

2023

ANNUAL REPORT

STRETCHING BEYOND

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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.

CORPORATE DATA

BOARD OF DIRECTORS

Lim Kim Hock (Chairman)
Non-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
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Tel: 03-2084 9000
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REGISTERED OFFICE

5A, Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Tel: 07-455 7633
Fax: 07-455 7699
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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
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SALES & MARKETING OFFICE (KL)

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WEBSITE

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AUDITORS

Crowe Malaysia PLT
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& AF 1018
52, Jalan Kota Laksamana 2/15
Taman Kota Laksamana
Seksyen 2, 75200 Melaka
Tel: 06-282 5995
Fax: 06-283 6449

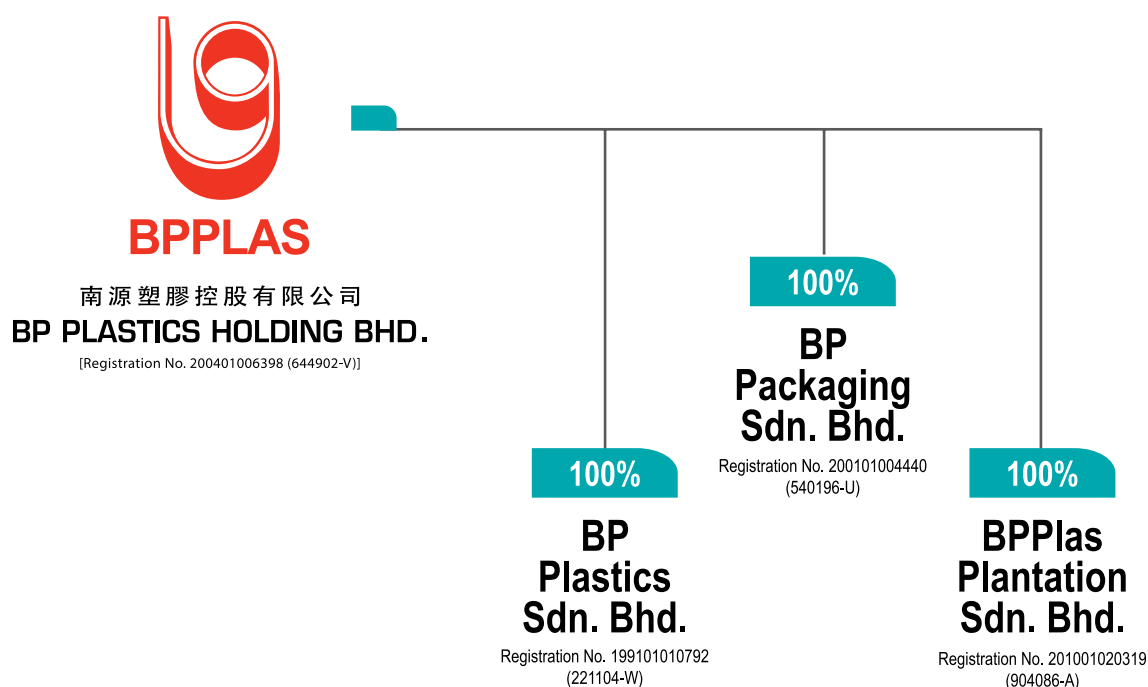
STOCK EXCHANGE LISTING

BPPLAS (5100)
BPPLAS-WA (5100WA)
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

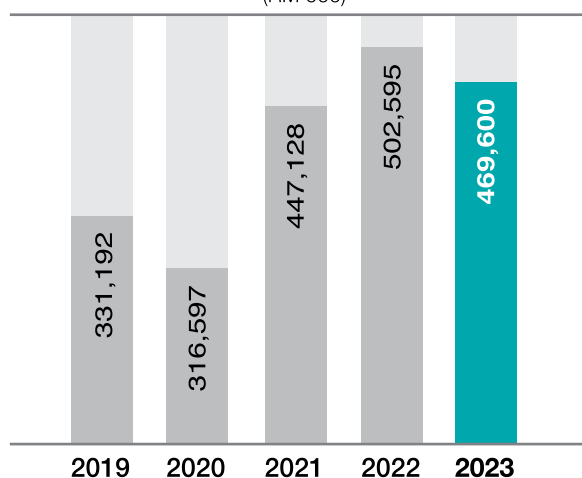
FINANCIAL HIGHLIGHTS

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
TURNOVER	331,192	316,597	447,128	502,595	469,600
EBITDA	37,055	50,318	67,216	47,577	56,343
PROFIT BEFORE TAX	26,345	38,923	56,771	36,008	42,624
PROFIT AFTER TAX	21,204	29,661	46,466	30,538	35,234
SHAREHOLDERS' FUNDS	191,140	205,789	231,613	245,262	263,607
ROE	11.39%	14.95%	21.25%	12.81%	13.85%
NON CURRENT ASSET	86,944	78,704	95,322	126,073	138,108
ROA	24.39%	37.69%	48.75%	24.22%	25.51%
EPS *	7.53	10.54	16.51	10.85	12.52
Net Div declared (sen) *	4.00	5.33	8.00	5.50	6.00
NTA per share (RM) *	0.68	0.73	0.82	0.87	0.94

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

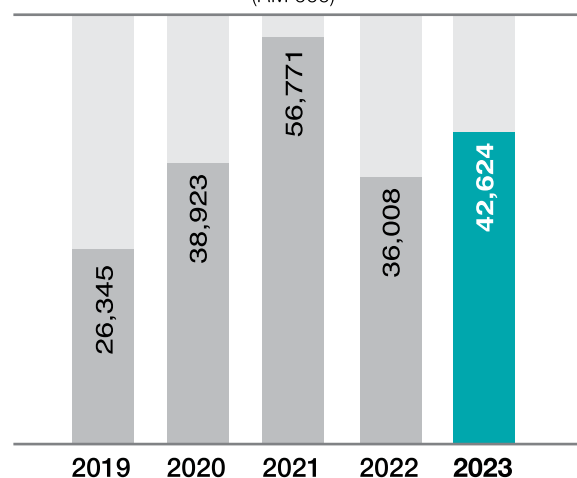
TURNOVER

(RM'000)



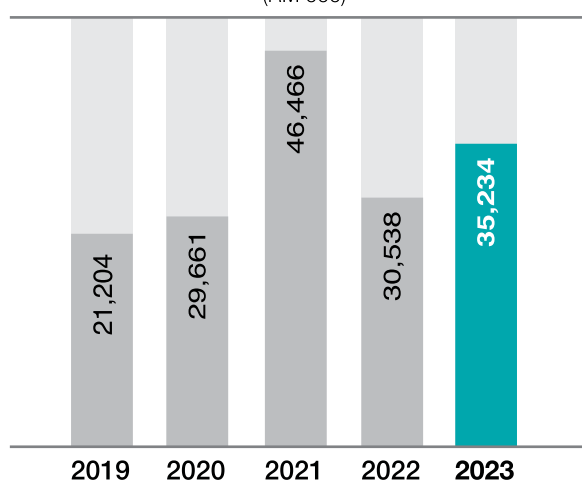
PROFIT BEFORE TAX

(RM'000)



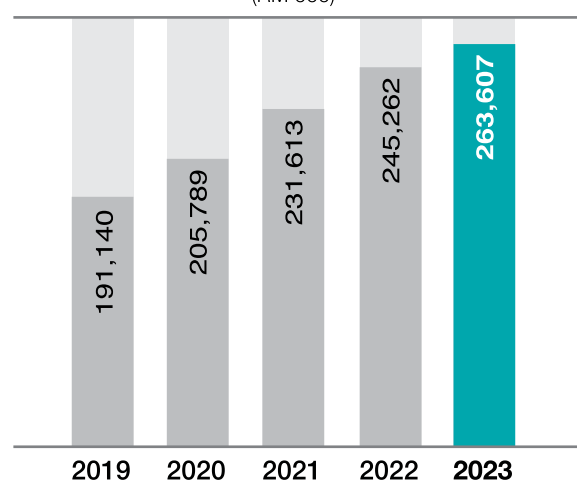
PROFIT AFTER TAX

(RM'000)



SHAREHOLDERS' FUND

(RM'000)



BOARD OF DIRECTORS



Lim Kim Hock

 Malaysian

 Male

 Aged 58

Position in the Company: Chairman and Non-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. On 26 May 2023, he was re-designated as the Chairman and Non-Independent Non-Executive Director of the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He also sits on the Board of several private limited companies.

Other Directorship in Public Companies: None.

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

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



Lim Chun Yow

 Malaysian

 Male

 Aged 61

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 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 60

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 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 61

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 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 55

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 Companies: Ms. Tan is currently an Independent Non-Executive Director of OM Holdings Limited, and Capitaland Malaysia Trust.

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

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

**Tan Hock Hin**

Malaysian

Male

Aged 59

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, Personal Care, Southeast Asia and Korea 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 Southeast 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 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 53

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 29 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 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 44

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 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

At BP Plastics Holdings Berhad ("BPPLAS", "the Group", "we", "us", "our"), sustainability is embedded as a core principle in our business. Committed towards building a sustainable packaging business, we remain focused on our long-term purpose to deliver enhanced stakeholder value, whilst maintaining our environmental, social and governance ("ESG") responsibility in conducting business.

Scope and Boundaries

This Sustainability Statement (the "Statement") consolidates and communicates an overview of BPPLAS' sustainability commitment, efforts and progress. It 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 2023 to 31 December 2023, and it is confined to the data collected within the organization, unless indicated otherwise.

Reporting Basis

This Statement is developed in accordance with the Main Market Listing Requirements ("MMLR") and guided by the Sustainability Reporting Guide (3rd edition) and Toolkits issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Further references were made to the Global Reporting Initiative Standards ("GRI Standards"), as per recommendation by Bursa Malaysia.

With reference to the Sustainability Reporting Guide (3rd edition), we uphold our obligation to comply with the guidelines and requirements within the timelines. Meanwhile, we are continuously working on implementing and enhancing the relevant procedures to improve our sustainability disclosures and good practices.

Review and Assurance

In preparing this Statement, we undertake appropriate good governance and internal reporting practices, and shall continue to improve on internal data collection, review and reporting processes. However, no independent external assurance has been conducted. The team will be working towards improving the assurance process and practice, in compliance to Bursa's requirements within timelines at a minimum.

Feedback

We welcome your feedback in helping us to continuously improve our sustainability practices and disclosures. Should you have any questions or comments, please contact our us via email to ir@bpplas.com.

SUSTAINABILITY FRAMEWORK

The Group's Sustainability Framework (the "Framework") is set up in line with our vision to be the plastics packaging specialist of choice in the Asian region. This Framework aims to address the ESG aspects across our business and operating units, towards accomplishing our mission to produce reliable and high-quality packaging products. Our key objectives are

- Align and empower our people
- Better serve our customers
- Care for the environment
- Deliver and create value
- Engage and collaborate with suppliers



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY FRAMEWORK (CONT'D)

To ensure long-term business resilience and competitive success, we take an integrated approach towards sustainability, focusing on the three main pillars, namely, economic, environmental, and social (“EES”) sustainability. We address these concerns via 12 sustainability matters identified as material to us and our stakeholders, their respective risks and opportunities.

As part of the wider network of being a global citizen, we support the initiatives of the 17 Sustainable Development Goals (“SDGs”) adopted by the United Nation (“UN”). Each of our 12 material sustainability matters is aligned to the relevant SDG(s).



Our Sustainability Framework is reviewed at least once a year, supported by stakeholder engagement and materiality assessment to ensure its robustness and competency in meeting the evolving demand and requirements.

Encompassing this Framework, accountability, approach and disclosures for our sustainability initiatives are covered in the following sections in this Statement.

SUSTAINABILITY GOVERNANCE

The Board of BPPLAS is cognizant of the growing emphasis/concern by our various key stakeholders, particularly the investing community, shareholders, and government regulators worldwide, on the need to address and manage the Environmental, Social and Governance (“ESG”) related risks and opportunities.

Sustainability governance is integrated into the Group’s corporate governance. The Board holds the ultimate responsibility in driving and overseeing the Group’s sustainability strategy and direction, with delegation of the governance to its Board Risk Management Committee (“BRMC”). The BRMC is responsible for reviewing and approving sustainability-related matters/initiatives, as well as overseeing overall management, progress, and performance of material sustainability matters.

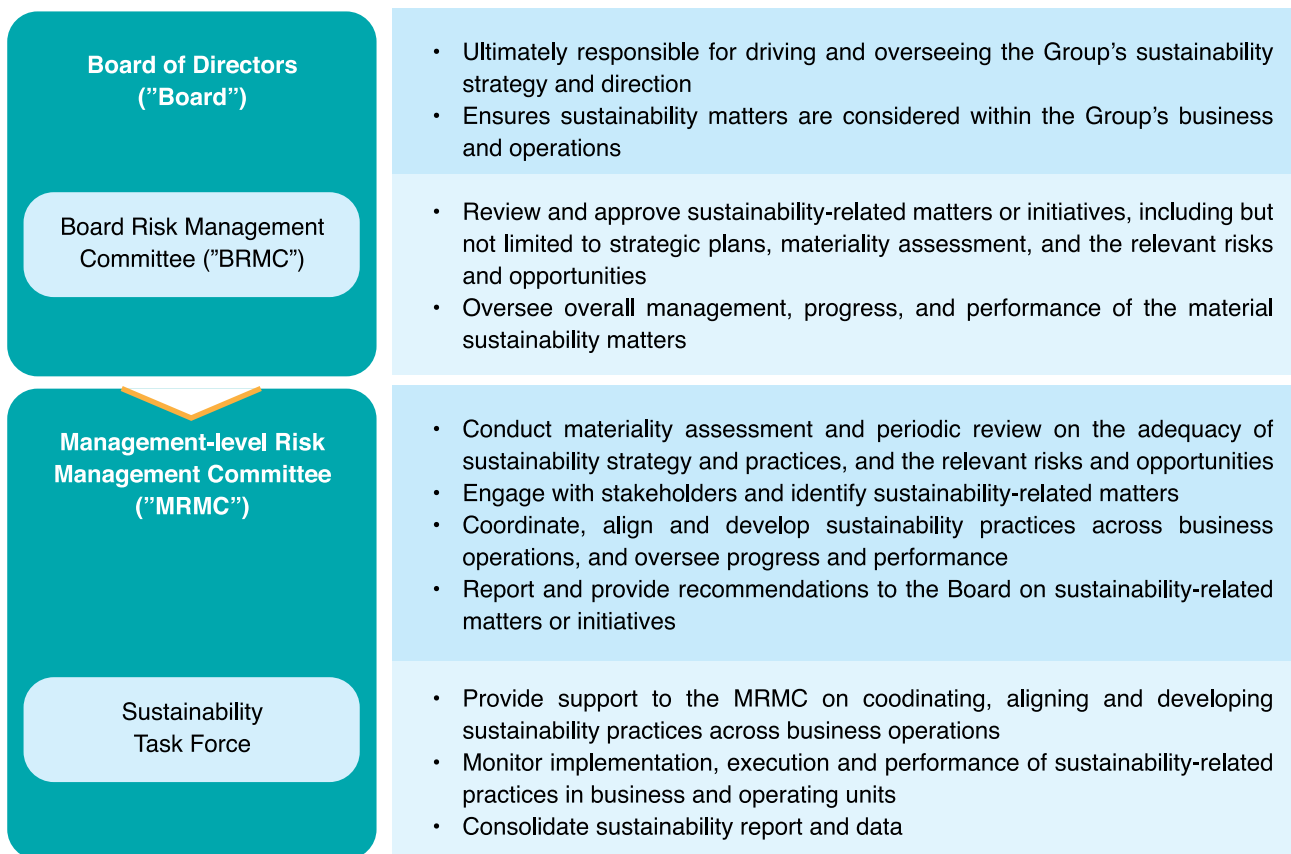
The BRMC is supported by the Management-level Risk Management Committee (“MRMC”), which is led by the Managing Director and comprises of the Executive Directors, Head of Risk Governance, and respective Heads of Department. The MRMC is responsible to guide, coordinate, review and monitor the adequacy,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

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)

Under the MRMC, a Sustainability Task Force was established to focus on the development, implementation, and progress of key sustainability initiatives and projects.

The MRMC conducts periodic Risk and Sustainability assessments, which are compiled and tabulated for reporting to the BRMC (at least two 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.



STAKEHOLDER ENGAGEMENT

Stakeholders play pivotal roles in the growth and development of our business. In an evolving business environment, we ensure regular interactions and consistent engagement with our stakeholders through a variety of channels and methods.







We aim to keep our stakeholders informed on our sustainability journey progress, to obtain feedback, understand their concerns, expectations, as well as their perceptions on different matters, including sustainability-related risks, among others. The insights gathered from these engagements are important in our continuous improvement and decision-making, including but not limited to sustainability strategies.

The key stakeholder groups to BPPLAS are Employees, Customers, Suppliers, Shareholders / Investors & Analysts, Regulators & Government Agencies, and Local Communities. We have assessed their levels of influence and dependence on BPPLAS, which is also used to facilitate materiality assessment of sustainability matters.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

The table below summarizes the key stakeholder groups to BPPLAS with their respective engagement methods, and areas of concern.

Stakeholder Group	Engagement Methods	Main Areas of Concern
Employees 	Annually • Performance appraisals Ongoing / As needed • Team building, employee engagement activities • Training & workshops • Meetings & discussions • Internal communications	• Company strategic plans & growth • Employee welfare & benefits • Workplace health & safety • Human rights, diversity & inclusion • Career development opportunities
Customers 	Annually • Customers satisfaction survey Ongoing / As needed • Customer service & support channels • Meetings & visits • Feedback & complaints • Questionnaires & surveys	• Product quality & pricing • Delivery & service / customer experience • Product innovation & sustainability • Sustainable operations
Suppliers 	Ongoing / As needed • Participation in events organized by suppliers • Meetings & visits • Questionnaires, evaluations & surveys • Electronic communications	• Contractual obligations and payments • Procurement practices • Sustainable operations • Collaborations
Shareholders / Investors & Analysts 	Annually • Annual General Meeting • Annual reports Quarterly • Quarterly financial results • Investor/Analyst briefings Ongoing / As needed • Corporate website • Press release / announcements • Investor relation engagements • Electronic communications	• Overall performance • Business prospects & strategic plans • Returns (e.g. dividend) & value creation • Corporate governance • Sustainable operations
Regulators & Government Agencies 	Annually / Quarterly • Regular reporting & disclosures of information to relevant authorities Ongoing / As needed • Participation in events organized by related agencies • Meetings & visits	• Regulatory compliance, including tax payments & other tariffs/fees, environmental and social compliance • Corporate governance • Responsible business conduct & practices
Local communities 	Ongoing / As needed • Community engagement programmes • Sponsorships and donations • Corporate website	• Social welfare and contributions • Environmental and social impact

We continue to explore and enhance our engagement practices with stakeholders to better serve their needs, develop strategic plans, and maintain our accountability.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS

Material sustainability matters are the factors under three main pillars, namely, economic, environmental, and social (“EES”) sustainability that are significant and relevant to our business and of concern to our stakeholders. These material matters shape our business strategy and decision-making, forming our areas of focus in maintaining a responsible and sustainable business and operations and towards delivering enhanced values to our stakeholders in the long term.

