term investments	-	22,296	-	27,486
Loss on foreign exchange:-				
– realised	409,094	-	-	-
– unrealised	-	371	-	-
Lease expenses:				
– short-term leases	640,630	400,453	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022 RM	2021 RM
Wages and salaries	21,013,488	20,198,886
Social security contribution	222,098	201,336
Defined contribution plan	1,588,657	1,729,062
Lease expenses:		
– short-term leases	472,630	400,453
Other staff related expenses	885,698	1,050,106
	24,182,571	23,579,843

Included in the employee benefits expense of the Group is executive directors' remuneration amounting to RM2,689,435 (2021: RM3,184,539) as further disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Executive directors' remuneration:</u>				
Salaries and other emoluments	2,260,505	2,676,520	-	-
Defined contribution plan	428,930	508,019	-	-
Estimated money value of benefits-in-kind	71,946	71,850	-	-
	2,761,381	3,256,389	-	-
<u>Non-executive directors' remuneration:</u>				
Fees	325,000	252,000	325,000	252,000
Allowances	20,000	20,000	20,000	20,000
	345,000	272,000	345,000	272,000
<u>Analysis excluding benefits-in-kind:</u>				
Total executive directors' remuneration (Note 8)	2,689,435	3,184,539	-	-
Total non-executive directors' remuneration	345,000	272,000	345,000	272,000
	3,034,435	3,456,539	345,000	272,000

10. INCOME TAX EXPENSE/(INCOME)

Major components of income tax expense/(income)

The major components of income tax expense/(income) for the years ended 31 December 2022 and 2021 are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Current income tax:</u>				
Tax expense for the year	4,387,359	8,940,000	24,713	-
(Over)/Under provision in previous financial year	(70,279)	(187,016)	417	(1,457)
	4,317,080	8,752,984	25,130	(1,457)
<u>Deferred tax (Note 24):</u>				
Origination and reversal of temporary differences	1,383,000	1,480,000	-	-
(Over)/Under provision in previous financial year	(230,000)	72,000	-	-
	1,153,000	1,552,000	-	-
Income tax expense/(income) recognised in profit or loss	5,470,080	10,304,984	25,130	(1,457)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Reconciliation between tax expense/(income) and accounting profit

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before taxation	36,007,593	56,771,405	12,881,614	21,752,056
Taxation at Malaysian statutory tax rate of 24%	8,641,822	13,625,137	3,091,587	5,220,493
Effect of:				
– income not subject to tax	(116,217)	(251,877)	(3,224,215)	(5,410,449)
– expenses not deductible for tax purposes	317,639	431,568	157,341	189,956
– utilisation of tax incentives	(3,080,486)	(3,363,930)	-	-
– utilisation of deferred tax assets	-	(20,898)	-	-
– deferred tax assets not recognised during the financial year	7,601	-	-	-
(Over)/Under provision of income tax expense in previous financial year	(70,279)	(187,016)	417	(1,457)
(Over)/Under provision of deferred tax in previous financial year	(230,000)	72,000	-	-
Income tax expense/(income) recognised in profit or loss	5,470,080	10,304,984	25,130	(1,457)

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

	Group	
	2022 RM	2021 RM
Unabsorbed tax losses	7,000	7,000
Unutilised capital allowances	120,000	110,000
	127,000	117,000

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

	Group	
	2022 RM	2021 RM
Unabsorbed tax losses	7,000	7,000
Unutilised capital allowances	96,000	65,000
	103,000	72,000

The unabsorbed tax losses are allowed to be utilised for 10 consecutive years 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 2022

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	
	2022 RM	2021 RM
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	30,537,513	46,466,421
	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)	10.85	16.51

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.