Materiality Process

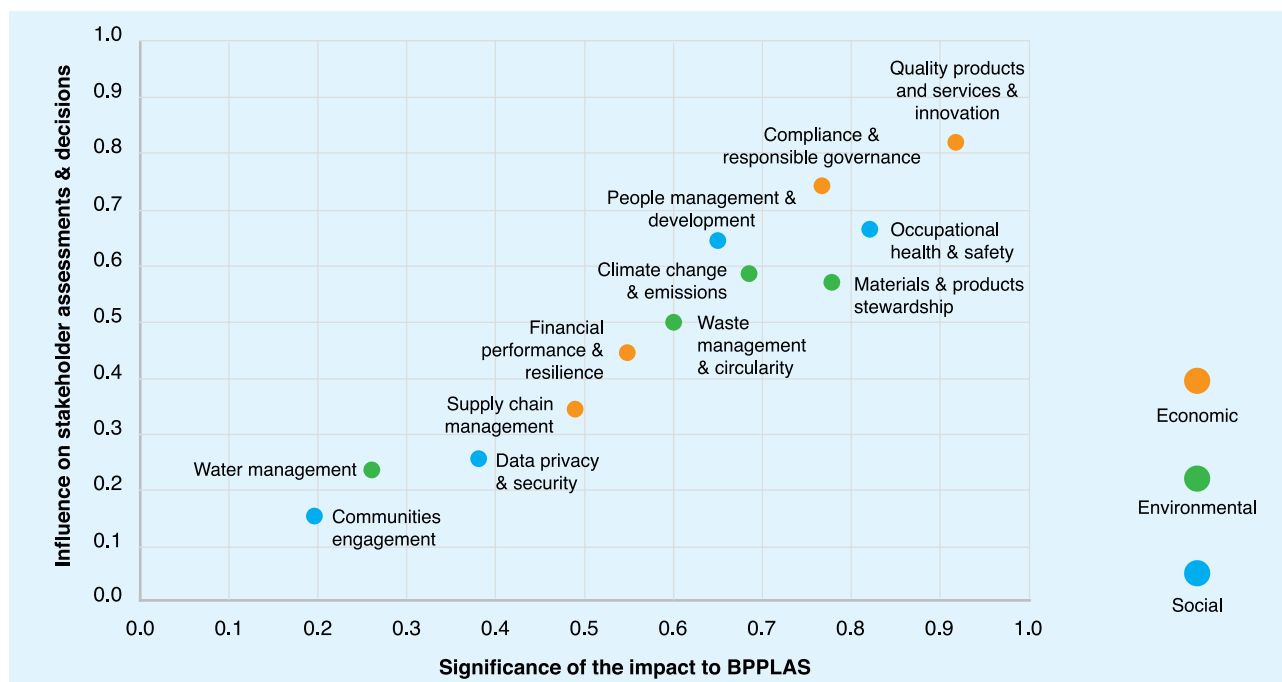
Materiality assessment is conducted by the Sustainability Task Force in the following phases, referenced Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition) and Toolkits.

- **IDENTIFY** – We identify a list of relevant sustainability matters, through a review of BPPLAS existing material sustainability matters, materiality matrix, business strategies and risks, also referencing to external reporting guidelines, market, and economic trends, as well as against various industrial or peers’ reports and research.
- **PRIORITISE** – Next, the sustainability matters are evaluated and prioritized based on our understanding of stakeholders’ concerns and needs through various engagements with internal and external stakeholders, as well as data and information gathered.
- **VALIDATE** – The outcome of the materiality assessment and the materiality matrix generated are reviewed and validated by the MRMC. Next, the matrix is presented to the BOD for approval and endorsement.

For the phases above, iterations are necessary, as they allow for the incorporation of feedback and inputs from different stakeholders, parties, and organizational levels.

We aim to conduct materiality assessment once every 3 years. Meanwhile, reviews and evaluations of materiality and material matters are carried out at least annually to ensure they remain relevant with the developments and demand from the markets and stakeholders’ needs.

Following the materiality assessment carried out for FY2023, we have concluded 6 key stakeholder groups (as outlined in the previous section) and 12 material sustainability matters.



SUSTAINABILITY STATEMENT (CONT'D)







MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Based on the materiality matrix, for the 12 material sustainability matters, we have identified 6 higher priorities and 6 medium to lower priorities.

Higher priorities	Medium to Lower priorities
<ul style="list-style-type: none"> Quality products and services & innovation Compliance & responsible governance Climate change & emissions Materials & products stewardship Occupational health & safety People management & development 	<ul style="list-style-type: none"> Financial performance & resilience Supply chain management Waste management & circularity Water management Data privacy & security Communities engagement













ESG and sustainability factors are integrated into our Enterprise Risk Management (“ERM”) framework. We are cognizant of the risks and opportunities associated with our material sustainability matters, and we continuously ensure our approach and measures are effective to support the Group’s risk management and strategic development. (Please refer to the section “Statement on Risk Management and Internal Control and Board Risk Management Committee Report” for more information about our ERM framework)

In addition, each of the 12 material sustainability matters is aligned to the relevant SDG(s).

Material Sustainability Matters	Description	Risks	Opportunities	Alignment with SDGs
ECONOMIC				
Quality products and services & innovation	Focusing on continuous innovation in products and processes, delivering high-quality products and services to bring satisfaction and value-added benefits to customers.	Poor quality in products or services, or lack of innovation may lead to loss of customers, reduced sales and productivity, and thus losing competitive edge.	Ensuring quality and innovation drives business expansion, customers’ satisfaction and loyalty, help to strengthen company’s market position and generate growth.	  
Compliance & responsible governance	Complying to regulatory requirements and implementing robust corporate governance frameworks to ensure business integrity and ethical conduct.	Non-compliance to laws and regulations, or poor corporate governance will damage company’s accountability and reputation, and may lead to legal risks.	Responsible corporate governance build positive culture and employee morale, facilitate sustainable growth and improve company’s performance.	 
Financial performance & resilience	Pursuing business growth and delivering sustainable and resilient economic performance to drive long-term value for stakeholders.	Poor financial performance poses risks to business continuity, company’s competitiveness and success, resulting on loss of shareholders/investors’ confidence.	Good financial performance and resilience indicates company’s fundamentals stability and capability, thus improve competitive edge and stakeholders’ trust.	

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Material Sustainability Matters	Description	Risks	Opportunities	Alignment with SDGs
ECONOMIC (CONT'D)				
Supply chain management	Promoting responsible procurement including considerations for social and environmental aspects, while also ensuring supply chain reliability for cost and operational efficiency.	The consequences of poor supply chain management include disruptions to operations, increased costs, damage to reputation and customers' satisfaction.	Well-managed supply chain and procurement governance ensures credible and quality supplies, drives better collaboration across value chain, improves operational and cost efficiency.	 
ENVIRONMENTAL				
Climate change & emissions	Addressing climate change issue via efforts on reducing GHG emissions, particularly through managing energy source, consumption, and efficiency.	Lack of adaptation response to climate change will lead to negative impacts on businesses, such as physical damage, business interruptions and financial risks.	Effective strategy and actions on climate change mitigation not only support company's climate resilience and business continuity, but also attract investments and business opportunities.	  
Waste management & circularity	Emphasizing on reduction of waste generation, the Recycle, Reuse and Reduce (3Rs) concept, and proper waste handling processes.	Incompetent waste management or breach of environmental regulations will bring negative impact to the environment and surroundings, and also lead to fines/penalties and reputational damage.	Efficient waste management help company to reduce costs; converting plastics waste into recycled materials supports circular economy and responsible resource consumption and conservation.	  
Materials & products stewardship	Endeavour for sustainable packaging solutions in supporting plastics circularity initiatives, and promoting responsible, efficient use of resources.	Failure to align with sustainable packaging trends and circular economy initiatives may pose risk to company's competitive edge and long-term growth.	Strategic direction and stewardship on plastics products and materials help company to capture business opportunities and growth, leveraging on increasing demand for sustainable packaging solutions.	  
Water management	Managing water consumption including rainwater harvesting as part of the initiatives towards resource conservation.	Poor water management may lead to higher operational costs and negatively impact company's environmental footprint.	Efficient water management may reduce operational costs, promote responsible resource consumption and conservation.	

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Material Sustainability Matters	Description	Risks	Opportunities	Alignment with SDGs
SOCIAL				
Occupational health & safety	Maintaining a safe, healthy and conducive working environment.	Workplace injuries or accidents increase operational costs, impacts productivity, and may lead to regulatory and reputational risks.	Maintaining health and safety at workplace improves employee's productivity and wellness, promotes positive culture and company's reliability.	 
People management & development	Maintaining fairness, diversity, and inclusion at workplace; as well as upholding ethical labor practices, providing employees with fair remuneration and support on career development.	Poor employee engagement and development negatively affect staff retention, company's productivity, while breach of human rights will lead to legal and reputational damage.	An effective people development, fair labor practices and positive work culture attract talents, improve company's performance and accountability.	  
Data privacy & security	Protecting and securing data privacy of our stakeholders including customers, suppliers, employees.	Data breach or cyber threats may impair trusts and causes reputational harm or legal issues.	Strengthen practices and system regarding data privacy and cybersecurity help to build stakeholders' trust and confidence.	 
Communities engagement	Supporting the development of the communities in which we operate, upholding our social responsibility.	Breach of social responsibility or actions that adversely impact communities will lead to disharmony and reputational damage.	Upholding social responsibility and community engagement will build trust, create positive culture and goodwill, as well as attract local talents.	 

PERFORMANCE SCORECARD

MATERIAL SUSTAINABILITY MATTERS	
Quality products and services & innovation	<ul style="list-style-type: none"> Higher cases of quality issues while the team had then revisited and strengthen our QMS procedures and controls Achieved customer satisfaction index of 89% in FY2023, lowered compared to previous 2 years amid higher cases of quality issues as above Launched new innovative downgauged machine stretch films Launched new products with recycled content Invested a total of RM 24.2 million in FY2023 in facilities, plants and equipment upgrades

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE SCORECARD (CONT'D)

MATERIAL SUSTAINABILITY MATTERS	
Compliance & responsible governance	<ul style="list-style-type: none"> • 504 employees received ABAC training (i.e. 100%) in FY2023 • Zero cases reported on bribery and corruption. • Zero cases on whistleblowing • Zero fines or penalties regarding unethical business conduct or incompliance
Financial performance & resilience	<ul style="list-style-type: none"> • Economic value generated in FY2023 is RM 474.4 million. • Economic value distributed in FY2023 is RM 456.1 million. • Economic value retained in FY2023 is RM 18.3 million.
Supply chain management	<ul style="list-style-type: none"> • In FY2023, local procurement spending is around 27% of total procurement. • Procurement spending amount on local suppliers has been increasing in the past 3 years. • More engagements and sessions with suppliers on sustainability, ESG topics.
Climate change & emissions	<ul style="list-style-type: none"> • In FY2023, 32.8% of electricity consumption is generated from renewable sources, avoiding 10,305 MT of Scope 2 CO2 emissions. • Energy intensity maintained or reduced slightly in FY2023 at 0.82Mwh per MT production output • On track preparing for disclosure as per Bursa's requirements effective for next financial year end 2024, for Scope 1 emissions (diesel and petrol consumption by internal equipment and company owned vehicles) and Scope 3 emissions (business travels and employees commuting)
Waste management & circularity	<ul style="list-style-type: none"> • In FY2023, 81.3% of the total waste generated was retained within our plant for internal recycling and reuse purposes • Waste directed to disposal decreased by 16% in FY2023
Materials & products stewardship	<ul style="list-style-type: none"> • Remained dedicated to our products stewardship on mono-material, recycled contents and downgauging • Commercialized 10 to 12 micron ultra-high-performance premium machine stretch films, fulfilling the market needs of ESG commitments via downgauging. • Developed and introduced various products with recycled contents, including collation shrink films and hand stretch films with PCR content • In FY2023, recycled materials consumption is around 7.8% of our total resin consumption.
Water management	<ul style="list-style-type: none"> • In FY2023, 8.4% of water consumption is from rainwater harvested internally at our plants • Water intensity maintained in FY2023 at around 1.08m3 per MT production output, regarded as a minor resource in our operations
Occupational health & safety	<ul style="list-style-type: none"> • Accident rate and lost-man days rate both reduced in FY2023 • Zero fatalities for the past 3 years • 5 more cases related to hearing disorders, while we continuously make efforts to limit workers exposure to excessive noise and ensure effective protective equipment is provided and worn appropriately at high noise workstations.

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE SCORECARD (CONT'D)

MATERIAL SUSTAINABILITY MATTERS	
People management & development	<ul style="list-style-type: none"> FY2023 concluded highest training hours both overall (6,101 hours) and per headcount (11.8 hours per person). RM 54,973 incurred in learning and development programmes in FY2023 Employees turnover rates reduced to 7% from 17% Overall women participation maintained at a low level of 10% overall due to the nature of jobs and workplace; Women ratio for office workers at a high 56% Overall high foreign workers ratio of 61% similarly due to the nature of jobs and workplace
Data privacy & security	<ul style="list-style-type: none"> Provided cybersecurity training sessions to 47 employees. Zero substantiated complaints or cyber incidents regarding breaches of privacy or loss of confidential data and information.
Communities engagement	<ul style="list-style-type: none"> Collected a total of 105 blood packs from blood donation campaign Contributed RM 46,618 (monetary and non-monetary) to the local communities in FY2023. Estimated more than 105 individuals and 8 organizations are benefited from our social engagement and investments.

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS

QUALITY PRODUCTS AND SERVICES & INNOVATION

Related UN SDGs

**Why it Matters**

Continuous innovation in our products and operational processes, coupled with consistent delivery of top-tier products, services, and added value to customers, are at the core of driving our business success and growth. At the same time, we remain committed to understanding customers' evolving needs and the dynamic market shifts, including the ongoing advancements in sustainable packaging solutions.

We believe our dedication to quality products and services and innovation brings both tangible economic benefits and intangible values to us. By ensuring customers' satisfaction, nurturing long-lasting partnerships, we not only fortify our competitive stance in the marketplace, but also uncover fresh markets and business opportunities for growth.

Management Approach

To consistently meet customers' requirements and ensure the delivery of products with reliable quality, we maintain a robust Quality Management System ("QMS") 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), underscoring our ability to provide safe and hygienic flexible packaging solutions that complies with requisite food safety standards.

In our day-to-day manufacturing, various Quality Assurance ("QA") and Quality Control ("QC") tasks were executed in adherence to our QMS internal protocols. These procedures span across the entire operations, encompassing activities from incoming/receiving of materials, in-process manufacturing, as well as outgoing and final inspections.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

QUALITY PRODUCTS AND SERVICES & INNOVATION (CONT'D)

Related UN SDGs



Management Approach (Cont'd)

To better serve our customers, we proactively engage with them by seeking feedback, maintaining regular communication, remained responsive to requests and complaints, providing comprehensive support on deliveries/logistical arrangement and technical matters. Annually, we conduct Customers Satisfaction Survey to assess how well we meet our customers' needs and expectations, as well as to gain invaluable insights to fuel continuous enhancements and refinements. The four key assessment areas in this annual survey are:

Response to Enquiries

Quality of Product

Delivery Capability

Customer Service

On the other hand, advancements in both raw materials and machinery drive the innovation, development, and improvement of plastic products. Our commitment to progress is evident through our investments in cutting-edge new technology for machinery and our ongoing research and development efforts focused on pioneering raw materials.

We were at the forefront of innovation, in acquiring and commissioning state-of-the-art Nano-technology 67-layers Cast stretch film machines - one unit in late 2021 and another in late 2022. Through intensive product research and development alongside these cutting-edge machines, we elevated the properties of our machine stretch films, introduced innovative new products and brands, and enhanced operational efficiency while minimizing resource consumption.

Recently, in Q4 FY2023, we also commissioned two new units of Blown Co-extrusion machines. The machines are accredited with the energy efficiency certificate from TÜV SÜD. This expansion increased our production capacity expansion, enhanced operational efficiency, and supported the development of new product offerings.

Meanwhile, collaborating with suppliers and customers, we are continuously working on product innovation, focusing not only business imperatives, safety or functional quality requirements, but also fulfilling the sustainability needs towards the advancements of a circular economy.

In our pursuit of sustainable packaging solutions and plastics circularity, our innovation endeavors encompass several key initiatives:

- Enhancing product design to optimize functional quality and properties
- Developing downgauged products that maintain packaging integrity while reducing material usage
- Developing products featuring recycled contents and increasing their utilization
- Improving packaging efficiency and optimizing the use of other packaging accessories

(Refer to "Materials & Products Stewardship")

Apart from that, we recognize the pivotal role of process innovation in ensuring sustainable manufacturing practices. Along with our capacity expansion, we have been investing in the enhancement of plants, facilities, as well as new-technology equipment and tools gearing towards improving process efficiency, automation, quality consistency, while concurrently optimizing resource consumption.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

QUALITY PRODUCTS AND SERVICES & INNOVATION (CONT'D)

Related UN SDGs

**Performance**

In FY2023, we observed an increase in goods return (measured by weight) and the total value of goods return and discounts attributed to quality issues compared to FY2021 and FY2022, as detailed in the table below. This increase was notably influenced by a surge in customer complaints during mid FY2023, prompting us to revisit and strengthen our QMS procedures and controls.

	FY2021	FY2022	FY2023
Change in goods return (kgs)	-8.6%	-19.0%	65.2%
Change in total goods return & discount for quality issues (RM)	-10.5%	18.1%	31.9%
Total goods return & discount for quality issues (as % of sales)	0.23%	0.24%	0.34%

We achieved a lower customer satisfaction index of 89% for FY2023, affected by the products quality issues as above. Nevertheless, aside enhancing QMS, we remain committed to addressing customer feedback promptly, ensuring consistently positive experiences. Through these efforts, we aim to continuously enhance product quality and customer satisfaction across all interactions.

	FY2021	FY2022	FY2023
Customer satisfaction index	95%	94%	89%

Dedicated to product innovation to deliver exceptional packaging solutions, and with our Nano-technology 67-layers machines, in FY2023, we introduced and commercialized 10 to 12 micron ultra-high-performance machine stretch films to the markets, along with our newly launched brand Quantum. This innovation meets the demand of high-speed stretch wrapping machines, and suits the needs of customers looking to fulfill their ESG goals via downgauging, i.e. reducing material usage, while ensuring cost effectiveness without compromising packaging integrity and safety.

Furthermore, we have also developed and supplied products with recycled contents, including collation shrink films and hand stretch films with PIR or PCR content based on customers' requirement.

We have been consistently investing in upgrades and enhancement of our plants and equipment. For FY2023, we have invested RM24.2 million.

Investment / Spending amount (RM'000)	FY2021	FY2022	FY2023
Building and facilities	1,756	18,072	2,465
Machines and equipment	28,086	19,707	21,707

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

COMPLIANCE & RESPONSIBLE GOVERNANCE

Related UN SDGs



Why it Matters

Effective corporate governance and regulatory compliance is fundamental to a company's operations to ensure responsible and sustainable business practices that foster long-term value creation and growth.

At BPPLAS, we are committed to upholding highest standards of ethics, integrity and legal compliance across all operations and functions, to ensure our responsibility, transparency, and accountability to our diverse stakeholders as a trustworthy organization.

Management Approach

We consistently ensure that our practices and policies are aligned with pertinent legal and regulatory mandates across the local and international landscapes we operate within, while also adhering to industry benchmarks. Besides, we remain committed to fostering a culture of ethics and integrity.

Our adherence extends to the Malaysian Code on Corporate Governance ("MCCG"), Group-wide policies and frameworks are implemented and practiced ensuring good corporate governance. For instance, the risk management and internal control framework, the Code of Conduct, and the Anti-Bribery and Anti-Corruption ("ABAC") Policy, exemplify our commitment to best practices. The policies apply to all Directors and employees at all levels.

BPPLAS has a zero-tolerance stance against bribery and corruption. The ABAC Policy was communicated to all our directors and employees, and it is further cascaded to our suppliers, contractors, agents, and other business partners. Corruption risk assessment and ABAC trainings are to be conducted annually.

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

For further information, please refer to Corporate Governance Overview Statement on pages 60-69 of this Annual Report or to the Group's Corporate Governance Report. Our codes and policies are also available on our corporate website.

Performance

For FY2021 to FY2023, annual ABAC risk assessments were conducted by the MRMC and they covered the entire operations of BPPLAS.

Meanwhile, all employees (100% attendance) received ABAC training in FY2023. For those who joined after the training date, as per our practices, they received briefings on the policies and frameworks during orientation, including the ABAC Policy.

No. employees received ABAC training (by employee category)	FY2021	FY2022	FY2023	% of employees
Direct (plant)	0	0	336	100%
Indirect (plant)	0	0	121	100%
Indirect (office)	0	2	47	100%
TOTAL	0	2	504	100%

For the past three financial years (FY2021 – FY2023), there was no case reported on bribery and corruption. The Group did not receive any fines or penalties regarding unethical business conduct or incompliance. Also, there were zero whistleblowing cases.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

FINANCIAL PERFORMANCE & RESILIENCE

Related UN SDGs

**Why it Matters**

Achieving robust financial performance and resilience through undertaking a sustainable business model is essential in long-term economic value creation for all our stakeholders. In today's dynamic economic landscape with rapid challenges and uncertainties, strengthening business resilience and continuity, nurturing sustainable growth have become imperative for organizations.