12. DIVIDENDS

	Group	
	2022 RM	2021 RM
<u>In respect of financial year ended 31 December 2020:</u>		
– 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
– Fourth single tier interim dividend of 2 sen per share	5,629,590	-
<u>In respect of financial year ended 31 December 2022:</u>		
– First single tier interim dividend of 1.5 sen per share	4,222,192	-
– Second single tier interim dividend of 1.5 sen per share	4,222,192	-
– Third single tier interim dividend of 1 sen per share	2,814,795	-
	16,888,769	20,641,830

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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 and 1 January 2022	33,464,958	181,883,552	9,183,382	1,706,788	226,238,680
Additions	29,000	755,779	723,482	40,814,972	42,323,233
Disposals and write off	-	(38,500)	(1,230,845)	-	(1,269,345)
Reclassification	2,168,006	21,864,992	-	(24,032,998)	-
At 31 December 2022	35,661,964	204,465,823	8,676,019	18,488,762	267,292,568
Accumulated depreciation:					
At 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 and 1 January 2022	7,512,334	121,510,915	8,036,536	-	137,059,785
Depreciation charge for the year (Note 7)	761,274	9,961,299	659,637	-	11,382,210
Disposals and write off	-	(36,450)	(1,230,845)	-	(1,267,295)
At 31 December 2022	8,273,608	131,435,764	7,465,328	-	147,174,700
Net carrying amount					
At 31 December 2021	25,952,624	60,372,637	1,146,846	1,706,788	89,178,895
At 31 December 2022	27,388,356	73,030,059	1,210,691	18,488,762	120,117,868

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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 and 1 January 2022	1,826,460	30,248,135	1,390,363	33,464,958
Additions	-	29,000	-	29,000
Reclassification	-	2,168,006	-	2,168,006
At 31 December 2022	1,826,460	32,445,141	1,390,363	35,661,964
Accumulated depreciation:				
At 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 and 1 January 2022	-	7,318,175	194,159	7,512,334
Depreciation charge for the year	-	733,467	27,807	761,274
At 31 December 2022	-	8,051,642	221,966	8,273,608
Net carrying amount				
At 31 December 2021	1,826,460	22,929,960	1,196,204	25,952,624
At 31 December 2022	1,826,460	24,393,499	1,168,397	27,388,356

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 2022

14. INVESTMENT PROPERTY

	Group	
	2022 RM	2021 RM
Cost:		
At 1 January/31 December	1,122,660	1,122,660
Accumulated depreciation:		
At 1 January	157,171	134,718
Depreciation during the financial year (Note 7)	22,453	22,453
At 31 December	179,624	157,171
Net carrying amount at 31 December	943,036	965,489
Represented by:		
Office building	943,036	965,489
Fair value	1,072,995	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 (2021: 2 years) and an option that is exercisable by the customers to extend their leases for 2 years (2021: 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.

As at the reporting date, the future minimum rentals receivable under the non-cancelable operating lease are as follow:

	Group	
	2022 RM	2021 RM
Within 1 year	45,738	15,593
Between 1 and 2 years	17,152	-
	62,890	15,593

- (b) The investment property of the Group has been bound under a negative pledge to banks for banking facilities granted to the Group.
- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by management 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 2022

15. RIGHT-OF-USE ASSETS

	Leasehold land RM
Group	
Cost:	
At 1 January/31 December	8,017,903
Accumulated depreciation:	
At 1 January 2021	2,675,004
Depreciation charge for the year (Note 7)	165,192
At 31 December 2021 and 1 January 2022	2,840,196
Depreciation charge for the year (Note 7)	165,191
At 31 December 2022	3,005,387
Net carrying amount	
At 31 December 2021	5,177,707
At 31 December 2022	5,012,516

- (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 2022

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost	99,307,738	84,407,738
Accumulated impairment losses	(367,146)	(367,146)
	<u>98,940,592</u>	<u>84,040,592</u>

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
		2022	2021	
<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	
	2022 RM	2021 RM
Raw materials	49,865,634	71,572,149
Work-in-progress	7,855,308	8,046,417
Spare parts	2,278,872	1,988,596
Finished goods	9,333,553	7,632,884
	<u>69,333,367</u>	<u>89,240,046</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	454,032,175	378,755,430

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current				
Trade receivables				
Third parties	45,110,902	57,069,029	-	-
Less: Allowance for impairment losses	(933,634)	(310,824)	-	-
	44,177,268	56,758,205	-	-
Other receivables				
Sundry receivables	1,091,726	8,050,172	2,000	2,000
Deposit paid for purchase of property, plant and equipment	2,284,200	6,104,700	-	-
Amount due from a subsidiary	-	-	55,155	-
	3,375,926	14,154,872	57,155	2,000
	47,553,194	70,913,077	57,155	2,000

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2021: 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	
	2022 RM	2021 RM
At 1 January	310,824	313,061
Addition during the financial year (Note 6)	629,128	31,331
Reversal during the financial year (Note 6)	(6,318)	(33,568)
At 31 December	933,634	310,824

(b) Amount Due from a Subsidiary

Amount due from a subsidiary represent payment made on behalf which bear an interest of 4.04% (2021: Nil) per annum. The amount due are repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. SHORT-TERM INVESTMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fair value through profit or loss on financial assets				
— Money market funds	29,874,237	33,461,753	4,770,695	13,596,465

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 2.33% (2021: 1.94%) and 2.26% (2021: 2.06%) respectively. There is no maturity period for money market funds as these money are callable on demand.

20. FIXED DEPOSITS WITH A LICENSED BANK

In the previous financial year, 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% per annum. The fixed deposits have maturity periods of 90 days for the Group and the Company.

21. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	33,417,550	9,454,175	2,856,879	5,837,366
Fixed deposits with a licensed bank	-	18,003,190	-	10,001,772
Cash and cash equivalents	33,417,550	27,457,365	2,856,879	15,839,138

22. SHARE CAPITAL

	Group/Company			
	2022 Number of shares	2021 Number of shares	2022 RM	2021 RM
Issued and fully paid				
At 1 January	281,531,992	187,688,000	98,772,817	98,772,817
Issuance of new shares:				
— Bonus issue	-	93,843,992	-	-
At 31 December	281,531,992	281,531,992	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 2022

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 (2021: Nil).

In the previous 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 (2021: 281,531,992) issued and fully paid-up ordinary shares at the end of the financial year, 52,500 (2021: 52,500) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold during the financial year.

24. DEFERRED TAX LIABILITIES

	At 1 January RM	Recognised in Profit or Loss (Note 10) RM	At 31 December RM
Group			
2022			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	11,207,000	1,277,000	12,484,000
Right-of-use assets	309,000	(10,000)	299,000
Unrealised gain on foreign exchange	-	35,000	35,000
	11,516,000	1,302,000	12,818,000
<i>Deferred Tax Assets</i>			
Other temporary differences	(74,000)	(149,000)	(223,000)
	11,442,000	1,153,000	12,595,000
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 gain 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	11,442,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Trade payables</u>				
Third parties	32,056,413	49,862,018	-	-
<u>Other payables</u>				
Sundry payables	8,967,864	9,431,813	431	-
Deposit received	14,623	14,346	-	-
Sales tax payables	173,087	164,963	-	-
Accrued operating expenses	4,690,660	5,931,887	46,700	41,101
Amount due to a subsidiary	-	-	-	23,976
Dividends payable	2,814,795	5,629,590	2,814,795	5,629,590
	16,661,029	21,172,599	2,861,926	5,694,667
	48,717,442	71,034,617	2,861,926	5,694,667

(a) *Trade Payables*

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2021: 30 to 60) days terms.

(b) *Sundry Payables and Accrued Operating Expenses*

These amounts are non-interest bearing and normally settled within 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	
	2022 RM	2021 RM
Purchase of property, plant and equipment	17,619,608	22,222,324

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 2022

27. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Subsidiaries				
Dividend income	-	-	13,060,000	22,101,100
Interest income	-	-	3,012	-
Person connected to director of the Group				
Lease expenses	24,000	24,000	-	-

(c) Key management personnel compensation

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

The key management personnel compensation during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Salaries and other emoluments	2,260,505	2,676,520
Defined contribution plan	428,930	508,019
Estimated money value of benefits-in-kind	71,946	71,850
	2,761,381	3,256,389

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

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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		
2022		
Financial asset		
Short-term investments	29,874,237	29,874,237
2021		
Financial asset		
Short-term investments	33,461,753	33,461,753
Company		
2022		
Financial asset		
Short-term investments	4,770,695	4,770,695
2021		
Financial asset		
Short-term investments	13,596,465	13,596,465