Management Approach

The demand for flexible packaging has been growing in tandem with economic growth globally, while evolving with sustainability and circular economy initiatives.

In the long-term, we are committed to continue pursuing profitability and strategic growth, taking reasonable measures in carrying out expansion and investment plans, capitalizing on opportunities on sustainable solutions, and at the same time maintaining our obligations to the environment, our workforce and the surrounding communities we serve.

Focusing on enhancing product offerings and differentiation, developing in line with sustainable solutions needs, alongside internal efficiency improvements and cost management practices, we have been delivering robust and resilient financial performance. Consequently, we have been generating values for our stakeholders, fostering sustainable partnerships with suppliers and customers, investing in the development employees and providing competitive remuneration, fulfilling tax obligations to regulatory bodies, and delivering returns to our shareholders.

Performance

As shown in our financial highlights, we have generated positive economic value and continued to grow even in times of a challenging business environment amid external headwinds and internal difficulties of raising operating costs, labor challenges etc.

	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000	FY2023 RM'000	4-YEAR CAGR
Revenue	331,192	316,597	447,128	502,595	469,600	9.1%
EBITA	37,055	50,318	67,216	47,577	56,343	11.0%
Profit Before Tax	26,345	38,923	56,771	36,008	42,624	12.8%
Profit After Tax	21,204	29,661	46,466	30,538	35,234	13.5%
Shareholders' Funds	191,140	205,789	231,613	245,262	263,607	

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

FINANCIAL PERFORMANCE & RESILIENCE (CONT'D)	Related UN SDGs
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Performance (Cont'd)

Meanwhile, we have been continuously rewarding and generating wealth for our stakeholders.

RM'000	FY2021	FY2022	FY2023
Economic value generated (i.e., revenue and other income)	449,458	504,285	474,441
Economic value distributed:	423,633	490,637	456,096
– Operating costs	369,069	444,070	405,576
– Employee wages and benefits	23,580	24,183	26,194
– Dividend payment	20,642	16,889	16,889
– Payment to government (i.e., tax)	10,305	5,470	7,390
– Community investment	37	25	47
Economic value retained	25,825	13,648	18,345

For more details about our financial performance, CAPEX, prospects, outlook and other details, please refer to pages 52-59 on Management Discussion & Analysis, and pages 87-136 on Financial Statements.

SUPPLY CHAIN MANAGEMENT	Related UN SDGs
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Why it Matters

In recent years, the global supply chain has encountered ongoing challenges exacerbated by the COVID-19 pandemic and subsequent trade imbalance underscoring the increasing importance of a robust supply chain management to mitigate potential disruptions and ensure smooth operations.

We believe that maintaining a resilient, reliable, and efficient supply chain supports us in maintaining high quality products and service to customers, while enhancing cost efficiency and competitiveness, as well as operational efficiency. Meanwhile, embedding sustainability within our supply chain is integral to our sourcing and procurement strategies. As a responsible corporate citizen supporting global sustainable development, we actively advocate, support, and collaborate with our suppliers to ensure the adoption and implementation of ESG initiatives.

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.

At BPPLAS, we adopt a diversified procurement approach to manage supply chain resiliency, stability, and cost efficiency. This strategy encompasses sourcing from multiple suppliers from different countries and regions, complemented by implementing appropriate purchasing and pricing strategies; this is particularly crucial in mitigating the impact of supply chain disruptions that causes fluctuations in raw material supply and pricing.

To support domestic economy and local communities, we prioritize sourcing supplies and services locally whenever feasible. However, due to the specialized nature of the required raw materials and niche machinery, we need to engage with foreign suppliers. Nevertheless, we undertake an approach that strike a balance between fostering domestic economic growth and ensuring access to essential resources necessary for our operations.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

Related UN SDGs

**Management Approach (Cont'd)**

In selecting suppliers, our decision is based on merit, quality of product, price, 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 standards, we carry out external provider assessment procedures to evaluate our potential suppliers including due diligence questionnaires answered and acknowledged by suppliers. In addition, we ensure that our ABAC Policy is effectively communicated to suppliers. Our whistle-blowing channel also extends to suppliers, enabling the reporting of any misconduct or breaches of compliance.

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

Through above measures, we strive to maintain a robust and ethical supply chain, while cultivating strong partnerships with suppliers that align with our business objectives and sustainability initiatives.

Performance

In FY2023, our local procurement spending is around 27% of total procurement, compared to 26% and 25% in FY2021 and FY2022. The procurement spending amount on local suppliers has been increasing in the past 3 years while a smaller increase of 3% in FY2023.

	FY2021	FY2022	FY2023
Proportion (%) of procurement on local suppliers	26%	25%	27%
Change of local procurement spending amount	18%	6%	3%

CLIMATE CHANGE & EMISSIONS

Related UN SDGs

**Why it Matters**

Climate change has been said to be one of the greatest threats facing humanity in today's world, posing both physical and transitional challenges to the environment, society, businesses and the economy.

Following the Paris Agreement COP27, a global commitment was forged to pursue the ambitious goal of limiting global warming to well below 2°C, and to pursue more efforts aimed at a more stringent target of 1.5°C, compared to pre-industrial levels. Heightened public awareness of climate change has spurred governments and organizations worldwide to actively seek actions and strategies on reducing GHG emissions to mitigate devastating effects on business, community, and the planet.

Globally, the combustion of fossil fuels for electricity generation remains the primary source of GHG emissions. In August 2023, Malaysia's government launched the National Energy Transition Roadmap ("NETR"), it is a strategic plan to facilitate transition to more sustainable and environmentally friendly energy sources, in line with Malaysia's aspirations to achieve net zero GHG emissions by as early as 2050 as outlined in the Twelfth Malaysia Plan 2021-2025.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

CLIMATE CHANGE & EMISSIONS (CONT'D)

Related UN SDGs



Why it Matters (Cont'd)

At BPPLAS, our manufacturing process is energy intensive, and it represents a significant contributor to our emissions. Meanwhile, there has been increasing attention towards assessing emissions across various stages of operations, such as transporting goods, employees commuting etc. As a responsible corporate entity, we are committed to playing our part in addressing the issues, supporting global and national initiatives.

Management Approach

At BPPLAS, the key strategy for combating climate change revolves around managing energy consumption and emissions within our business operations, while advocating for greater transparency regarding emissions over the supply chain, both within and beyond our plant operations.

Our energy management focuses on using renewable energy sources and improving energy efficiency across plants and processes; we aim to optimize energy utilization, thereby reducing our carbon footprint associated with it. The majority of our electricity consumption is from electricity supplied by Tenaga Nasional Berhad ("TNB"), complemented by a small portion from solar energy generated through solar panels installed at our factories since 2019.

From March 2022 to July 2023, we subscribed to Green Electricity Tariff ("GET") programme by TNB for 2,500 MWh per month of electricity generated from renewable energy sources; representing approximately 50% of our then consumption. However, in August 2023, as part of cost controls measures, we decided to terminate the GET subscription; this is prompted by a substantial increase in the GET tariff from 3.7sen/KWh to 21.8sen/KWh; it is higher than the Imbalance Cost Pass-Through ("ICPT") surcharge of 17sen/KWh.

In fact, since the start of 2023, electricity costs had increased significantly and already causing higher cost burden for businesses; both GET and ICPT surcharges were only 3.7sen/kWh in 2022.

To advance our commitment to renewable energy sources, the Group is planning to install more solar panels at our sites and also exploring other external opportunities to further expand our renewable energy initiatives.

As a measure to enhance energy efficiency, we have been tracking our energy consumption data and metrics, including energy intensity, for all machinery and manufacturing processes. Every month, we compile data, provide analytics information to relevant departments or sections to raise awareness and facilitate improvement practices on energy preservation and efficiency.

Amongst the efforts and measures we have undertaken in optimizing energy efficiency and reducing GHG emissions include:

- Improving and innovating product designs, e.g. downgauged solutions that reduced materials consumption
- Investing in advanced, environment-friendly, energy-efficient machinery or equipment to improve efficiency in energy, materials and resources consumption
- Making proper planning of machine operations, e.g. start-up and shutdown schedule and protocols
- Upgrading to LED bulbs for lighting
- Transitioning to electric forklifts
- Adopting effective waste management practices, including recycling and reusing materials, thus reducing virgin materials usage
- Promoting other simple yet effective practices such as using natural lights, turning off unnecessary lights, air-conditioning or other power-consuming equipment during breaks or idle periods

We are continuously exploring, improving, refining and reviewing our strategies, measures and automation related to emissions management and climate change response, both in our manufacturing and non-manufacturing parts of our business.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

CLIMATE CHANGE & EMISSIONS (CONT'D)

Related UN SDGs



Management Approach (Cont'd)

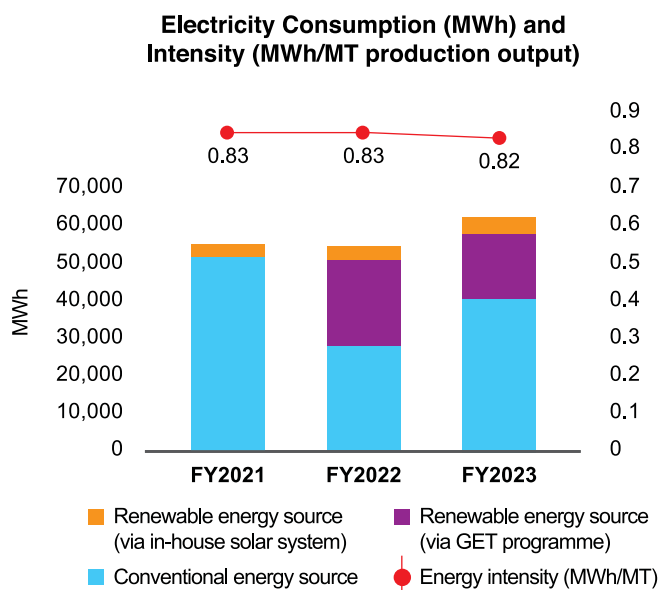
Furthermore, we are working on relevant data collection and calculation methodology to improve our emissions assessment and disclosures. This aligns with the evolving requirements or guidance, such as the Bursa Sustainability Reporting Guide (3rd Edition) and Task Force on Climate-Related Financial Disclosures ("TCFD") Recommendations, as we strive for greater transparency and accountability in our sustainability efforts.

Performance

As shown in the table below, in FY2023, our total electricity consumption is 57,079 MWh, including 38,343 MWh from conventional source and 18,736 MWh from renewable source (both from GET subscription and in-house solar panels). Thus, we achieved 32.8% renewable source for our total electricity consumption for the year.

Measuring our energy intensity by calculating total energy consumption compared to production output, we observed a steady energy intensity, 0.82MWh per MT production output in FY2023, just slightly lower than 0.83MWh in both FY2021 and FY2022. However, this metric may fluctuate depending on product mixes and volumes, and is also affected by the downgauging trends of products.

Electricity consumption (MWh)	FY2021	FY2022	FY2023
Conventional energy source	52,391	29,398	38,343
Renewable energy source (GET subscription)	-	24,194	17,500
Renewable energy source (in-house solar system)	1,334	1,285	1,236
Total electricity consumption	53,725	54,877	57,079
% of renewable energy source	2.5%	46.4%	32.8%
Energy intensity (MWh / MT production output)	0.83	0.83	0.82



As shown in the table below, in FY2023, our The renewable energy source helped us to reduce our GHG (CO₂) emissions significantly, i.e. we avoided 10,305 metric tons (MT) GHG emissions in FY2023, calculated based on the GHG emission intensity of 0.55 MT CO₂ per MWh, published by TNB in its 2022 Sustainability Report.

The GHG emissions generated from electricity consumption falls into our Scope 2 emissions. For FY2023, it is 21,089 tons of CO₂ emissions, equivalent to 0.30 MT CO₂ emissions per MT of production output.

Ongoingly, we shall ensure further compliance with Bursa's requirements according to the timeline.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

CLIMATE CHANGE & EMISSIONS (CONT'D)	Related UN SDGs		
			

Performance (Cont'd)

GHG emissions	FY2021	FY2022	FY2023
MT of GHG emissions generated from conventional energy*	28,815	16,169	21,089
MT of GHG emissions avoided from renewable energy*	734	14,013	10,305
GHG emissions intensity (MT of CO ₂ / MT production output) from electricity consumption	0.45	0.24	0.30

* Calculated based on the GHG emission intensity of 0.55 MT CO₂ per MWh, published by TNB in its 2022 Sustainability Report.

WASTE MANAGEMENT & CIRCULARITY	Related UN SDGs		
			

Why It Matters

At BPPLAS, we are dedicated to promoting responsible resource consumption and adhering to best practices in waste management and resource circularity. This extends beyond plastic resins and products to encompass other components, parts, and packaging materials utilized throughout our operations.

As we strive for sustainable economic development for our business in the long term, we recognize our responsibility to mitigate adverse environmental impacts, conserve natural resources, and thus safeguard 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 mere compliance with rules and regulations, we believe that effective waste management and practices are important in safeguarding the health and safety of our employees, the surrounding community and the public at large.

Our waste management approach is comprehensive and proactive; the strategies include

- prevent and reduce waste generation,
- promote recycle, reuse, reduce (3Rs) concept, and
- ensure responsible waste handling and disposal practices.

It is in line with the principles of circular economy, aiming to minimize waste and maximize resource efficiency.

(a) Reduce Waste Generation

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

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

WASTE MANAGEMENT & CIRCULARITY (CONT'D)

Related UN SDGs

**Management Approach (Cont'd)****(a) Reduce Waste Generation**

Our efforts in waste reduction and preventing negative environmental impact include

- daily and regular monitoring of waste generation at different machines and sections;
- efficient procurement and inventory management practices to avoid unnecessary purchases;
- strategic planning and scheduling for production activities to reduce changeovers or idle time;
- avoidance of over-production, over-processing;
- ongoing improvement of manufacturing processes and workflows, and comprehensive training programs to equip personnel with the necessary skills and understanding
- implementation of housekeeping, cleaning, containment measures to prevent leakages or spillages of resins and other materials into the environment;
- continuous efforts to raise awareness among our workforce about sustainable waste management practices and circularity concept

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

The 3Rs concept of “Recycle, Reuse and Reduce” is embedded in our daily operations, and we continuously monitor and enhance our practices and measures to advocate for the 3Rs.

With sufficient waste management expertise and technical capabilities, we undertake the following:

- carry out proper sorting and segregation of 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 their origin and intended purposes.
- incorporate and reuse (“Reuse”) the recycled materials as inputs in our manufacturing for suitable product applications. Noting that one of our developments of sustainable solutions revolves around access and use of recycled contents (Refer to “Materials & Products Stewardship”).

In addition, we advocate 3Rs concept whenever possible for various other components, accessories or materials, such as paper cores, carton boxes, pallets. Furthermore, we

- purchase accessories such as paper rolls and boards made with recycled paper,
- 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.

The reuse of recycled materials and other accessories and components further reduce (“Reduce”) our consumption of virgin raw materials resources. At the same time, it helps to keep our waste footprint low, ensure more efficient use of our valuable resources, and potentially reduce our carbon footprint.

(c) Waste Handling Practices

In compliance with ISO standards and regulatory requirements, we ensure that our effluent and waste handling and storage is managed properly. In instances where waste disposal is unavoidable, we engage the services of approved and licensed contractors for collection and disposal.

Furthermore, we maintain close collaborations with our strategic partners and suppliers to source non-hazardous products to mitigate environmental contamination and reduce our carbon footprint wherever possible.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

WASTE MANAGEMENT & CIRCULARITY (CONT'D)

Related UN SDGs

Performance

As presented in table below, in FY2023, our plastic scraps and waste increased to 4298MT compared to 3982MT in FY2022, mainly attributed to an overall increase in production capacity and output. However, it is important to note that all our plastic production scraps are not directed to disposal. Instead, they are segregated and being processed into recycled resins using our in-house recycling machines.

Our two recycling machines facilitate our plastic waste recovery, including from 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). The segregated wastes are converted into recycled resins, PIR and PCR. In FY2023, 5442MT of recycled resins are produced internally, similar to that in FY2022. In Dec 2023, we had also added and commissioned another unit of recycling machines to increase our recycling capacity, along with expansion of our plastics production capacity.

The recycled materials produced are used for certain product applications. In FY2023, recycled resins consumption made up 7.8% of our total resins consumption.

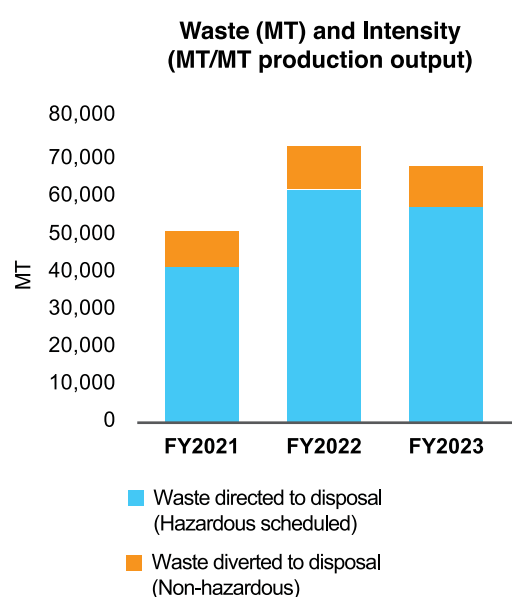
Our waste directed to disposal are categorized into non-hazardous waste and hazardous waste.

- Non-hazardous waste includes paper core, cartons, other paper accessories, wooden pallets, damaged plastic pallets, and general rubbish etc. These are mostly collected by external parties that have their respective recycling and recovery facilities.
- Hazardous waste includes ink and solvent waste, and the emptied tongs and drums, etc.

In FY2023, our waste directed to disposal decreased to 991MT, compared to 1185MT in the previous year. The decrease is mainly due to decrease in paper core disposed as we carry out more stringent practices in quality checking and reusing.

Moreover, for FY2023, 81.3% of the total waste generated was retained within our plant for internal recycling and reuse purposes.

Waste (MT)	FY2021	FY2022	FY2023
Scraps and waste from operations	4,367.8	6,143.4	5,725.0
Waste diverted from disposal	4,367.8	6,143.4	5,725.0
Non-Hazardous waste	880.5	1,123.1	920.1
Hazardous waste (Scheduled waste)	62.2	62.1	71.2
Waste directed to disposal	942.7	1,185.2	991.3
Total waste	5,310.5	7,328.6	6,716.2
% of waste diverted from disposal	82.2%	83.8%	85.2%



During FY2023, there were no cases of complaints or non-compliance regarding our waste directed to disposal.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

MATERIALS & PRODUCTS STEWARDSHIP

Related UN SDGs

**Why it Matters**

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, durability, lightweight nature and cost efficiency. Furthermore, its barrier properties and sealing capabilities are important to food safety and preservation.

Plastic, as a material, offers numerous advantages and environmental benefits. With that, it is increasingly used to replace traditional materials such as paperboard, metals, and glass. According to research, when considering a full life cycle perspective, plastics exhibit a lower carbon footprint and are deemed more environmentally friendly.

However, it is crucial to acknowledge that improper management of plastic packaging can pose significant harm to the environment (e.g. when it is thrown away irresponsibly and/or when it is not recycled).

Besides continuous innovation of plastics products, there has been a growing awareness on circular economy for plastics. This initiative aims to help eliminate plastic waste and pollution by promoting recycling, reuse, and resource efficiency. However, the transition towards circular economy requires collaboration not only within the industries, but also among communities, governments and non-governmental organizations, policymakers, and other stakeholders.

Despite the challenges, the increasing emphasis on plastics circularity and low-carbon initiatives are driving more companies, manufacturers, brand owners and consumers to explore and transition towards sustainable packaging solutions. This collective effort is crucial in driving positive change and promoting a more environmentally responsible approach to packaging.

Management Approach

As a plastic packaging manufacturer, we embrace our role in supporting transition to circular economy and 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, particularly in the three 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, each serving different function requirements, such as printing, oxygen and moisture barrier properties, strength and puncture resistance, and sealing. However, these complex structures pose challenges in segregation of materials and thus it is difficult to be recycled.

In recent years, with increasing emphasis on circular economy, there has been a growing demand for mono-material plastic packaging, recognized 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 consists more than 90% of one polymer type.

At BPPLAS, all our manufactured products are regarded as mono-material, i.e. they comprise of more than 90% Polyethylene ("PE"). Thus, our products are fully recyclable.

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

(b) Access and Use of Recycled Contents

As part of our waste management effort, we use our in-house recycling facilities to recycle internal production waste, scraps, and other supplier's plastics packaging, process them 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 of suitable applications.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

MATERIALS & PRODUCTS STEWARDSHIP (CONT'D)

Related UN SDGs



Management Approach (Cont'd)

(b) Access and Use of Recycled Contents (Cont'd)

We are continuously innovating and improving to increase and optimize the use of recycled materials in our products, while ensuring functional quality and packaging integrity of the products. Meanwhile, we are exploring the availability of suitable recycled materials from external sources, assess the feasibility of other renewable raw materials, and pursue relevant improvements and developments, including certification systems.

Our main plant has been certified with the International Sustainability and Carbon Certification ("ISCC") PLUS since April 2022. ISCC PLUS is a sustainable certification system that ensures the traceability of sustainable materials (particularly bio-based and circular/recycled raw materials) throughout supply chain, and mass balance approach is acknowledged.

Nevertheless, the industries are still facing issues in lack of recycled materials supply due to difficulties in waste collection and segregation (thus lack of feasible segregated waste as feedstock), limitations in infrastructure and recycling technology, high costs, quality inconsistencies.

(c) Less Consumption and More Efficient Use of Materials

Over the recent years/decade, the product innovation focus for flexible plastics has been towards downgauged solutions. Along with the industry demand and shift, we have successfully developed and improved our downgauged plastic films, offering advantages of reducing material usage while ensuring cost effectiveness. Our progress has been supported by product R&D, technological advancement of machinery and innovative raw materials.

Beyond downgauging, through other innovation efforts such as product re-formulation, blending of recycled materials, as well as improving technology and efficiency in machinery, we are able to reduce consumption or improve more efficient consumption of raw materials, thus contribute to preserving resources, reducing negative environmental impact and GHG emissions from raw materials extraction.

The journey towards developing sustainable solutions continues to present challenges, such as lack of public awareness in waste segregation, significant investments and lengthy timelines required for new technologies and scaling (e.g. chemical recycling plant), high costs, technical hurdles and product quality concerns. Nevertheless, we remain committed to innovation and sustainability in our materials and products stewardship, ensuring our relevance in the ever-evolving markets and our contribution to plastics circularity and reducing carbon footprint.

Performance

In FY2023, we continue to advocate sustainable solutions in the three areas:

Mono-Material

Recycled Content

Downgauging

Dedicated to our products stewardship and continuous innovation efforts, in FY2023, we commercialized 10 to 12 micron ultra-high-performance premium machine stretch films to the markets. This breakthrough innovation is well received by the markets, especially for customers looking to fulfill their ESG goals via downgauging. Meanwhile, we maintain our advocacy for right gauging, emphasizing that product performance and properties remain as priority to ensure functional quality and safety in its end-uses.

In addition, we have also developed and introduced various products with recycled contents, including collation shrink films and hand stretch films with PCR content and with ISCC PLUS certification.

Our premium and sustainable solutions offerings have propelled our expansion into the American and European markets which is a more attractive marketplace for innovative, sustainable, and environmental-friendly solutions. It is driven by heightened awareness on environmental sustainability, as well as the restrictions, levies/taxes imposed on plastics packaging.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

MATERIALS & PRODUCTS STEWARDSHIP (CONT'D)

Related UN SDGs

**Performance (Cont'd)**

In FY2023, our recycled materials consumption is around 7.8% of our total resin consumption. It is lower than that of FY2022, mainly due to our focus being more on high quality premium products and downgauged solutions.

	FY2021	FY2022	FY2023
Recycled resins consumption (% of total resins consumption)	7.3%	8.8%	7.8%

WATER MANAGEMENT

Related UN SDGs

**Why it Matters**

For our business, sufficient supply of clean water is essential in daily operational activities from machine to cleaning use. However, it does not serve as a major resource or material in our manufacturing processes. Water discharge from our operations is also minimal.

Despite this, we recognize the importance of sustainable water management in preserving and protecting our precious water resources.

Management Approach

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

Our water supply is mainly from Ranhill SAJ, Aside, we have installed water tanks since 2019 to harvest and store rainwater which is then used for various purposes such as chillers, cooling towers, and basic cleaning or toilet use. In 2022, additional water tanks have been installed.

As a measure to enhance water usage efficiency, monthly water consumption, rainwater harvesting data and metrics is compiled and analytics information is provided to the relevant departments and personnel to improve management and efficiency on water consumption.

In addition, for the water effluents, we conduct quality assessment periodically and the discharge is managed in compliance with Environmental Quality (Industrial Effluent) Regulations 2009, Standard B.

Performance

In FY2023, our total water consumption increased to 74,771m³, in line with the increase in production capacity and operations.

We measure water intensity by using total water consumption compared to production output. In FY2023, our water intensity is 1.08 m³ per MT production output, similar to previous years. Water consumption has been considered as minor in our operations and processes.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

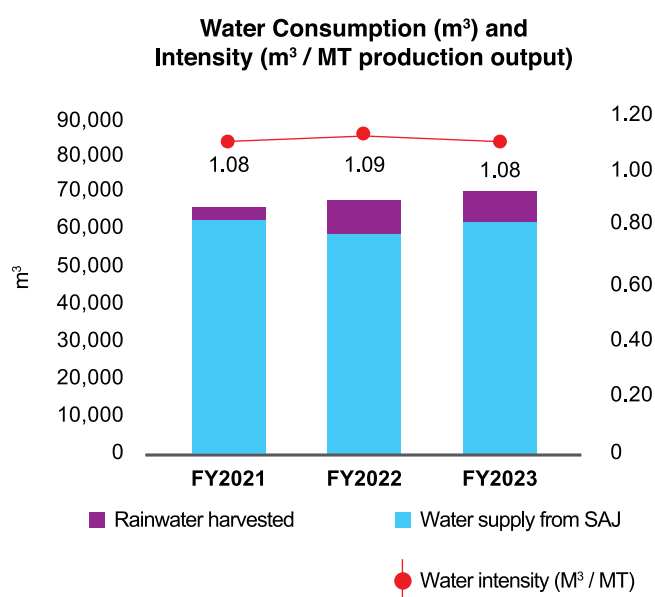
WATER MANAGEMENT (CONT'D)

Related UN SDGs



Performance (Cont'd)

Water consumption (m ³)	FY2021	FY2022	FY2023
Water supply from SAJ	66,941	65,229	68,457
Rainwater harvested	2,937	6,512	6,314
Total water consumption	69,878	71,741	74,771
% from rainwater harvested	4.2%	9.1%	8.4%
Water intensity (m ³ / MT production output)	1.08	1.09	1.08



During FY2023, there were no cases of complaints or non-compliance regarding our water usage or discharge.

OCCUPATIONAL HEALTH & SAFETY

Related UN SDGs



Why It Matters

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

Promoting EHS management with stringent practices, compliance standards and regular monitoring is important for ensuring business sustainability. It not only reduces the risk of injuries or accidents, but also enhances employee productivity and retention, while reducing costs associated with compensation and remediation efforts.

We acknowledge our obligation to provide a safe, healthy and conducive working environment for all our employees, as well as any external parties we engage with, such as contractors, suppliers, and visitors.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

OCCUPATIONAL HEALTH & SAFETY (CONT'D)

Related UN SDGs

**Management Approach**

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, equipment handling, etc.), as well as other health and safety topics are carried out for employees both upon joining the company and regularly thereafter.

The Occupational Safety and Health (“OHS”) committee plays a pivotal role in managing and addressing EHS matters at the workplace. This committee is tasked with identifying, reviewing, and implementing health and safety measures. Annually, the committee members participate in relevant EHS trainings, regulatory updates and safety briefings held by various government agencies. This ongoing training ensures that their EHS knowledge remains current and relevant, enhancing awareness of critical safety aspects and equipping them with necessary competencies, knowledge and resources to work safely.

Out of workplace, we are 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”) which is valid till end of 2026.

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

Performance

In FY2023, 428 employees received training on health and safety. The training are arranged and required for the necessary employees who were focusing on the manufacturing operations and/or at factory and production shopfloor.

	FY2021	FY2022	FY2023
No. of employees received health and safety training	250	321	428

The external and internal workplace health and safety trainings conducted in FY2023 including topics related to safety awareness, radiation / radioactive controls, fire safety, noise awareness, chemical and equipment safety, forklift training etc.

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 FY2023, the rates of accident and lost man-days had been decreasing over the recent 3 years, while the number of fatalities has maintained at zero.

However, the number and rate of occupational poisoning and disease cases had increased in FY2023. In fact, our occupational poisoning and disease cases were all related to hearing disorders, noting that the 7 cases reported in FY2023 includes the 2 existing cases since FY2022. In addition to ensuring effective protective equipment are provided to workers, we continuously monitor, guide and train them to follow the safety practices to limit their exposure to excessive noise.

For the incidents that occurred, investigations and improvements were carried out accordingly as part of our prevention initiatives. 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)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

OCCUPATIONAL HEALTH & SAFETY (CONT'D)

Related UN SDGs



Performance (Cont'd)

	FY2021	FY2022	FY2023
No. of accident cases	16	12	7
No. of occupational poisoning and disease cases	5	2	7
No. of fatalities	0	0	0
Lost man days (no. of days)	305	110	144
Total no. of hours worked	709,879	933,738	1,263,961
Accident rate ¹	22.5	12.9	5.5
Occupational poisoning and disease rate ²	7.0	2.1	5.5
Fatality rate ³	0	0	0
Lost man-days rate ⁴	429.7	117.8	113.9
Lost Time Incident Rate ("LTIR") ⁵	4.5	2.6	1.1

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

⁵ Lost Time Incident Rate = No. of accident cases * 200,000 / Total no. of hours worked



CPR, First Aid & AED Training held on 13-14 June 2023



Kursus Asas Keselamatan Kebakaran (ERT Training) held on 10-12 July 2023

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

PEOPLE MANAGEMENT & DEVELOPMENT

Related UN SDGs

**Why It Matters**

Our employees are the heart of our organization, driving the company's growth and expansion. We focus on enhancing our ability to recruit, retain and train employees with the necessary skills, mindset and competitive capabilities, creating a positive workplace for our people.

As we progressively expand our business and embrace industrial digital transformation which focuses heavily on interconnectivity, automation, machine learning and real-time data, we recognize the need to prioritize upskilling of our employees. This is integral to their ongoing career development and essential for cultivating a more productive, highly skilled and agile workforce for the future.

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

Management Approach

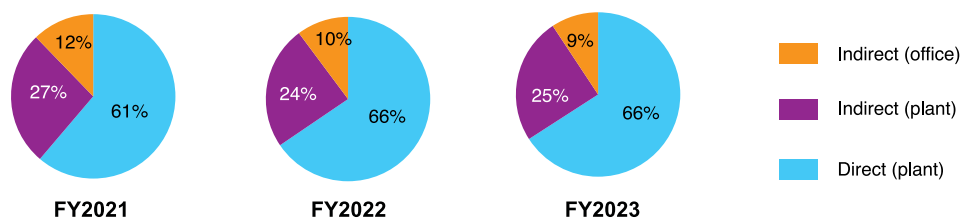
At BPPLAS, our people management and development approach focuses on four main areas:

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

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

Our employees are categorized 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 FY2023, we have 516 employees in total, where 9%, 25%, 66% are indirect office employees, indirect plant employees, and direct plant employees, respectively.

	FY2021	FY2022	FY2023
Number of employees	392	461	516

**(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 and advancements by providing appropriate training and development opportunities, therefore augmenting their skills set and enabling them to achieve their personal aspirations along with departmental and organizational objectives.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

PEOPLE MANAGEMENT & DEVELOPMENT (CONT'D)

Related UN SDGs



Management Approach (Cont'd)

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

Internal and external training programmes are organized and tailored to different groups of employees aimed at various objectives and areas of focus. These include technical and functional knowledge, industry knowledge, as well as soft skills development. The trainings are conducted through a variety of methods such as workshops, conferences, coaching, mentoring and on-the-job trainings, among others.

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

(b) Employees Welfare and Engagement

Taking care of our employees' welfare is essential to ensure meeting their needs, increase job satisfaction and loyalty. We appreciate and value our employees' contributions to the success of the company. To this end, we offer packages of 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 rewards, insurance coverage, medical benefits, annual and special leaves entitlements. Additionally, we provide facilities such as lockers and prayer rooms to cater to the diverse needs of our workforce. Depending on job functions or individual requirements, supplementary benefits such as accommodation and personal protective equipment, such as safety boots and earplugs, are also provided.

Moreover, we recognize and reward exceptional performance and merit to maintain a motivating and supportive work environment. Performance assessments are conducted annually by Heads of Department (“HODs”), evaluating various criteria aligned with our organization's values and objectives.

The Group complies to the Malaysian laws for the statutory minimum wage and overtime pay requirements. This is particularly important to ensure that all employees receive a basic level of income conducive to achieving minimum acceptable living standards and elevating beyond poverty.

We continually engage and connect with our employees to strengthen their engagement and sense of belonging to the organization. Regular meetings and sessions across different departments and job levels are conducted, facilitating open discussions and communications to keep employees engaged and motivated, and to enable us to address their concerns promptly. We believe this is important and beneficial in improving workers' retention, performance and productivity, driving us towards achieving collective goals and better performance.

(c) Ethical Labor Practices

We are committed to ensure responsible and ethical labor practices across the organization. Our labor practices are supported by robust policies and guidelines within our corporate governance framework.

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

- promote a workplace free of discrimination and harassment
- adhere to official and legally recognized process for recruiting and employing foreign workers.
- promote freely chosen employment, prohibit any form of forced labor,
- do not retain worker's passports and other identification or personal documents,
- ensure only individuals that are 18 years old or above are recruited, in accordance with legal requirements
- 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 impose or deduct recruitment fee or other related from foreign workers' salaries for their employment,
- provide hostels that comply with guidelines on Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446).

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

PEOPLE MANAGEMENT & DEVELOPMENT (CONT'D)

Related UN SDGs

**Management Approach (Cont'd)****(c) Ethical Labor Practices (Cont'd)**

In addition, upon the arrival of our foreign workers, we arranged briefings and assisted them in settling down, including ensuring their basic necessities such as accommodation, transportation, medical treatment, etc.

(d) Diversity and Equal Opportunity

BPPLAS is an employer that values equality, diversity, and inclusion. We adhere to a merit-based and competency-driven approach in all appointments and employments, without any form of discrimination based on gender, ethnicity, or age. Every candidate is afforded fair and equal opportunities to showcase their abilities and potential.

While we do not have a formal policy specifically addressing gender, ethnicity, and age diversity, we are firmly committed to promoting diversity and ensuring equal opportunities for all. We believe that creating an environment where individuals from diverse backgrounds and demographics are valued and respected enriches our workplace culture and enhances our collective capabilities.

Therefore, we are dedicated to providing an inclusive and supportive work environment where all employees feel empowered to contribute their perspectives and talents, driving sustained success for our organization.

Performance

During FY2023, as we placed heightened focus on building and enhancing employees' skillsets, we have concluded high training hours both overall (6,101 hours compared to 4,123 hours in FY2022) and per headcount (11.8 hours per person compared to 8.9 hours per person in FY2022). For that, RM 54,972 incurred in learning and development programmes in FY2023.

The training sessions covered a wide range of topics, including technical knowledge, operational procedures, ESG practices, health and safety protocols, and governance standards, aims to address the evolving needs of our workforce and to ensure they are equipped with the necessary competencies in performing their roles. By investing in our employees' development, we are committed to developing a culture of continuous learning and improvement within our organization.

	FY2021	FY2022	FY2023
All employees			
Total training hours	2,368	4,123	6,101
Training hours per person	6.0	8.9	11.8
Direct (plant) employees			
Total training hours	891	1,648	3,011
Training hours per person	3.7	5.5	8.9
Indirect (plant) employees			
Total training hours	967	1,702	1,672
Training hours per person	9.3	15.2	13.1
Indirect (office) employees			
Total training hours	510	774	1,418
Training hours per person	10.6	16.5	29.5

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

PEOPLE MANAGEMENT & DEVELOPMENT (CONT'D)

Related UN SDGs



Performance (Cont'd)

The following are a list of some key external seminars and training courses, including virtual and online webinar sessions attended by the BPPLAS Management and employees during the year.

Date(s) of Training	Training Topics / Programmes
12 January 2023	Resin Material Knowledge
20-22 March 2023	RSH 100 Keselamatan Sinaran dan Kesihatan (Radiation Safety and Health)
21 March 2023	Navigating ESG Data into Decisions
25 May 2023	Seminar on Regional Comprehensive Economic Partnership (RCEP) and Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP) – Tapping on the World Largest Free Trade Agreements
8-9 June 2023	Seminar Pengurusan Penamatan Pekerjaan & Prosedur Siasatan Dalaman (Domestic Inquiry)
8 June 2023	ESG Reshaping Businesses Towards a Sustainable Future
8 June 2023	Skim Keselamatan Sosial Suri Rumah (SKSSR)
13-14 June 2023	CPR, First Aid & AED
19-23 June 2023	ESG Weeks
24 June 2023	Mastering Incoterms 2020
26-27 June 2023	Webinar Sourcing Skills and Costs Saving Plans in Procurement Processes
27 June 2023	Pest and Total Hygiene
10-12 July 2023	Kursus Asas Keselamatan Kebakaran OKK (ERT)
31 July 2023	Program Compliance Support : To Establish Safe & Healthy Working Environment
17 August 2023	Autonics Products Seminar 2023
17-18 August 2023	CSAU : Certified Security Aware User
11-12 October 2023	Bengkel Kawalan Hazard Kesihatan Dalam Indsutri Sektor Pembuatan Plastik Bagi Tahun 2023
17 October 2023	Taxation on Foreign Workers
18-20 October 2023	Equity Operating System
26-28 October 2023	Strategic Planning Operating System
2, 24 November 2023	ISCC Plus Awareness & Coaching Program
16 November 2023	Pengiraan Upah Di Bawah Akta Kerja 1955 serta Isu-Isu Perburuhan Semasa
3-7 December 2023	Certified Environmental Professional in Scheduled Waste Management (CePSWaM)

As at end of FY2023, we implemented bonus distributions and salary adjustments/increments as a testament to our commitment to recognizing and rewarding our employees' contributions.

The table below shows the number of turnovers for each employee category for the past 3 years, noting that we only consider our local employees (who are all permanent employment). For FY2023, the number of employees turnover reduced to 36, or a turnover rate of 7% overall.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

PEOPLE MANAGEMENT & DEVELOPMENT (CONT'D)

Related UN SDGs



Performance (Cont'd)

	FY2021	FY2022	FY2023
All employees	44	77	36
Direct (plant) employees	32	51	9
Indirect (plant) employees	10	21	24
Indirect (office) employees	2	5	3
Overall turnover rates (%)	11%	17%	7%

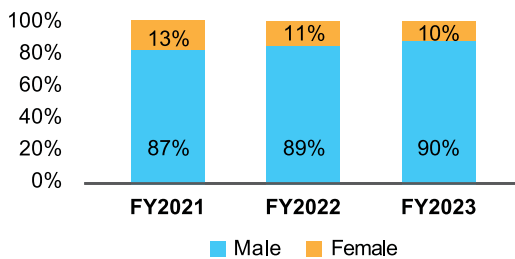
For the past three years, there were no complaints concerning violence, harassment, human rights violations or unethical labor practices.

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 (foreign workers). Our female participation in the organization is 10% in FY2023. If excluding the direct workforce at the manufacturing plant, female participation is 29% in FY2023. If considering only the office workers, female participation is majority at 56%.

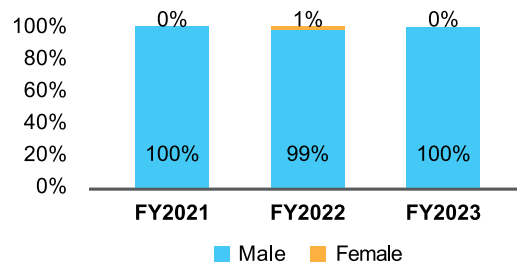
Despite a relatively low women representation, we consistently provides equal opportunities and ensures that everyone's rights are respected and is able to contribute equally at all levels of decision making and leadership.