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

29. FINANCIAL INSTRUMENTS

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

29.1 Financial Risk Management Policies

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

(a) **Credit Risk**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Financial Risk Management Policies (Cont'd)

(a) Credit Risk (Cont'd)

(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 at the end of the reporting period is as follows:-

	Group	
	2022	2021
	RM	RM
Asia countries	18,607,529	27,580,840
Malaysia	22,655,409	26,998,552
Others	2,914,330	2,178,813
	44,177,268	56,758,205

(ii) Maximum 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

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

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 against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Company in full or is more than 120 days past due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

(i) Inputs, assumptions and techniques used for estimating impairment losses

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

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 to 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product (GDP) as the key macroeconomic factor of the forward-looking information.

Allowance for impairment losses

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
2022				
Current (not past due)	35,991,687	-	(119,373)	35,872,314
1 to 30 days past due	5,365,368	-	(22,342)	5,343,026
31 to 60 days past due	2,840,220	-	(32,214)	2,808,006
61 to 90 days past due	126,790	-	(7,693)	119,097
91 to 120 days past due	52,158	-	(17,333)	34,825
Credit impaired	734,679	(734,679)	-	-
	45,110,902	(734,679)	(198,955)	44,177,268

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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)

Allowance for impairment losses (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below (Cont'd):-

Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
2021				
Current (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

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 Group considers these licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
	2022	2021
	RM	RM
Financial Assets		
<u>Trade and other receivables</u>		
United States Dollar	15,946,698	27,975,172
Singapore Dollar	5,307,313	8,203,620
Euro	490,871	313,256
	21,744,882	36,492,048
<u>Cash and bank balances</u>		
United States Dollar	19,711,060	1,947,654
Singapore Dollar	5,879,400	792,485
Euro	507,267	157,785
	26,097,727	2,897,924

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
	2022	2021
	RM	RM
Financial liabilities		
<u>Trade and other payables</u>		
United States Dollar	(23,305,373)	(42,829,487)
Singapore Dollar	(26,192)	(210,046)
Euro	(2,050,627)	(2,160,636)
	<u>(25,382,192)</u>	<u>(45,200,169)</u>
 <u>Net currency exposure</u>		
United States Dollar	12,352,385	(12,906,661)
Singapore Dollar	11,160,521	8,786,059
Euro	(1,052,489)	(1,689,595)

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	
	2022	2021
	RM	RM
Effect on profit after taxation		
USD/RM - strengthened 11% (2021: 4%)	1,033,000	(392,000)
- weakened 11% (2021: 4%)	(1,033,000)	392,000
SGD/RM - strengthened 8% (2021: 3%)	679,000	200,000
- weakened 8% (2021: 3%)	(679,000)	(200,000)
EUR/RM - strengthened 4% (2021: 7%)	(32,000)	90,000
- weakened 4% (2021: 7%)	32,000	(90,000)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 Classification of Financial Instruments

	Group	
	2022 RM	2021 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investments (Note 19)	29,874,237	33,461,753
<u>Amortised cost</u>		
Trade and other receivables (Note 18)	47,553,194	70,913,077
Fixed deposits with a licensed bank (Note 20)	-	18,003,190
Cash and bank balances (Note 21)	33,417,550	9,454,175
	80,970,744	98,370,442
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables (Note 25)	48,544,355	70,869,654
Company		
<u>2022</u>		
<u>RM</u>		
<u>2021</u>		
<u>RM</u>		
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investments (Note 19)	4,770,695	13,596,465
<u>Amortised cost</u>		
Trade and other receivables (Note 18)	57,155	2,000
Fixed deposits with a licensed bank (Note 20)	-	10,001,772
Cash and bank balances (Note 21)	2,856,879	5,837,366
	2,914,034	15,841,138
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables (Note 25)	2,861,926	5,694,667

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Gains or Losses Arising from Financial Instruments

	Group	
	2022 RM	2021 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	612,484	1,066,171
<u>Amortised cost</u>		
Net (losses)/gains recognised in profit or loss	(456,269)	483,012
Financial liabilities		
<u>Amortised cost</u>		
Net (losses)/gains recognised in profit or loss	(6,123)	173,394
Company		
<u>2022</u>		
<u>2021</u>		
<u>RM</u>		
<u>RM</u>		
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	374,230	442,437
<u>Amortised cost</u>		
Net gains recognised in profit or loss	109,185	1,772

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. SEGMENT INFORMATION

(a) Geographical Location

	2022		Group		2021	
	RM	%	RM	%	RM	%
Operating revenue:						
Asia countries	287,138,357	57%	277,355,178			62%
Malaysia	149,794,985	30%	118,019,847			26%
Others	65,661,437	13%	51,752,934			12%
	502,594,779	100%	447,127,959			100%

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

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in manufacturing of plastics packaging products which are carried out in Malaysia.

(b) Major Customers

There is no revenue from major customer with the revenue equal to or more than 10% (2021: Nil) of the Group revenue.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 10 April 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

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	: 3,777

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Issued	%
1 – 99	143	3.79	6,990	0.00
100 – 1,000	459	12.15	247,656	0.09
1,001 – 10,000	2,067	54.73	9,058,422	3.22
10,001 – 100,000	982	26.00	28,055,850	9.97
100,001 – 14,073,973*	122	3.23	53,445,575	18.99
14,073,974 and above **	4	0.10	190,664,999	67.73
Total	3,777	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	2,823	25	134,066,594	990,075	47.63	0.35
Body Corporate						
a) Bank/Finance Companies	2	-	902,200	-	0.32	-
b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c) Industrial and Commercial Companies	38	1	123,605,275	1	43.91	-
Government Agencies/Institutions	-	-	-	-	-	-
Nominees	858	30	19,141,254	2,774,093	6.80	0.99
Others	-	-	-	-	-	-
Total	3,721	56	277,715,323	3,764,169	98.66	1.34

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 18 MARCH 2023

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.

⁽¹⁾ Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 17 March 2023.

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.

⁽¹⁾ Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 17 March 2023.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 18 MARCH 2023

THIRTY (30) LARGEST SECURITIES HOLDERS

No.	Shareholders	No. of Shares	% ¹
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.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund</i>	3,962,700	1.41
6.	Tay Khiang Puang	3,884,100	1.38
7.	Lim Chun Yow	2,559,600	0.91
8.	Hey Shiow Hoe	2,190,000	0.78
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	1,559,050	0.55
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)</i>	1,487,500	0.53
14.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Lembaga Tabung Haji (Al-Wara')</i>	1,375,600	0.49
15.	Teuh Chin Keong	1,200,000	0.43
16.	Tang Chin Hong	1,000,000	0.36
17.	Tan See Khim	931,500	0.33
18.	Soh Yong Beng	931,050	0.33
19.	Siow Kin Leong	886,750	0.32
20.	Lim Boon Kheng	811,050	0.29
21.	Lim Khuan Eng	750,000	0.27
22.	Lim Siau Mei	743,100	0.26
23.	Tay Khiang Puang	725,400	0.26
24.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kong Chee Wai (E-MLB/JLP)</i>	700,000	0.25
25.	Tan Suan Chin	675,000	0.24
26.	Lim Ying Ying	607,425	0.22
27.	Tan Suan Cheng	600,000	0.21
28.	Cartaban Nominees (Asing) Sdn. Bhd. <i>The Bank of New York Mellon for Ensign Peak Advisors Inc.</i>	581,500	0.21
29.	Federlite Holdings Sdn. Bhd.	533,100	0.19
30.	Amanahraya Trustees Berhad <i>Public Strategic Smallcap Fund</i>	511,900	0.18
TOTAL		224,952,949	79.94

⁽¹⁾ Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 17 March 2023.