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

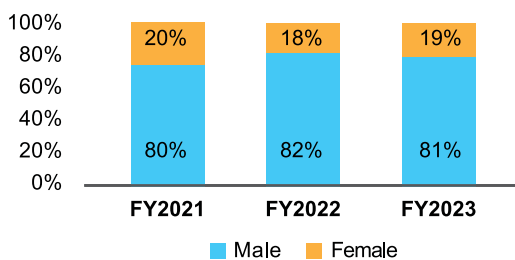
Gender Distribution – All employees



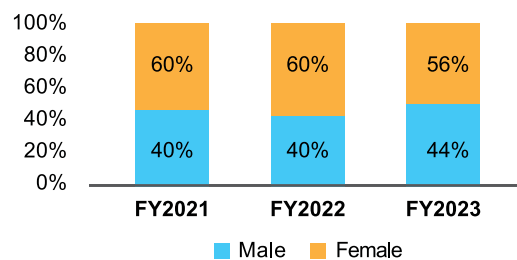
Gender Distribution – Direct (plant)



Gender Distribution – Indirect (plant)



Gender Distribution – Indirect (office)



SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

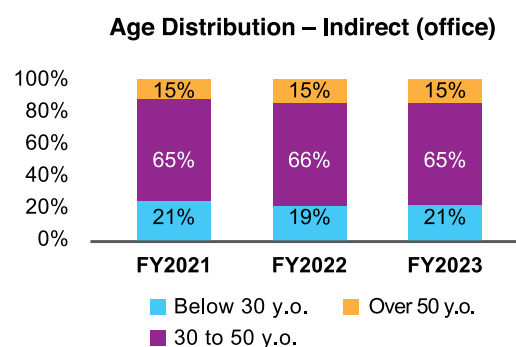
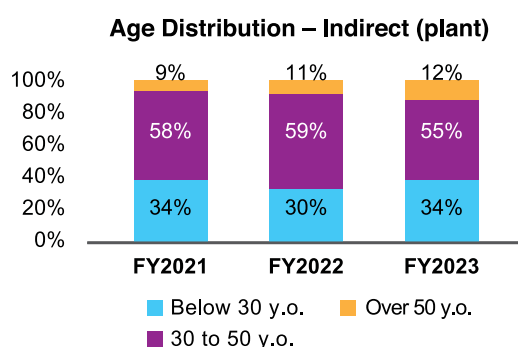
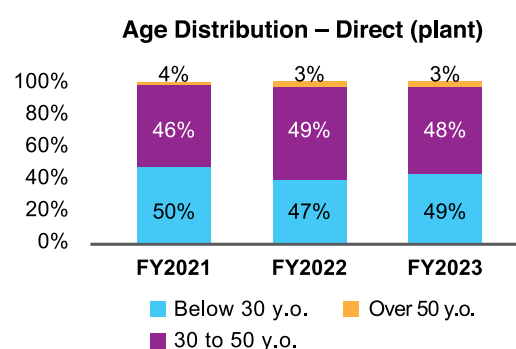
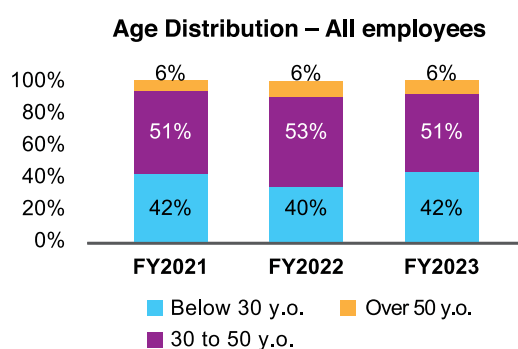
PEOPLE MANAGEMENT & DEVELOPMENT (CONT'D)

Related UN SDGs

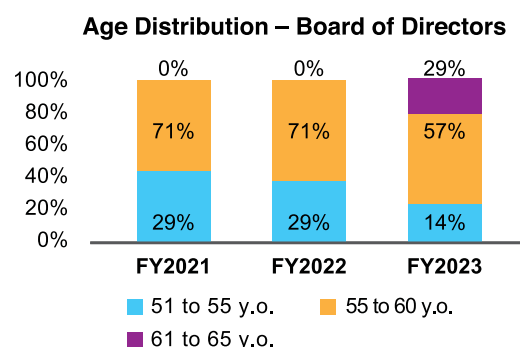
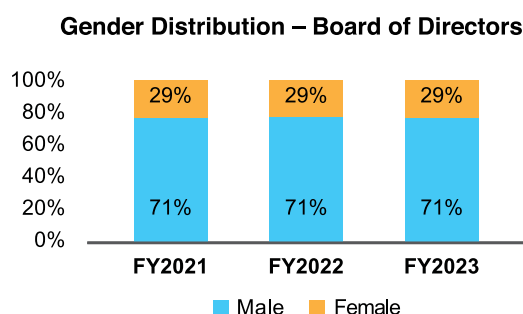


Performance (Cont'd)

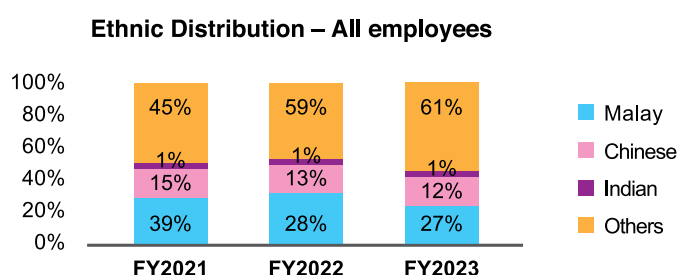
The age distribution of our workforce demographics is as set out below:



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



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



SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

PEOPLE MANAGEMENT & DEVELOPMENT (CONT'D)

Related UN SDGs

**Performance (Cont'd)**

As shown in table below, for FY2023, local Malaysian employees ratio dropped to 39% compared to 41% last year. However, in absolute terms, the number of local employees increased to 203 from 190 employees. In fact, due to the nature of our 24/7 manufacturing activities, we face difficulties in hiring local employees on the production shop floor and have to engage with foreign workers.

All our local employees are permanent, while our foreign workers are temporary/contract employees. Hence, for FY2023, the ratio of foreign workers (temporary/contract employees) is 61%.

	FY2021	FY2022	FY2023
Number of local employees	216	190	203
Local employees ratio	55%	41%	39%
Number of foreign workers	176	271	313
Foreign workers (Temporary/Contract employees) ratio	45%	59%	61%

DATA PRIVACY & SECURITY

Related UN SDGs

**Why It Matters**

To be a trusted organization, 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.

As technology continues to advance, accompanied by the rise of e-commerce, automation, and remote work in the digital era, the accessibility and connectivity of information has been increasing rapidly. Consequently, data privacy and cybersecurity has become more important than ever before.

Management Approach

Since 2016, we have adopted Personal Data Protection Policy, in accordance with the relevant laws and regulations, including the Personal Data Protection Act 2010. This policy highlights our commitment to handle data and information in a lawful and responsible manner.

The policy is communicated to all our employees, customers and suppliers; It sets out the principles with regards to the collection, storage, and processing of personal information about employees, customers, suppliers and other parties.

Further information about the policy is available on our corporate website.

With the increasing use of systems, technology, and digitalization of processes to improve efficiencies, we have been maintaining the use of firewall, antivirus and information systems (both software and infrastructure) to ensure data security. In addition, we have our internal practices on data backups, retention and disaster recovery plans. These approaches mitigate potential risks and damage to the company, such as cyberattacks and loss of private or confidential information and intellectual property.

Continuously, we conduct assessments and reviews of initiatives such as system enhancements, process refinements, and awareness trainings, ensuring that they are consistently updated and implemented to bolster data and information privacy and security.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

DATA PRIVACY & SECURITY (CONT'D)

Related UN SDGs



Performance

In August 2023, we engaged an external provider to conduct cybersecurity training sessions for 47 relevant employees who were necessary for the training.



Meanwhile, as we move forward with the adoption of a new Enterprise Resource Planning (“ERP”) system by the end of FY2023, the implementation and upgrades of hardware and software have also been carried out in tandem. This is to ensure smooth integration of the ERP system, enhance cyber resilience and safeguard our data and digital assets.

For the past 3 years, there were zero substantiated complaints or cyber incidents regarding breaches of privacy or loss of confidential data and information.

Certified Security Aware User (CSAU) Training held on 17-18 August 2023

COMMUNITIES ENGAGEMENT

Related UN SDGs



Why It Matters

BPPLAS has always been cognizant of fulfilling our social responsibilities by 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.

Management Approach

Through employment and other social engagements, we seek to make a positive impact on the social well-being of the local communities and the surrounding environment.

BPPLAS’ priority on community support is providing job opportunities and thus economic growth opportunities for the local communities. We have been continuously putting efforts into increasing employment of the local workforce. Meanwhile, we also prioritize local procurement wherever possible to support local businesses.

We have been holding Blood Donation Campaigns annually since 2010 as a form of support to the local Blood Bank and to increase awareness of the importance of blood donation. Aside, we continue to make various social investments including donations, contribution, or sponsorships to the local communities.

By fostering trust and demonstrating our responsibility to both the communities and our local employees, we aim to cultivate relationships built on mutual respect and shared prosperity.

Performance

As at end of FY2023, our employment of local individuals is 39% of our total workforce. Although the ratio is slightly lower than the 41% in FY2022, our headcount of local employees in fact increased to 203 in FY2023 compared to 190 in FY2022. (Refer to “People management & development”)

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH OF MATERIAL SUSTAINABILITY MATTERS (CONT'D)

COMMUNITIES ENGAGEMENT (CONT'D)

Related UN SDGs

**Performance (Cont'd)**

In FY2023, our local procurement spending is around 27% of total procurement. The procurement spending amount on local suppliers has been increasing in the past 3 years. (Refer to “Supply chain management”)

Our 2023 Blood Donation Campaign event was held on 6th August 2023 at Batu Pahat Mall. With the support from the caring community, we successfully collected a total of 105 blood packs at the event.



In FY2023, we have made approximately RM46,618 of contributions to the local communities.

	FY2021	FY2022	FY2023
Blood donation contribution (packs)	N/A*	136	105
Contributions to the local communities (RM)	37,200	25,236	46,618

* Blood donation event was cancelled due to pandemic restrictions

It is estimated that more than 105 individuals and 8 organizations are benefited from our social engagement and investments in FY2023.

PERFORMANCE DATA TABLE

Material Sustainability Matters	Indicator	Unit	FY2021	FY2022	FY2023
ECONOMIC					
Quality products and services & innovation	Customer satisfaction index	Rate	95%	94%	89%
	Total goods return & discount for quality issues (as % of sales)	Percentage	0.23%	0.24	0.34%
Compliance & responsible governance	Investment in building, facilities, machines and equipment	RM'000	29,842	37,779	24,172

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Material Sustainability Matters	Indicator	Unit	FY2021	FY2022	FY2023
ECONOMIC (CONT'D)					
Compliance & responsible governance (Cont'd)	Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category				
	– All employees	Percentage	0.0%	0.4%	100.0%
	– Direct (plant)	Percentage	0.0%	0.0%	100.0%
	– Indirect (plant)	Percentage	0.0%	0.0%	100.0%
	– Indirect (office)	Percentage	0.0%	4.3%	100.0%
	Bursa C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	100%	100%	100%
	Bursa C1 (c) Confirmed incidents of corruption and action taken	Percentage	-	-	-
Financial performance & resilience	Economic value generated	RM'000	449,458	504,285	474,441
	Economic value distributed	RM'000	423,633	490,637	456,096
	Economic value retained	RM'000	25,825	13,648	18,345
Supply chain management	Bursa C7 (a) Proportion of spending on local suppliers	Percentage	26%	25%	27%
ENVIRONMENTAL					
Climate change & emissions	Bursa C4 (a) Total energy consumption	MWh	53,725	54,877	57,079
	Energy intensity	MWh / Metric Tons	0.83	0.83	0.82
	% of renewable energy source	Percentage	2.5%	46.4%	32.8%
	Bursa C11 (b) Scope 2 emissions in tonnes of CO2e (i.e. electricity consumption)	Metric Tons	28,815	16,169	21,089
Waste management & circularity	Bursa C10 (a) Total waste generated	Metric Tons	5,310.5	7,328.6	6,716.2
	Bursa C10 (i) Total waste diverted from disposal	Metric Tons	4,367.8	6,143.4	5,725.0
	Bursa C10 (ii) Total waste directed to disposal	Metric Tons	942.7	1,185.2	991.3
Materials & products stewardship	% of recycled resins consumption	Percentage	7.3%	8.8%	7.8%
Water management	Bursa C9 (a) Total volume of water used	m ³	69,878	71,741	74,771
	% from rainwater harvested	Percentage	4.2%	9.1%	8.4%
	Water intensity	m ³ / Metric Tons	1.08	1.09	1.08

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE (CONT'D)

Material Sustainability Matters	Indicator	Unit	FY2021	FY2022	FY2023
SOCIAL					
Occupational health & safety	Bursa C5 (a) Number of work-related fatalities	Number	-	-	-
	Bursa C5 (b) Lost time incident rate	Rate	4.5	2.6	1.1
	Bursa C5 (c) Number of employees trained on health and safety standards	Number	250	321	428
	Accident rate	Rate	22.5	12.9	5.5
	Occupational poisoning and disease rate	Rate	7.0	2.1	5.5
	Fatality rate	Rate	-	-	-
	Lost man-days rate	Rate	429.7	117.8	113.9
People management & development	Bursa C6 (a) Total hours of training by employee category				
	– All employees	Number	2,368	4,123	6,101
	– Direct (plant)	Number	891	1,648	3,011
	– Indirect (plant)	Number	967	1,702	1,672
	– Indirect (office)	Number	510	774	1,418
	Training hours per person by employee category				
	– All employees	Number	6.0	8.9	11.8
	– Direct (plant)	Number	3.7	5.5	8.9
	– Indirect (plant)	Number	9.3	15.2	13.1
	– Indirect (office)	Number	10.6	16.5	29.5
	Bursa C6 (b) Percentage of employees that are contractors or temporary staff (i.e. foreign workers)	Percentage	45%	59%	61%
	Bursa C6 (c) Total number of employee turnover by employee category (local employees only)				
	– All employees, local employees only	Number	44	77	36
	– Direct (plant), local employees only	Number	32	51	9
	– Indirect (plant), local employees only	Number	10	21	24
	– Indirect (office), local employees only	Number	2	5	3
	Bursa C6 (d) Number of substantiated complaints concerning human rights violations	Number	-	-	-
	Bursa C3 (a) Percentage of employees by gender, for each employee category				
	– All employees, Male	Percentage	87%	89%	90%
	– All employees, Female	Percentage	13%	11%	10%
	– Direct (plant), Male	Percentage	100%	99%	100%
	– Direct (plant), Female	Percentage	0%	1%	0%
	– Indirect (plant), Male	Percentage	80%	82%	81%
	– Indirect (plant), Female	Percentage	20%	18%	19%
	– Indirect (office), Male	Percentage	40%	40%	44%
	– Indirect (office), Female	Percentage	60%	60%	56%

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE (CONT'D)

Material Sustainability Matters	Indicator	Unit	FY2021	FY2022	FY2023
SOCIAL (CONT'D)					
People management & development (Cont'd)	Bursa C3 (a) Percentage of employees by age group, for each employee category				
	– All employees, Below 30 y.o.	Percentage	42%	40%	42%
	– All employees, 30 to 50 y.o.	Percentage	51%	53%	51%
	– All employees, Over 50 y.o.	Percentage	6%	6%	6%
	– Direct (plant), Below 30 y.o.	Percentage	50%	47%	49%
	– Direct (plant), 30 to 50 y.o.	Percentage	46%	49%	48%
	– Direct (plant), Over 50 y.o.	Percentage	4%	3%	3%
	– Indirect (plant), Below 30 y.o.	Percentage	34%	30%	34%
	– Indirect (plant), 30 to 50 y.o.	Percentage	58%	59%	55%
	– Indirect (plant), Over 50 y.o.	Percentage	9%	11%	12%
	– Indirect (office), Below 30 y.o.	Percentage	21%	19%	21%
	– Indirect (office), 30 to 50 y.o.	Percentage	65%	66%	65%
	– Indirect (office), Over 50 y.o.	Percentage	15%	15%	15%
	Percentage of employees by ethnic				
	– Malay	Percentage	39%	28%	27%
	– Chinese	Percentage	15%	13%	12%
	– Indian	Percentage	1%	1%	1%
	– Others (non-Malaysian)	Percentage	45%	59%	61%
	Bursa C3 (b) Percentage of directors by gender				
	– Male	Percentage	71%	71%	71%
	– Female	Percentage	29%	29%	29%
	Bursa C3 (b) Percentage of directors by age group				
	– 51 to 55 y.o.	Percentage	29%	29%	14%
	– 55 to 60 y.o.	Percentage	71%	71%	57%
	– 61 to 65 y.o.	Percentage	0%	0%	29%
Data privacy & security	Bursa C8 (a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	-	-
Communities engagement	Bursa C2 (a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	37,200	25,236	46,618
	Bursa C2 (b) Total number of beneficiaries of the investment in communities	Number	6 organizations	136 individuals and 3 organizations	105 individuals and 8 organizations

CONCLUSION

As a responsible organization, we aim 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 drive ongoing initiatives and efforts to elevate sustainability awareness throughout the value chain, from procurement, production, people, workplace and ultimately to our end products. We believe it is important to ensure all our stakeholders are on board as part of the collective collaboration on ESG matters.

Our products are essential components of critical packaging for food and other essential goods, and also supporting various industries. Therefore, we are committed to ensuring our contributions and collaboration with the value chain, building a sustainable packaging business, and safeguarding the long-term benefits of our stakeholders.

Moving forward, we are dedicated to further enhancing our sustainability practices. We extend our gratitude to our stakeholders, particularly our employees, for the ongoing support, contribution and determination. Together, we will continue to drive positive change and create a more sustainable future.

SUSTAINABILITY STATEMENT (CONT'D)

**PERFORMANCE DATA TABLE
(BURSA MANDATORY ESG REPORTING)**

Indicator	Measurement Unit	2023
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.11
Bursa C5(c) Number of employees trained on health and safety standards	Number	428
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Indirect (Office)	Percentage	97.92
Indirect (Plant)	Percentage	94.53
Direct (Plant)	Percentage	98.82
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	57,079.00
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Indirect (Office)	Hours	1,418
Indirect (Plant)	Hours	1,672
Direct (Plant)	Hours	3,011
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	60.66
Bursa C6(c) Total number of employee turnover by employee category		
Indirect (Office)	Number	3
Indirect (Plant)	Number	24
Direct (Plant)	Number	9
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Indirect (Office) Under 30	Percentage	20.83
Indirect (Office) Between 30-50	Percentage	64.58
Indirect (Office) Above 50	Percentage	14.58
Indirect (Plant) Under 30	Percentage	33.59
Indirect (Plant) Between 30-50	Percentage	54.69
Indirect (Plant) Above 50	Percentage	11.72
Direct (Plant) Under 30	Percentage	48.82
Direct (Plant) Between 30-50	Percentage	48.24
Direct (Plant) Above 50	Percentage	2.94
Gender Group by Employee Category		
Indirect (Office) Male	Percentage	43.75
Indirect (Office) Female	Percentage	56.25
Indirect (Plant) Male	Percentage	81.25
Indirect (Plant) Female	Percentage	18.75
Direct (Plant) Male	Percentage	99.71
Direct (Plant) Female	Percentage	0.29
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.43
Female	Percentage	28.57
51 to 55	Percentage	14.29
55 to 60	Percentage	57.14
61 to 65	Percentage	28.57

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE (CONT'D)
(BURSA MANDATORY ESG REPORTING)

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local supplier	Percentage	27.22
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaint concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	74.771000
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	46,618.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	113

Internal assurance

External assurance

No assurance

(*) Restated

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 2023 are as below:

	Group RM	Company RM
Audit services rendered	100,000	35,000
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control	5,000	5,000
Tax Services	38,000	5,000

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 2023.