STATISTICS OF WARRANTS A HOLDINGS

AS AT 17 MARCH 2023

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	338	12.89	12,742	0.03
100 – 1,000	1,355	51.70	632,961	1.69
1,001 – 10,000	727	27.74	2,373,540	6.32
10,001 – 100,000	180	6.87	5,593,110	14.90
100,001 – 1,876,528*	17	0.65	3,496,240	9.32
1,876,529 and above **	4	0.15	25,421,998	67.74
Total	2,621	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	2,002	18	18,538,792	138,930	49.40	0.37
Body Corporate						
a) Bank/Finance Companies	-	-	-	-	-	-
b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c) Industrial and Commercial Companies	23	-	16,443,310	-	43.81	-
Government Agencies/Institutions	-	-	-	-	-	-
Nominees	563	15	2,365,046	44,513	6.30	0.12
Others	-	-	-	-	-	-
Total	2,588	33	37,347,148	183,443	99.51	0.49

STATISTICS OF WARRANTS A HOLDINGS (CONT'D)
AS AT 17 MARCH 2023

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:

^(*) 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 17 MARCH 2023

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	385,000	1.03
7.	Lim Chun Yow	341,280	0.91
8.	Hey Shiow Hoe	292,000	0.78
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Thean Bee (Penang-CL)	284,200	0.76
10.	Tan Gian Hock	227,300	0.61
11.	Lim Chin Siong	211,000	0.56
12.	Khong Swee Aun	158,500	0.42
13.	Yap Bing Sia	153,100	0.41
14.	Tan See Khim	124,200	0.33
15.	Soh Yong Beng	124,140	0.33
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chuah Tong Yee (MY1331)</i>	118,800	0.32
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yaw Mui Chin @ Florence (ML00076)</i>	117,600	0.31
18.	Loh Fung Yeng	117,000	0.31
19.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Choo Maw Kuan (E-TMR)</i>	109,600	0.29
20.	Lim Boon Kheng	108,140	0.29
21.	Yew Chin Chai	106,500	0.28
22.	Lee Mei Ling	100,000	0.27
23.	Leong How Luan	100,000	0.27
24.	Lim Khuan Eng	100,000	0.27
25.	Tan Suan Cheng	100,000	0.27
26.	Yu Lai Kuen	100,000	0.27
27.	Lim Siau Mei	99,080	0.26
28.	Siow Kin Leong	96,900	0.26
29.	Tay Khiang Puang	96,720	0.26
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Wong Sew Yong</i>	94,000	0.25
	Total	29,804,938	79.43

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)	19	19.11.2003	1,460	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)	28 26	08.06.1994 28.08.1996	1,884	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)	25	29.04.1997	1,762	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)	19	28.05.2003	1,799	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)	21	07.11.2001	3,717	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)	17 10 5	07.04.2006 07.04.2006 02.09.2019	18,784	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)	9	01.11.2014	1,168	(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)	9	01.11.2014	943	(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 NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the NINETEENTH 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://sshshb.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 Friday, 26 May 2023 at 9:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note A**
2. To re-elect the following Directors who retire by rotation pursuant to Clause 122 of the Company’s Constitution and being eligible, offered themselves for re-election:
 - (i) Mr. Lim Chun Yow **Ordinary Resolution 1**
 - (ii) Mr. Tan Hock Hin **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 2023:- **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 27 May 2023 until the next Annual General Meeting of the Company in 2024. **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** subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being;

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

6. **THAT** in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 72 of the Constitution of the Company, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad; AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.”

7. **ORDINARY RESOLUTION**
RETENTION OF MS. TAN MING-LI AS INDEPENDENT NON-EXECUTIVE DIRECTOR **Ordinary Resolution 7**

“**THAT** Ms. Tan Ming-Li 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

Kuala Lumpur

26 April 2023

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

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**

Mr. Lim Chun Yow and Mr. Tan Hock Hin, who retire by rotation in accordance with Clause 122 of the Company's Constitution, are eligible for re-election and hence, they have offered themselves for re-election at the Nineteenth Annual General Meeting ("19th AGM").

For the purpose of determining the eligibility of the Directors to stand for re-election at this Nineteenth Annual General Meeting ("19th AGM"), and in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021, the Nominating and Remuneration Committee ("NRC") had reviewed and assessed each of the retiring Directors from the annual assessment and evaluation of the Board, Board Committees, Independent Directors and individual Directors for the financial year ended 31 December 2022.