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 2023 (“FY2023”)

On behalf of the esteemed Board of Directors of BPPLAS, it is with great pleasure that we present to you the MD&A of the Group for FY2023, providing an overview of the Group’s operational conditions, financial performance as well as our business prospects and strategic outlook.

The year 2023 proved to be another chapter of persistent challenges for businesses worldwide. Economic recovery in the post-pandemic era continued to face hurdles and complications from geopolitical tensions, inflationary pressures, tightening monetary policies, slower global trade, strained supply chains, and escalating environmental concerns.

However, amid the turbulent backdrop, BPPLAS navigated the challenges and delivered a commendable performance for FY2023, supported by the sustained demand of plastic packaging, as well as the Group’s resilience and agility, our commitment in acquiring new customers and strengthening strategic partnerships with existing customer by supplying superior thin gauge Nano 67-layer machine grade stretch film – Quantum, particularly for high speed fully auto packaging solution applications, such as in food and beverage production.

GROUP BUSINESS OVERVIEW

Operating since 1990, BPPLAS is a Polyethylene (“PE”) flexible plastic packaging products manufacturer based in Batu Pahat, Johor, Malaysia. Over the decades, we have supplied high-quality primary, secondary and tertiary packaging solutions to diverse business segments, catering to different consumer and industrial packaging needs. Our product portfolio is divided into two main divisions: the Cast stretch film division which accounts for three quarters of our business, and the balance one quarter at the Blown PE film division.

Adhering to the Group’s vision to be the plastics packaging specialist of choice in the Asian region, we dedicatedly serve both local and international markets, predominantly in exports and continuously seeking to expand our business by increasing sales and acquiring new customers. Our business focus is primarily on premium-grade Cast stretch films and value-added, technical Blown films including Form-Fill-Seal (“FFS”) food packaging films with print.

With increasing emphasis on environmental sustainability, carbon emissions, climate change and plastic waste problems, the plastics value chain is seeing the development of sustainable packaging solutions, focusing on plastics circularity and life cycle impacts. At BPPLAS, our product stewardship surrounding efforts on downgauging thus consuming less 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).

Our persistence and consistent investment, even amidst the challenges during the pandemic, have enabled us to develop capacities and capabilities, thereby enhancing our competitiveness and capitalizing on the opportunities in a volatile market. By the end of 2023, we had successfully commissioned two new Blown Co-extrusion machines, aimed at expanding our capacity for Blown division and developing new packaging film for food and beverage packaging application as well as outdoor packaging solution for petrochemical and building material sectors.

Concurrently, through research and development, technology adoption and employees upskilling initiatives, we maintain a continuous focus on innovation and quality standards, aligning with the Group’s mission to supply reliable and high-quality packaging products. Today, BPPLAS is one of the largest and leading manufacturers for stretch films and PE flexible packaging in the region.

We actively engage in developing higher value-added product lines, leveraging on machinery and raw material advancement, and our industrial expertise, to deliver differentiated solutions for our customers.

In 2023, we successfully commercialized innovative thin-gauge ultra-high-performance machine grade stretch films. The product has been well received by the markets with demand picking up especially in the export markets, particularly after our team’s participation at Interpack held at Dusseldorf, Germany in May 2023. Additionally, we have developed more downgauged products and products with recycled content, demonstrating our dedication to providing environmental-friendly and cost-effective packaging films.

Internally in our daily operations and processes, we closely monitor and manage our resource consumption, wastage and recoveries, operational efficiencies, and the enforcement of the Quality Management System (“QMS”). Meanwhile, we are actively seeking areas of improvements in line with the Group’s sustainability objectives, on the pillars of economic, environmental, and social (“EES”) sustainability.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)

GROUP BUSINESS OVERVIEW (CONT’D)

In order to ensure business continuity amidst the rapidly evolving economic landscapes, it is imperative for businesses to embrace adaptability, innovation, and change. At BPPLAS, we are dedicated to strengthening our risk management, enhancing sustainable practices, while concurrently exploring emerging market needs and opportunities. Through these efforts, we are committed to fostering long-term value creation and sustainable growth in an increasingly complex and interconnected global landscape.

2023 ECONOMIC AND OPERATING ENVIRONMENT

The year of 2023 began positively as China finally reopened its borders in January, signaling a potential return to normalcy after three years of lockdowns and restrictions imposed due to the COVID-19 pandemic. Given China’s significant role as a major manufacturing hub and consumer markets, the reopening brought optimism as it was expected to stimulate economic activity and reignite global trade flows. However, as the year progressed, there were mixed perceptions, where shaky and uneven recoveries in advance OECD economies dampened consumer and business confidence. The complexity of the challenges in China were surrounded by geopolitical conflicts with US and its alliances, property crisis, deflationary risks, low foreign direct investments, and tepid export demand.

Throughout the year, industries globally continued to grapple with complications from geopolitical tensions, extended supply chain issues, elevated inflation, rising interest rates and mounting debt concerns. Coupled with these were market uncertainties surrounded by sluggish consumer demand, fluctuations in commodities and energy prices, lingering effects of the COVID-19 pandemic.

In 1H 2023, due to market uncertainties and inventories destocking across industries, we noted broadly weakened demand 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. Moving into 2H 2023, supported by improvements in trade dynamics, we experienced an uptick in demand, leading to better performances.

Meanwhile, the continued aggressive interest rate hike of U.S. Federal Reserve in 2023 to combat persistent high inflation, widened the interest rate differentials with Malaysia’s Overnight Policy Rate (“OPR”) led to the weakening of Ringgit, exacerbated by a weaker-than-expected China’s economy and its easing of monetary policy. While natural hedges of currency occur in the ordinary course of our business activities, we remain vigilant in monitoring and managing our forex risk and exposures.

According to Bank Negara Malaysia (“BNM”), growth for the Malaysian economy in 2023 moderated to 3.7% (2022: 8.7%) against a backdrop of challenging external environment, notably slow global trade, tech downcycle, geopolitical tensions and tighter monetary policies that led to faltering exports; yet the growth remained supported by domestic demand and improving labor market conditions.

However, local businesses faced increased operating costs due to the Imposition Cost Pass Through (“ICPT”) electricity rate hiked from 3.7sen/kWh to 20sen/kWh effective 1 January 2023 for medium and high voltage users (later reduced to 17sen/kWh since 1 July 2023), as well as the implementation of new Employment Act. Nevertheless, we have been continuously working on deploying new technological investment, upgrading our existing equipment and facility, upskilling employees, differentiating, and enhancing our product mix to manage and optimize cost efficiency.

2023 was a year marked by uncertainties and turbulence. Despite facing unprecedented challenges, we achieved a commendable operational and financial performance in FY2023, underpinned by our resilience and agility through the dedication of our Management and employees, the support from our customers, suppliers, and all other stakeholders.

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)

FINANCIAL PERFORMANCE

In FY2023, the Group experienced a slight fall in top-line revenue, however, there was a notable uptick in bottom-line earnings and margins compared to the previous year.

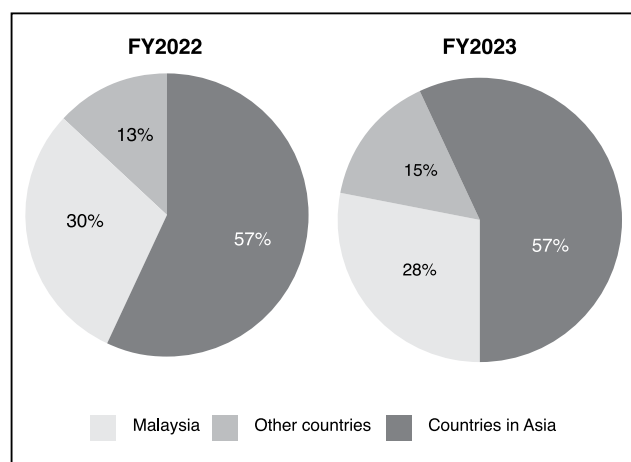
RM'000	FY2019	FY2020	FY2021	FY2022	FY2023
Total Operating Revenue	331,192	316,597	447,128	502,595	469,600
FY2019 – FY2023 CAGR: 9.1%					

5-year Quarterly Sales (RM'000)				
FY2019	80,831	86,705	80,382	83,274
FY2020	77,601	80,292	73,834	84,870
FY2021	100,064	108,947	113,305	124,812
FY2022	131,918	139,527	120,736	110,414
FY2023	117,331	110,165	117,220	124,884

The Group recorded total operating revenue of RM469.60 million in FY2023, representing a decline of 6.6% compared to RM502.60 million in the previous financial year. In fact, during the year, we achieved a growth in sales volume although it was offset by lower average selling prices due to the overall moderated commodities pricing environment.

Overall, in 1H2023, we experienced a weakened demand, mainly attributable to global destocking activities surrounded by gloomy economic projections. However, subsequently in 2H2023, the demand gradually recovered amid enhancement of trade dynamics, as well as a higher take up for our innovative Nano stretch films.

Revenue by Geographical



The Group's performance continued to be supported by key strategic partnerships with businesses spanning Asia, ASEAN, and Australasia.

Export market sales decreased by 3.9% from RM352.80 million in FY2022 to RM339.20 million in FY2023, in line with the revenue decline that was mainly due to the lower average selling prices despite stronger demand. However, the export sales ratio increased to 72% (of total operating revenue) compared to that of 70% in the previous year.

In contrast, domestic sales ratio dropped to 28% (of total operating revenue) from 30%. Domestic sales revenue dropped by a more significant 12.9%, from RM149.80 million in FY2022 to RM130.40 million in FY2023, affected by softening demand within the domestic industrial sectors. However, the overall demand remained resilient supported by resilient essential goods industries such as the food and beverage segment.

As we progress in 2023, we have seen expansion in the sales of our premium products in export markets, including in the Europe, U.S and Asia, supported by our Nano machine stretch films and superior quality thinner downgauged products.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)

FINANCIAL PERFORMANCE (CONT'D)

Profitability

Description	2022 RM'000	2023 RM'000	Change %
Revenue	502,595	469,600	-6.6%
Earnings before interest, taxes, depreciation and amortization (“EBITDA”)	47,577	56,343	18.4%
Profit before tax (“PBT”)	36,008	42,624	18.4%
Profit after tax (“PAT”)	30,538	35,234	15.4%
EBITDA margin (%)	9.47%	12.00%	26.7%
PBT margin (%)	7.16%	9.08%	26.8%
PAT margin (%)	6.08%	7.50%	23.4%

For FY2023, despite a decline in operating revenues, the Group achieved higher PBT, PAT and EBITDA, along with improvement in margins compared to the previous financial year.

PBT saw a notable increase of 18.4% to RM42.62 million from RM36.01 million in FY2022. Similarly, PAT increased by 15.4% to RM35.23 million from RM30.54 million. Over the past 2 financial years, the Group's subsidiaries benefited from reinvestment allowances tax (“RA”) incentives; thus, the effective tax rates were 17.34% in FY2023, and 15.19% in FY2022.

The higher earnings and margins in FY2023 were primarily attributable to our strategic focus on optimizing product mix, coupled with an increased uptake of our premium product offerings, particularly for Cast stretch films sales in export markets. In addition, the bottom-line earnings have also benefited from our strong EBITDA cash flow generation and management.

The Group continues to remain vigilant in cost pass-through mechanism and internal cost management, while enhancing our supply chain management and implementing coordinated pricing strategies. At the same time, we are consistently driving product innovation, developing higher value-added product lines and advancing on sustainable packaging solutions.

FINANCIAL POSITION

As at 31 December 2023, the financial position and liquidity of the Group remained solid and healthy, with a cash pile of RM70.69 million (FY2022: RM63.29 million).

Throughout the current financial year, the Group has consistently delivered favorable dividend payouts to reward our shareholders. Furthermore, the Group's balance sheet remains leverage-free with no borrowings.

Our total shareholders' funds have seen an increase, amounting to RM263.61 million compared to RM245.26 million in FY2022. Meanwhile, Net Tangible Assets (“NTA”) per share as at the end of this financial year end stood higher at RM0.94 (FY2022: RM0.87).

SHARE PERFORMANCE FY2023

Year High	:	RM1.33
Year Low	:	RM1.15
Year Close	:	RM1.19
Daily Average Trading Volume	:	52,000 shares
Year End Market Capitalisation	:	RM334.96 million

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)

CAPITAL EXPENDITURE (“CAPEX”) INVESTMENT

During FY2023, we deployed a total amount of RM27.76 million of internally generated funds on CAPEX investments in plants, machinery, equipment, infrastructure, and facilities. The major CAPEX made during the year included two new Blown Co-extrusion machines, already commissioned by the end of 2023, new recycling machine, new plant renovation works and new equipment.

Further, the Group has now allocated approximately RM34.59 million of CAPEX investments for the upcoming FY2024 which will include printing and cutting machines, additional solar panels installation, and the ongoing 33KV sub-station electricity power upgrade project.

These investments are in line with the Group’s strategic investment plans, aimed at pursuing business growth, expansion and continuous re-investing and integrating new technologies.

DIVIDEND DISTRIBUTION

The Group upholds a dividend policy ensuring minimum 40% payout of net profits annually. Since the dividend policy’s introduction in 2016, the Group has consistently surpassed this threshold, maintaining strong dividend payout ratios. More importantly, this has been achieved without compromising the available Cash and Cash Equivalents, planned CAPEX, or other investment plans.

With a commitment to enhancing shareholder value, the Group continues to strike a balance between rewarding shareholders and strategically managing its financial resources. Total dividends declared and paid by the Group for FY2023 amounted to RM16.89 million, representing a 47.9% dividend payout ratio (FY2022: RM15.48 million; 50.7%).

	RM’000
In respect of FY2023:	
– First Single-tier interim dividend of 1.5 sen per share, paid on 7 July 2023	4,222
– Second Single-tier interim dividend of 1.5 sen per share, paid on 12 October 2023	4,222
– Third Single-tier interim dividend of 1.5 sen per share, paid on 11 January 2024	4,222
– Fourth Single-tier interim dividend of 1.5 sen per share, paid on 5 April 2024	4,223
Total dividends declared and paid for FY2023	16,889

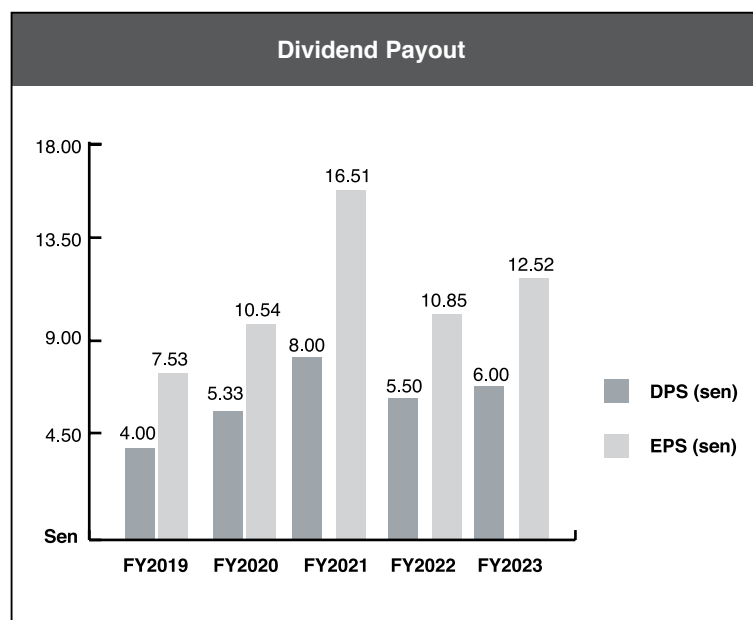
DIVIDEND PAYOUT

Year	DPS *	EPS *	Dividend	PAT	Dividend
	(Sen)	(Sen)	RM’000	RM’000	Ratio
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%
FY2023	6.00	12.52	16,889	35,234	47.9%
				5-year Average	50.2%

* 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 2023 (“FY2023”)

DIVIDEND PAYOUT (CONT'D)



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.

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 key risk factors identified by Management that may affect the financial and operational performances of the Group:

Increasing Operating Cost

The cost of doing business is becoming increasingly expensive following the Russia-Ukraine war's impact on global supply chains, thus increasing inflationary pressure. Additionally, global central banks have raised interest rates in the past two years to curb inflation, affecting the economy and business growth. Many emerging countries that raised funds for various stimulus plans during COVID-19 are now grappling with heavy debt and high borrowing costs, further constraining government spending and investments aimed at stimulating the economy. Today, our Madani Government has been progressively implementing subsidy rationalization plans and imposing new taxes to improve government revenue and to address the fiscal deficit. The weakening Malaysian Ringgit, electricity and water price hikes, salary adjustment and the increase in service tax from 6% to 8% effective 1 March 2024, have led to higher inflation and additional operational costs, which have adversely impacted businesses.

The US Fed and European Central Bank have indicated that interest rates have peaked, and they will reduce interest rates this year although the timing is uncertain, with it likely to be in 2H 2024; this could potentially strengthen RM by the end of the year. However, persistent currency devaluation, and the Red Sea conflicts and low water level due to drought in Panama Canal that exacerbated supply chain disruptions, are keeping commodity prices and operating costs at a high level for an extended period. In response, the Group is proactively reviewing our cost structure and monitoring the situation. We are focusing on enhancing our inventory, supply chain and production management, promoting diversification into new markets, while working closely with our suppliers, ensuring stable and sufficient materials supply, and fostering transparent communications.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)

ANTICIPATED OR KNOWN RISKS (CONT’D)

The following are the key risk factors identified by Management that may affect the financial and operational performances of the Group: (Cont’d)

Geopolitical Tensions

The global economic outlook remains uncertain due to the ongoing Russian-Ukraine war, which has persisted for more than two years. Sanctions imposed by Western countries against Russia, along with ongoing US-China trade restrictions, coupled with protectionism policies adopted by some countries are not positive signs for improving global trade. Trade activities slowdown and escalation of geopolitical tensions have further dampened the hopes of global economy recovery in the post-pandemic era, while China’s economy has under-performed, attributable to the weaknesses in its property market. Moreover, events such as Israel-Hamas war, Red Sea crisis and Panama Canal drought have added challenges to global shipping disruption and delays, posing new threats to the central bank policymakers to hold higher interest rates longer to fight sticky inflation.

As the demand for plastics packaging is linked to the overall consumption, economic and trade activities, we are monitoring closely the evolving market conditions to ensure we remain agile in response. Concurrently, we remain mindful and act diligently regarding cost pass through mechanism and internal cost management. We believe that maintaining balance sheet resilience will be crucial in helping the Group to effectively leverage on market opportunities and tide through the economic uncertainties.

In order to survive and thrive in a volatile business environment, the Group remains cognizant in ensuring the effectiveness of our risk management, developing sustainable and adaptive strategies that is responsive and agile to shifting market demands and the evolving economic conditions.

ECONOMIC OUTLOOK AND PROSPECT

As per forecasts released by the International Monetary Fund (“IMF”) in January, global growth is projected to be at 3.1% in 2024 and 3.2% in 2025. This outlook reflects some optimism from lower inflation, stabilizing interest rates, expansionary fiscal policies, and China’s stimulus measures. However, it is important to note that the forecasted growth is below the historical average due to persistent downside risks. These include the potential for commodity price spikes due to geopolitical and weather shocks, ongoing supply chain disruptions and elevated interest rates. Additionally, uncertainties surrounding the pace of growth or recovery in China and the possibility of policymakers resorting to tax hikes and spending cuts, could disrupt economic growth and stability.

BNM projected the Malaysian economy to grow between 4% and 5% in 2024, compared to that of 3.7% in 2023. The projection is broadly in line with IMF and World Bank forecasts of 4.4% and 4.3% respectively (updated as per announcements in April 2024).

For Malaysian businesses, the growth in 2024 will be driven by resilient domestic markets and improvements in external demand. Domestic expansion will be supported by household spending amid stable labor market conditions and wage growth, together with continued improvements in tourist arrivals and expenditures following the visa-free policy with China and India. Meanwhile, potentially improving external demand along with China’s stimulus package and the projected global tech upcycle may boost Malaysia’s exports. However, the risks of elevated interest rates, weaker-than-expected demand, commodities markets volatility and geopolitical tensions are expected to continue to weigh on economies and businesses.

During 2023, various national roadmaps and master plans were established and launched by the Government. These include the Madani Economy framework, the National Energy Transition Roadmap (“NETR”), New Industrial Master Plan 2030 (“NIMP 2030”) and the 12th Malaysia Plan Mid-Term Review (“12MP MTR”). The implementation and execution of these initiatives is expected to catalyze transformative developments for the country, driving us towards a more prosperous, environmentally conscious, and sustainable economy, while enhancing our competitiveness and strengthening our position in the global markets. Meanwhile, the industries are looking forward to improved Domestic Direct Investment, as well as more Foreign Direct Investment approved by MIDA to further foster economic prosperity, generating job opportunities and skills advancement, thus strengthening our ecosystem.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (CONT’D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)

ECONOMIC OUTLOOK AND PROSPECT (CONT’D)

The outlook for 2024 suggests that despite some optimism for stronger MIDA approvals on foreign direct investment momentum, it is deemed as another year of new challenges and volatilities.

PROGRESSIVE AND FORWARD LOOKING

The demand for plastic packaging is generally driven by population and economic growth. Its demand remained robust and resilient, even during the tough pandemic times, as they play a crucial supporting role for 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 a sustained and growing demand for flexible plastic packaging products with major opportunities in sustainable packaging solutions amid increasing environmental concerns and circular economy initiatives.

Amongst our efforts in growing our business and expanding market reach, we continue to 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.

With our consistent investments in new advanced machinery and cutting-edge technology, not only are we expanding into new products and new markets, but also innovating, developing, and improving our products and brands. Meanwhile, these investments are also in line with the Group’s roadmap commitment to the direction of premium, technical and value-added products.

Apart from that, we are committed to align to 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).

At the same time, with our commitment towards ESG and sustainability objectives, we continue to pursue our 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, to advance our commitments in combating climate change, the Group is planning to install additional solar panels at our sites, while also exploring other external opportunities to further expand our renewable energy source. In addition, we have added and commissioned another unit of recycling machines by end of 2023 to increase our internal recycling capacity.

Meanwhile, we are continuously working on implementing and enhancing the relevant procedures to improve our sustainability disclosures and good practices, including disclosures for Scopes 1, 2, and 3 carbon emissions aligning to Bursa’s enhanced sustainability reporting requirements effective financial year end 2024.

On the operational front, we shall continue to focus on the quality of products and services, driving efficiency and productivity, remaining vigilant on supply chain, pricing and cost management. Alongside this, investments in digitalization, technological advancement and upskilling of workforce is crucial.

In order to sustain long-term growth, we believe it is essential to develop agility in addressing market dynamics and adverse challenges, as well as ensuring preparedness in capitalizing on emerging opportunities, including expansion of capacity and capability.

Despite the prevailing headwinds and potential challenges in an increasingly demanding business environment, the Group is confident in achieving a profitable performance for the financial year ending 31 December 2024, building on our strong fundamentals, demonstrated adaptability and prudent planning. Furthermore, the support of our various stakeholders, including employees, customers, suppliers, and investors, continues to serve as a strong foundation for our sustained success.

LIM CHUN YOW

Managing Director

18 April 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

The Management and Board of Directors ("**Board**") of BP Plastics Holding Bhd ("**BPPLAS**") successfully navigated through another challenging year with elevated global interest rate environment, and geopolitical risks arising from the on-going Russia-Ukraine war, as well as Middle East conflict. This was made possible through strong and resilient partnership with our key stakeholders (i.e., employees, suppliers and customers), in overcoming the various challenges along the way. The emergence of such challenges once again highlighted 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 continuous improvement in coming FY2024 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 2023.

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 18 April 2024.

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 2023 ("FY2023")

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 on 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. During the financial year under review, the Board reviewed and approved the revised ABAC Policy. A copy of the ABAC Framework and Policy is available on 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)

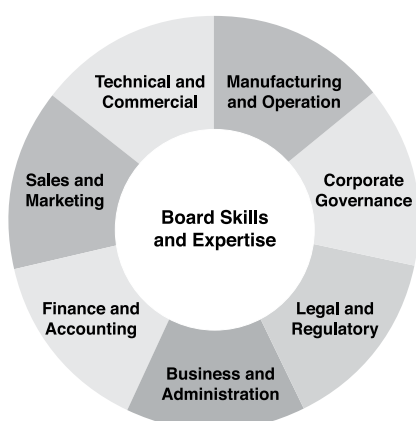
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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

Board Composition

The Board consists of seven (7) Directors, three (3) of whom are Independent Non-Executive Directors, one (1) is Non-Independent Non-Executive Director, and three (3) are Executive Directors. Although the Board will depart from Practice 5.2 of the MCCG which prescribes that at least half of the Board comprises independent directors, the Board still fulfils 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. Furthermore, recommended practices of MCCG are not mandatorily to be complied with by listed companies, unless the practices have been incorporated into the Listing Requirements of Bursa Malaysia.

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. A copy of the Directors' Fit and Proper Policy is available on the Company's website at www.bpplas.com. 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	3	43%
Non-Independent Non-Executive Director	1	14%
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 2023 ("FY2023")

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. Although we have shifted to the endemic stage since April 2022, the Board and the respective Board Committees had adapted to the new norm of conducting meetings and continued to leverage on alternative online meeting platforms (i.e., virtual conference) in lieu of the conventional face-to-face meetings for FY2023.

During the financial year under review, attendances of Directors to the meeting during FY2023 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 Shiow Hoe	5/5	1/1			
Lim Kim Hock	5/5	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 FY2023. 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. Bursa Malaysia has introduced a new mandatory sustainability training for Directors (MAP II) in June 2023. As at the date of this report, 1 out of 7 Directors has attended the MAP II, ahead of 1 August 2025, being the last date to complete the MAP II.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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 FY2023:

Name	Training/Seminar/Forum/Conference Attended	Date
Non-Independent Executive Directors:		
Lim Chun Yow	• Resin Material Knowledge	12 January 2023
	• Navigating ESG Data into Decisions	21 March 2023
	• ESG Weeks	19 – 23 June 2023
	• CSAU: Certified Security Aware User	18 August 2023
	• ABAC Awareness 2023	18 August 2023
	• Equity Operating System	18 – 20 October 2023
	• Strategic Planning Operating System	26 – 28 October 2023
Tan See Khim	• Resin Material Knowledge	12 January 2023
	• CSAU: Certified Security Aware User	18 August 2023
	• ABAC Awareness 2023	18 August 2023
	• Equity Operating System	18 – 20 October 2023
	• Strategic Planning Operating System	26 – 28 October 2023
Hey Shiow Hoe	• Resin Material Knowledge	12 January 2023
	• CSAU: Certified Security Aware User	18 August 2023
	• ABAC Awareness 2023	18 August 2023
	• Equity Operating System	18 – 20 October 2023
	• Strategic Planning Operating System	26 – 28 October 2023
Non-Independent Non-Executive Director:		
Lim Kim Hock	• ESG as the keydriver to Business Sustainability	3 March 2023
	• Budget Seminar 2023	7 March 2023
	• National Tax Conference 2023	1 August 2023
	• ISA 315 (Revised 2019) Identifying and assessing the risks of material misstatements	14 September 2023
	• Case Study – Merger & Acquisition activities	6 October 2023
	• MPERS Financial Reporting	16 October 2023
	• Budget Seminar 2024	18 October 2023
	• Ethics Training	18 December 2023
Independent Non-Executive Directors:		
Tan Ming-Li	• KPMG Training – Bursa Malaysia: Enhanced Sustainability Disclosure Requirements	27 April 2023
	• Management of Cyber Risk Programme	3 October 2023
	• ICDM MAP Part II (Leading for Impact): Board Oversight of Climate Risks & Opportunities	10 – 11 October 2023
	• Net Zero Standard (Intro)	29 December 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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

Board Meetings (Cont'd)

Name	Training/Seminar/Forum/Conference Attended	Date
Independent Non-Executive Directors:		
Tan Hock Hin	• The Foundation Negotiator (The Gap Partnership)	3 February 2023
	• At Your Best; Trust Edge Workshop	7 – 8 February 2023
	• Negotiation Training with The Gap Partnership	28 – 31 March 2023
	• CIDPEX 2023	14 – 16 May 2023
	• Cybersecurity Essentials	8 August 2023
	• Code of Business Conduct	3 November 2023
Chuah Sue Yin	• Distinguished Board Leadership Series for 2023 : "Can America stop China's rise? Will ASEAN be damaged?"	12 January 2023
	• Most Important Tax Updates in 2022 That You Must Know	15 February 2023
	• Seminar Percukaian Kebangsaan 2022	7 March 2023
	• ICDM PowerTalk : Navigating ESG Data into Decisions	21 March 2023
	• 2023 Budget Seminar	28 March 2023
	• PLCT #digital4ESG Forum: Exploring the Intersection of Digitalisation and ESG	10 May 2023
	• ESG Reporting & Disclosure: Best Practises in HK & Singapore	24 May 2023
	• HASiL-CTIM Tax Forum 2023	30 May 2023
	• Latest Tax Developments Affecting Investors in Malaysia & Indonesia	13 June 2023
	• Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know	13 June 2023
	• SVDP 2.0 (Direct Tax)	4 July 2023
	• VDP (Indirect Tax)	5 July 2023
	• National Tax Conference 2023	1 – 2 August 2023
	• Audit Evidence and Sampling	7 August 2023
	• Audit Oversight Board : Conversation with Other Audit Firms	17 August 2023
	• Transfer Pricing Fundamental 101 Confirmation	30 August 2023
	• Top 11 Landmines That Make Tax Authorities Target Your Business	1 September 2023
	• Malaysia's digital switch to e-invoicing	7 September 2023
	• Advocacy Sessions for Directors & CEOs of Main Market Listed Issuers	19 September 2023
	• ACCA Technical Symposium 2023	21 September 2023
	• 2023 Independent Directors/Commissioners Conference	28 September 2023
	• Management of Cyber Risk	3 October 2023
	• Addressing the Audit Oversight Board's (AOB) Common Inspection Findings	6 October 2023
	• MFRS Updates 2023 & Understanding MFRS 136 : Impairment of Assets – Principles, Concepts & Common Application Issues	18 October 2023
	• BDO Tax Seminar on Budget 2024	31 October 2023
	• Persidangan Juruaudit Koperasi 2023	7 November 2023
	• Breakfast Talk on AI with Prof. Sanjay Sarma	9 November 2023
	• 2024 Budget Seminar	20 November 2023
	• Audit Oversight Board : Conversation with Audit Committees	27 November 2023
	• MFRS 17 Refresher Course by PwC	27 November 2023
	• Effects of Climate : Related Matters on Financial Statements	29 November 2023
	• Preparation and Implementation of 'e-Invoice' in Malaysia	30 November 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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

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 2023 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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

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 and approved the revised ABAC. In addition, the MRMC also conducted updates on the progress of sustainability efforts and ESG matters.

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

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

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

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

Communication between the Company and its Stakeholders

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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

Communication between the Company and its Stakeholders (Cont'd)

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.

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 MCGG'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 Nineteenth Annual General Meeting ("AGM") held on 26 May 2023 on a Fully Virtual Basis through live streaming and online remote voting using the Remote Participation and Voting facilities ("RPV Facilities") provided by the Poll Administrator of the Company, Securities Services (Holdings) Sdn Bhd via <https://sshsb.net.my/login.aspx>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

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

Conduct of General Meetings (Cont'd)

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 MCGG, 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 elevated global interest rate, geopolitical risks from protracted Russia-Ukraine war and Middle East conflict, as well as extreme climate conditions, the Board will continue to focus on business recovery, cost management, 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 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 2023 ("**FY2023**"). 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

AUDIT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF WORK OF AC

The AC's main scope of works for the financial year ended 31 December 2023 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
10 April 2023	Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2022
26 May 2023	First Quarter ended 31 March 2023
22 August 2023	Second Quarter ended 30 June 2023
21 November 2023	Third Quarter ended 30 September 2023
27 February 2024	Fourth Quarter ended 31 December 2023

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 18 April 2024 reviewed the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2023 at its meeting, and recommended the same to the Board for approval.

External Audit

On 21 November 2023, the AC reviewed the Audit Planning Memorandum for financial year ended 31 December 2023 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 2024, 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 2023, 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 20th Annual General Meeting of the Company.

AUDIT COMMITTEE REPORT (CONT'D)

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

External Audit (Cont'd)

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 2023. 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.

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 2023, 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:

- Warehousing and Inventory Management;
- Supply Chain Management;
- Anti-Bribery & Anti-Corruption Procedures;
- Production & Quality Assurance;
- Health, Safety and Environment and
- Financial Management.

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

AUDIT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF WORK OF AC (CONT'D)**Internal Audit ("IA") – Summary of the work of IA Function (Cont'd)**

The AC 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 excluding out-of-pocket expenses and applicable service tax incurred for the outsourced internal audit function of the Group for FY2023 amounted to RM46,000 (FY2022: RM46,000).

Related Party Transactions

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

Other Matters

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

NOMINATING AND REMUNERATION COMMITTEE STATEMENT

NOMINATING AND REMUNERATION COMMITTEE

The Nominating and Remuneration Committee ("**NRC**") comprises solely Independent Non-Executive Directors ("**INEDs**") as follows:-

Chairperson

Tan Ming-Li Senior Independent Non-Executive Director

Members

Tan Hock Hin	Independent Non-Executive Director
Chuah Sue Yin	Independent Non-Executive Director

The NRC has dual roles in nomination and remuneration, whereby both roles have been combined for the purpose of expediency and practicality, with the same members entrusted with both functions.

The terms of reference of the NRC are clearly defined by the Board to its members, and a copy of it is accessible on the Company's website at www.bpplac.com.

During the financial year, the NRC met one (1) time on 27 February 2023 with full attendance of all members of NRC.

The roles and responsibilities, as well as activities of the NRC, are broadly categorised into the following:-

Nomination Matters

The NRC will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. The NRC would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the composition and effectiveness of the Board and Board Committees, as well as the performance and contribution of each individual Director on an on-going basis. The NRC will review annually the required mix of skills, experience and other qualities including core competencies that the Directors should bring to the Board, identify areas for improvement, and review the succession plan for the Board and Senior Management in the Group.

In discharging its responsibilities, the NRC performed the following activities during the financial year ended 31 December 2023:-

- Reviewed the composition and effectiveness of the Board and Board Committees;
- Evaluated the performance of the Board and Board Committees and each of its members;
- Assessed the independence of the Independent Non-Executive Directors;
- Recommended the re-election of Mr. Lim Chun Yow and Mr. Tan Hock Hin who retired pursuant to Clause 122 of the Company's Constitution, at the Company's Nineteenth (19th) Annual General Meeting ("AGM") held on 26 May 2023. The NRC had reviewed the eligibility of the directors seeking re-election based on the following:
 - (i) the directors' performance evaluation (self and peer),
 - (ii) evaluation on the effectiveness of board and board committees, as well as
 - (iii) level of independence demonstrated (for INEDs only).
- Recommended to the Board on the re-designation of Mr. Lim Kim Hock, who is Chairman of the Board, and who has served the Company for more than twelve (12) years, from an Independent Non-Executive Director to a Non-Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2021, at the conclusion of the Company's 19th AGM held on 26 May 2023; and
- Recommended to the Board on the retention of Ms. Tan Ming-Li, who has served the Company for more than nine (9) years, to be retained as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2021, at the Company's 19th AGM held on 26 May 2023.

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 Directors' 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.

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 20th AGM for the shareholders' approval.

The Board is mindful that Practice 5.3 of Malaysian Code on Corporate Governance 2021 ("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 re-designation as a non-independent director. In the event such director is to be retained as an independent director, the Board must first justify and seek annual shareholders' approval through a two-tier voting process as described in the Guidance to Practice 5.3 of MCCG 2021.

Ms. Tan Ming-Li who has been serving the Board as an Independent Non-Executive Director of the Company for cumulative term of more than nine (9) years since her appointment on 29 May 2013, had obtained shareholders' approval at the 19th AGM held on 26 May 2023 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 20th AGM.

Presently, Mr. Tan Hock Hin was appointed as an Independent Director of the company on 30 September 2014, and has therefore served the Board in the capacity for a cumulative term of more than nine (9) years. The Board proposes to retain Mr. Tan Hock Hin as Independent Director, and seek annual shareholders' approval at the forthcoming 20th 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 Securities.

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Nomination Matters (Cont'd)

The NRC and the Board have determined at the annual assessment carried out that both Ms. Tan Ming-Li and Mr. Tan Hock Hin remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and the Board Committee they serve. 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. Similarly, Mr. Tan Hock Hin also continues to discharge his duties professionally and impartially, coupled with his thorough understanding of the business and operations of the Group makes him a valuable, fit and objective director on the Board. The length of their tenure on the Board does not in any way interfere with the exercise of their 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 2024, 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.

Bursa Malaysia had on 26 September 2022 announced the enhanced sustainability reporting requirements with the aim to elevate the sustainability practices and disclosures of listed issuers ("**Enhanced Sustainability Disclosures**"). Management (aided by the Sustainability Task Force) is working to enhance on current internal ESG reporting channels/structure, and to formalize an ESG framework which outlines key ESG commitments, strategies, sustainability risk and opportunities, and sustainability key performance indicator. Due to the on-going changes in the myriad of sustainability reporting standards, the Management is also considering engaging professional ESG Consultants to support the Company in the preparation of ESG reporting and disclosures in compliance with the Enhanced Sustainability Disclosures, mainly on climate change-related disclosures that are aligned with Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations.

With recent clearer guidance from Bursa Malaysia enhanced sustainability reporting requirement and now ESG reporting platform, the Group Management will endeavor to formalise and include priority ESG metrics into Senior Management performance evaluation that is benchmarked to the Group's material sustainability matters for FY2024 and beyond.

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 2023, the NRC met and discharged the following duties on remuneration matters:-

- Recommended the payment of Directors' fees for the financial year ended 31 December 2023;
- Recommended the payment of Directors' benefits to the Non-Executive Directors with effect from 27 May 2023 until the next Annual General Meeting of the Company in year 2024;
- Reviewed the proposed bonus payment to the Executive Directors and Senior Management;
- Reviewed the salary paid to the Senior Management; and
- Reviewed the ex-gratia payment to the employees of the Group.

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

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Remuneration Matters (Cont'd)

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

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

The details of remuneration for the Directors of the Group and the Company for the financial year ended 31 December 2023 are set out below:-

Group

In RM	Fees	Meeting Allowances	Salary, Bonus and EPF	Total
Executive Directors				
Lim Chun Yow	-	-	1,024,570	1,024,570
Tan See Khim	-	-	910,978	910,978
Hey Shiow Hoe	-	-	814,500	814,500
Subtotal	-	-	2,750,048	2,750,048
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	2,750,048	3,095,048

NOMINATING AND REMUNERATION COMMITTEE STATEMENT (CONT'D)

Remuneration Matters (Cont'd)

The details of remuneration for the Directors of the Group and the Company for the financial year ended 31 December 2023 are set out below:- (Cont'd)

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

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 2023.

The remuneration of the Senior Management (Group basis) in bands of RM50,000 for the financial year ended 31 December 2023 is as follows:-

Name of Senior Management	Remuneration Band(s) (in RM)
Chua Yi Fon – Financial Controller	200,000 – 250,000

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
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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 2023, 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.