Each of the Directors standing for re-election had undergone a performance evaluation and had provided his declaration on his fitness and propriety to continue acting as Directors of the Company in accordance with the Directors' Fit and Proper Policy of the Company.

The NRC had recommended that, the re-election of the retiring Directors to be based on the following:-

- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
- (ii) met the fit and proper criteria in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by the independent director; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board endorsed the NRC's recommendation on the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions 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 19th 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 2023

Ordinary Resolution 3 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 27 May 2023 until the next AGM of the Company in year 2024 ("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.

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 2023. 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 19th AGM of the Company.

4. Ordinary Resolution 6 – Authority to issue and allot shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the 19th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Eighteenth Annual General Meeting 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.

The General Mandate, if approved, will empower the Directors of the Company pursuant to the Act, from the date of the 19th 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).

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 72 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Ordinary Resolution 6, if passed, the shareholders of the Company shall agree to waive their statutory pre-emptive rights and thus will allow the Directors to issue new shares to any person under the General Mandate without having to offer the new shares to all existing shareholders of the Company prior to the issuance of the new shares.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

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

5. Retention of Independent Non-Executive Directors

5.1 Ordinary Resolution 7 – Retention of Ms. Tan Ming-Li as Independent Non-Executive Director

Ordinary Resolution 7 is to seek approval from the shareholders for Ms. Tan Ming-Li to continue in office as an Independent Non-Executive Director of the Company. Ms. Tan Ming-Li was appointed as an Independent Non-Executive Director of the Company on 29 May 2013. Therefore, has served the Board in that capacity for a cumulative term of more than nine (9) years.

The Board, through the NRC, recommends that approval of the shareholders be sought through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance 2021 to retain Ms. Tan Ming-Li as an Independent Non-Executive Director, based on the following justifications:

- She has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- She is able to exercise independent judgement and act in the best interests of the Company;
- She has consistently demonstrated her 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, she is able to provide invaluable contributions with independence in her role as Independent Non-Executive Director.

5.2 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. Therefore, Mr. Lim Kim Hock has served the Board in that capacity for a cumulative of more than twelve (12) years.

At the 18th AGM of the Company held on 23 May 2022, Mr. Lim Kim Hock was retained to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.

Mr. Lim Kim Hock has indicated his intention to step down as an Independent Non-Executive Director at the conclusion of 19th AGM, in accordance with the Malaysian Code on Corporate Governance 2021 and the amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad, where all long serving independent directors must resign or be redesignated as non-independent directors which will take effect from 1 June 2023.

The NRC had considered the profound leadership, guidance and invaluable contributions of Mr. Lim Kim Hock to the Company over the years. Mr. Lim Kim Hock as the Board Chairman had displayed strong leadership, qualities in democratising boardroom deliberations, and effectively contributed and added value to the Company through the Board.

Based on the above premise, the NRC had recommended for Mr. Lim Kim Hock to be retained and redesignated to a Non-Independent Non-Executive Director.

The Board had endorsed the recommendation of NRC on the redesignation of Mr. Lim Kim Hock to a Non-Independent Non-Executive Director at the conclusion of the 19th AGM.

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 May 2023 (“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.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

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@sshbs.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 Wednesday, 24 May 2023 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://sshbs.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://sshbs.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@sshbs.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 Nineteenth Annual General Meeting of the Company.

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 Nineteenth 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 Friday, 26 May 2023 at 9:00 a.m.

My / our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr. Lim Chun Yow who retires by rotation pursuant to Clause 122 of the Company's Constitution.		
2.	To re-elect Mr. Tan Hock Hin 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 2023:- (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 27 May 2023 until the next Annual General Meeting of the Company in 2024.		
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 Ms. Tan Ming-Li 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 _____ 2023

* 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:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 May 2023 ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the Meeting.*
- 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.*
- 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.*

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- 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.*
- 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.*
- 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:-

 - 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.
 - 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 Wed, 24 May 2023 at 9:00 a.m. for verification purpose.
 - 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.
- 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.*
- 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.*
- 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



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

Thank you for being part of our journey.