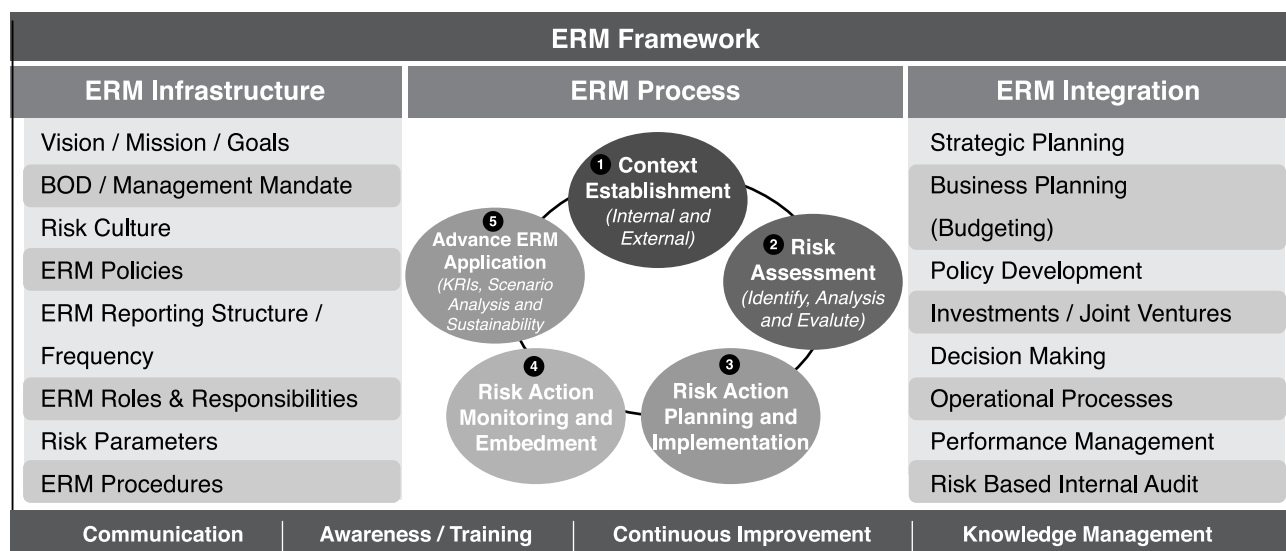
Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium, 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 FY2023 include the following:

- Review of the Enterprise-Wide Risk Management Report;
- Review of the Anti-Bribery and Anti-Corruption (ABAC) Policy and ABAC Risk Assessment;
- Approved the revised Anti-Bribery and Anti-Corruption Policy and
- Conducted updates on the progress of sustainability efforts and Environmental, Social and Governance matters.

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 Warehousing and Inventory Management, Supply Chain Management, Anti-Bribery & Anti-Corruption Procedures, Production & Quality Assurance, Health, Safety and Environment Management and Financial Management, focusing on the key risks associated with the operating processes therein. The scope of internal audit was determined after discussion with management and taking into consideration of input from AC (if any). The approved IA scope has considered the relevant aspects and level of governance, risk management and internal control practices at the Group and operating processes that subject to internal audit. Root cause of audit findings, where applicable, has been reported in the IA report.

During the respective quarterly AC meetings, the AC deliberated on the findings and recommendations for improvement highlighted by the internal auditors and is satisfied on the adequacy and operating effectiveness of the Group's system of risk management and internal controls, as well as the 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 Authorisation Procedures

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

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

- Executive and Management Committees

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

Scheduled periodic meetings of the Executive and Management Committees represent the fundamental platform by which the Group's operations, sales achievements, financial performance, IT, human resource and procurement matters are monitored. Under the purview of the MD and Executive Directors, the heads of the respective operational units of the Group are empowered with 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, ISO 45001:2018 Occupational Health and Safety Management Systems – Requirements with guidance for use and ISCC PLUS Certificate – complies with the requirements of the certification system ISCC PLUS (International Sustainability and Carbon certification). 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 2023.

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 2023, 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 2023.

FINANCIAL STATEMENTS

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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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are set out in the "Subsidiaries" of this report.

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

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the Company	35,233,475	30,502,100

DIVIDENDS

Dividends paid by the Company since 31 December 2022 were as follows:

	RM
<u>In respect of the financial year ended 31 December 2022</u>	
– Fourth single tier interim dividend of 1.5 sen per share, on 281,479,492 ordinary shares paid on 7 April 2023	4,222,192
<u>In respect of the financial year ended 31 December 2023</u>	
– First single tier interim dividend of 1.5 sen per share, on 281,479,492 ordinary shares paid on 7 July 2023	4,222,192
– Second single tier interim dividend of 1.5 sen per share, on 281,479,492 ordinary shares paid on 12 October 2023	4,222,192
– Third single tier interim dividend of 1.5 sen per share, on 281,479,492 ordinary shares paid on 11 January 2024	4,222,192
	<u>16,888,768</u>

On 27 February 2024, 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 5 April 2024, to shareholders whose names appeared in the record of depositors on 15 March 2024. 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 2024.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 1.1.2023	Bonus Issue	Exercised	At 31.12.2023
Number of unexercised Warrants	37,530,591	-	-	37,530,591

DIRECTORS

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

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

* 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 any 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.

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 1.1.2023	Number of ordinary shares		At 31.12.2023
		Bought	Sold	
Direct interests				
Lim Chun Yow	26,184,604	-	-	26,184,604
Tan See Khim	26,746,498	-	-	26,746,498
Hey Shiow 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 Shiow 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 1.1.2023	Number of warrants		At 31.12.2023
		Bonus Issue	Converted	
Direct interests				
Lim Chun Yow	3,491,280	-	-	3,491,280
Tan See Khim	3,566,199	-	-	3,566,199
Hey Shiow Hoe	2,921,999	-	-	2,921,999
Tan Hock Hin	3,000	-	-	3,000
Indirect interests #				
Lim Chun Yow	16,233,000	-	-	16,233,000
Tan See Khim	16,233,000	-	-	16,233,000
Hey Shiow Hoe	16,233,000	-	-	16,233,000

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

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

The other directors 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, allowance and other emoluments	2,280,649	20,000
Defined contribution plan	428,931	-
	3,034,580	345,000

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM60,468.

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 2023, the Company held as treasury shares a total of 52,500 (2022 - 52,500) of its 281,531,992 (2022 - 281,531,992) issued and fully paid up ordinary shares. The treasury shares are held at a carrying amount of RM20,740 (2022 - RM20,740).

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 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.

DIRECTORS' REPORT (CONT'D)

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 as follows:-

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



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	35,000
Non-audit fee	5,000	5,000
	105,000	40,000

Signed in accordance with a resolution of the directors dated 18 April 2024.

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 100 to 136 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 of 31 December 2023 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 18 April 2024.

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 100 to 136 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 this 18 April 2024.

Chua Yi Fon

Before me,

Ei Chai Ong (J405)
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 2023 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 material accounting policy information, as set out on pages 100 to 136.

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 2023, 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 RM469.6 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

18 April 2024
Melaka

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	469,600,291	502,594,779	30,710,000	13,060,000
Cost of sales		(416,943,558)	(454,032,175)	-	-
Gross profit		52,656,733	48,562,604	30,710,000	13,060,000
Other items of income					
Other income	5	4,539,912	2,313,191	488,630	483,415
Other items of expenses					
Administrative and general expenses		(12,989,875)	(12,717,759)	(679,874)	(661,801)
Selling expenses		(1,883,477)	(1,527,633)	-	-
Net impairment gains/(losses) on financial assets	6	300,496	(622,810)	-	-
Profit before taxation	7	42,623,789	36,007,593	30,518,756	12,881,614
Income tax expense	10	(7,390,314)	(5,470,080)	(16,656)	(25,130)
Profit net of tax, representing total comprehensive income for the year, attributable to owners of the Company		35,233,475	30,537,513	30,502,100	12,856,484
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11	12.52	10.85		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current assets					
Property, plant and equipment	13	125,574,515	120,117,868	-	-
Investment property	14	920,583	943,036	-	-
Right-of-use assets	15	11,613,007	5,012,516	-	-
Investment in subsidiaries	16	-	-	103,040,592	98,940,592
		138,108,105	126,073,420	103,040,592	98,940,592
Current assets					
Inventories	17	88,540,244	69,333,367	-	-
Trade and other receivables	18	51,353,042	47,553,194	71,531	57,155
Short-term investments	19	33,298,415	29,874,237	18,489,794	4,770,695
Fixed deposits with licensed banks	20	18,000,000	-	-	-
Cash and bank balances		19,396,164	33,417,550	25,804	2,856,879
Current tax assets		-	322,631	-	-
		210,587,865	180,500,979	18,587,129	7,684,729
Total assets		348,695,970	306,574,399	121,627,721	106,625,321
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		164,854,587	146,509,880	18,571,538	4,958,206
Total equity		263,606,664	245,261,957	117,323,615	103,710,283
Non-current liability					
Deferred tax liabilities	24	14,028,000	12,595,000	-	-
Current liabilities					
Trade and other payables	25	70,394,049	48,717,442	4,267,316	2,861,926
Current tax liabilities		667,257	-	36,790	53,112
		71,061,306	48,717,442	4,304,106	2,915,038
Total liabilities		85,089,306	61,312,442	4,304,106	2,915,038
Total equity and liabilities		348,695,970	306,574,399	121,627,721	106,625,321

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 2023

	Note	Share capital RM	Non- distributable treasury shares RM	Distributable retained earnings RM	Total equity RM
Group					
2023					
Balance at 1 January 2023		98,772,817	(20,740)	146,509,880	245,261,957
Profit after taxation/ Total comprehensive income for the financial year		-	-	35,233,475	35,233,475
Transactions with owners					
Dividends on ordinary shares	12	-	-	(16,888,768)	(16,888,768)
Balance at 31 December 2023		98,772,817	(20,740)	164,854,587	263,606,664
2022					
Balance at 1 January 2022		98,772,817	(20,740)	132,861,136	231,613,213
Profit after taxation/ Total comprehensive income for the financial year		-	-	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

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 2023

	Note	Share capital RM	Non- distributable treasury shares RM	Distributable retained earnings RM	Total equity RM
Company					
2023					
Balance at 1 January 2023		98,772,817	(20,740)	4,958,206	103,710,283
Profit after taxation/ Total comprehensive income for the financial year		-	-	30,502,100	30,502,100
Transactions with owners					
Dividends on ordinary shares	12	-	-	(16,888,768)	(16,888,768)
Balance at 31 December 2023		98,772,817	(20,740)	18,571,538	117,323,615
2022					
Balance at 1 January 2022		98,772,817	(20,740)	8,990,491	107,742,568
Profit after taxation/ Total comprehensive income for the financial year		-	-	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

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 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities				
Profit before taxation	42,623,789	36,007,593	30,518,756	12,881,614
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	13,498,310	11,382,210	-	-
Depreciation of investment property	22,453	22,453	-	-
Depreciation of right-of-use assets	198,519	165,191	-	-
Gain on disposal of property, plant and equipment	(123,197)	(145,986)	-	-
Fair value gain on short term investments	(663,331)	(180,303)	(354,242)	(52,059)
Allowance for impairment losses on trade receivables	557,916	629,128	-	-
Reversal of allowance for impairment losses on trade receivables	(858,412)	(6,318)	-	-
Interest income	(1,823,655)	(856,007)	(134,388)	(431,356)
Unrealised gain on foreign exchange	(113,505)	(145,686)	-	-
Operating cash flows before changes in working capital	53,318,887	46,872,275	30,030,126	12,398,199
(Increase)/Decrease in inventories	(19,206,877)	19,906,679	-	-
(Increase)/Decrease in trade and other receivables	(1,844,512)	24,772,393	-	-
Increase/(Decrease) in trade and other payables	20,730,075	(24,737,404)	(2,007)	(5,623,560)
Cash flows from operations	52,997,573	66,813,943	30,028,119	6,774,639
Income taxes paid	(4,971,007)	(6,953,598)	(35,383)	(16,880)
Income taxes refunded	3,581	9,385	2,405	3,902
Net cash flows from operating activities	48,030,147	59,869,730	29,995,141	6,761,661

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 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Investing activities					
Deposit paid for purchase of property, plant and equipment		(2,002,200)	(2,284,200)	-	-
Interest received		1,424,365	856,007	64,858	428,344
Additional investments in an existing subsidiary		-	-	(4,100,000)	(14,900,000)
Additional fixed deposits with tenure more than 3 months		(18,000,000)	-	-	-
Repayment from/(Advances to) a subsidiary		-	-	55,154	(76,119)
Proceeds from disposal of property, plant and equipment		125,149	148,036	-	-
Purchase of property, plant and equipment		(25,755,919)	(42,323,233)	-	-
(Purchase)/Disposal of short-term investments		(2,361,557)	3,767,819	(13,364,857)	8,877,829
Net cash flows used in investing activities		(46,570,162)	(39,835,571)	(17,344,845)	(5,669,946)
Financing activity					
Dividends paid		(15,481,371)	(14,073,974)	(15,481,371)	(14,073,974)
Net cash flows used in financing activity		(15,481,371)	(14,073,974)	(15,481,371)	(14,073,974)
Net (decrease)/increase in cash and cash equivalents		(14,021,386)	5,960,185	(2,831,075)	(12,982,259)
Cash and cash equivalents at 1 January		33,417,550	27,457,365	2,856,879	15,839,138
Cash and cash equivalents at 31 December	21	19,396,164	33,417,550	25,804	2,856,879
Cash outflows for leases as a lessee					
				Group	
				2023 RM	2022 RM
Included in net cash from operating activities:-					
Payment relating to short-term leases				591,630	640,630
Total cash outflows for leases				591,630	640,630

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 2023

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

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

The Company is principally engaged in the business of 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 and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information 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 and the Company have 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 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. The amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 3 to the financial statements in line with the amendments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONT'D)

- 2.2 The Group and the Company have 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
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 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

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

2.3 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 and the Company recognise 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONT'D)

2.3 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(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 accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Financial Instruments

(a) Financial Assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial Liabilities

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 Financial Instruments (Cont'd)

(c) Equity (Cont'd)

Treasury shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

3.2 Investment in Subsidiaries

Investments in subsidiaries are stated in the separate financial statements of the Company at cost less impairment losses, if any.

3.3 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost.

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.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Factory buildings	34 to 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 represent factory buildings under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

3.4 Investment Properties

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation rates are 50 years.

3.5 Right-of-use Assets

(a) Short-term Leases

The Group apply the "short-term lease" recognition exemption. For these leases, the Group recognise the lease payments as an operating expense on a straight-line method over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Right-of-use Assets (Cont'd)

(b) *Right-of-use Assets*

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

3.6 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.

3.7 Revenue from Contracts with Customers

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.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. REVENUE

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from Contracts with Customers				
<u>Recognised at a point in time</u>				
Sales of goods	469,600,291	502,594,779	-	-
Revenue from Other Source				
Dividend income from subsidiary	-	-	30,710,000	13,060,000
	469,600,291	502,594,779	30,710,000	13,060,000

The information on the disaggregation of revenue based on geographical market is summarised below:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Represented by geographical markets:-				
Asia countries	269,365,028	287,138,357	-	-
Malaysia	130,407,028	149,794,985	30,710,000	13,060,000
Others	69,828,235	65,661,437	-	-
	469,600,291	502,594,779	30,710,000	13,060,000

5. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest income from the following financial assets:				
– fair value through profit or loss	464,148	432,181	64,858	322,171
– amortised cost	1,359,507	423,826	69,530	109,185
Fair value gain on short-term investments	663,331	180,303	354,242	52,059
Gain on foreign exchange:				
– unrealised	113,505	145,686	-	-
– realised	1,255,846	-	-	-
Gain on disposal of property, plant and equipment	123,197	145,986	-	-
Rental income from investment property	45,738	44,179	-	-
Miscellaneous	514,640	941,030	-	-
	4,539,912	2,313,191	488,630	483,415

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

	Group	
	2023 RM	2022 RM
Impairment losses:		
– trade receivables (Note 18)	557,916	629,128
Reversal of impairment losses:		
– trade receivables (Note 18)	(858,412)	(6,318)
	(300,496)	622,810

7. PROFIT BEFORE TAXATION

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
– audit fees:				
– current financial year	100,000	100,000	35,000	38,000
– overprovision in the previous financial year	(15,000)	(14,000)	(6,000)	(6,000)
– non-audit fees:				
– current financial year	5,000	5,000	5,000	5,000
– overprovision in the previous financial year	-	(1,000)	-	(1,000)
Depreciation:				
– property, plant and equipment (Note 13)	13,498,310	11,382,210	-	-
– investment property (Note 14)	22,453	22,453	-	-
– right-of-use assets (Note 15)	198,519	165,191	-	-
Direct operating expenses on investment property	3,259	3,259	-	-
Loss on foreign exchange:				
– realised	-	409,094	-	-
Lease expenses:				
– short-term leases	591,630	640,630	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 RM	2022 RM
Wages and salaries	23,201,103	21,013,488
Social security contribution	256,013	222,098
Defined contribution plan	1,655,735	1,588,657
Lease expenses:		
– short-term leases	339,630	472,630
Other staff related expenses	741,587	885,698
	26,194,068	24,182,571

Included in the employee benefits expense of the Group is executive directors' remuneration amounting to RM2,689,580 (2022 - RM2,689,435) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Executive directors' remuneration:</u>				
Salaries and other emoluments	2,260,649	2,260,505	-	-
Defined contribution plan	428,931	428,930	-	-
Estimated money value of benefits-in-kind	60,468	71,946	-	-
	2,750,048	2,761,381	-	-
<u>Non-executive directors' remuneration:</u>				
Fees	325,000	325,000	325,000	325,000
Allowances	20,000	20,000	20,000	20,000
	345,000	345,000	345,000	345,000
<u>Analysis excluding benefits-in-kind:</u>				
Total executive directors' remuneration (Note 8)	2,689,580	2,689,435	-	-
Total non-executive directors' remuneration	345,000	345,000	345,000	345,000
Total directors' remuneration	3,034,580	3,034,435	345,000	345,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current income tax:				
Tax expense for the year	5,970,000	4,387,359	16,000	24,713
(Over)/Under provision in the previous financial year	(12,686)	(70,279)	656	417
	5,957,314	4,317,080	16,656	25,130
Deferred tax (Note 24):				
Origination and reversal of temporary differences	1,428,000	1,383,000	-	-
Under/(Over) provision in the previous financial year	5,000	(230,000)	-	-
	1,433,000	1,153,000	-	-
Income tax expense recognised in profit or loss	7,390,314	5,470,080	16,656	25,130

Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before taxation	42,623,789	36,007,593	30,518,756	12,881,614
Taxation at Malaysian statutory tax rate of 24%	10,229,709	8,641,822	7,324,501	3,091,587
Effect of:				
– income not subject to tax	(196,332)	(116,217)	(7,470,984)	(3,224,215)
– expenses not deductible for tax purposes	318,950	317,639	162,483	157,341
– utilisation of tax incentives	(2,985,735)	(3,080,486)	-	-
– deferred tax assets not recognised during the financial year	31,408	7,601	-	-
(Over)/Under provision of current tax in the previous financial year	(12,686)	(70,279)	656	417
Under/(Over) provision of deferred taxation in the previous financial year	5,000	(230,000)	-	-
Income tax expense recognised in profit or loss	7,390,314	5,470,080	16,656	25,130

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit (Cont'd)

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

	2023	Group	2022
	RM		RM
Unabsorbed tax losses	72,000		7,000
Unutilised capital allowances	1,119,000		122,000
	1,191,000		129,000

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

	2023	Group	2022
	RM		RM
Unabsorbed tax losses:			
– expires at the end of year of assessment 2030	7,000		7,000
– expires at the end of year of assessment 2033	65,000		-
	72,000		7,000
Unutilised capital allowances	163,000		97,000
	235,000		104,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing consolidated profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue after adjusting for treasury shares 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	
	2023	2022
	RM	RM
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	35,233,475	30,537,513
	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)	12.52	10.85

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/Company	
	2023	2022
	RM	RM
<u>In respect of the financial year ended 31 December 2021:</u>		
– Fourth single tier interim dividend of 2 sen per share	-	5,629,590
<u>In respect of the 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
– Fourth single tier interim dividend of 1.5 sen per share	4,222,192	-
<u>In respect of the financial year ended 31 December 2023:</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 1.5 sen per share	4,222,192	-
	16,888,768	16,888,769

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 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 and 1 January 2023	35,661,964	204,465,823	8,676,019	18,488,762	267,292,568
Additions	-	918,054	1,302,355	23,535,510	25,755,919
Disposals and write off	-	(999,777)	(1,579,410)	-	(2,579,187)
Transfer to right-of-use assets (Note 15)	-	-	-	(6,799,010)	(6,799,010)
Reclassification	10,106,013	21,063,776	26,015	(31,195,804)	-
At 31 December 2023	45,767,977	225,447,876	8,424,979	4,029,458	283,670,290
Accumulated depreciation:-					
At 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 and 1 January 2023	8,273,608	131,435,764	7,465,328	-	147,174,700
Depreciation charge for the year (Note 7)	842,218	12,045,717	610,375	-	13,498,310
Disposals and write off	-	(999,777)	(1,577,458)	-	(2,577,235)
At 31 December 2023	9,115,826	142,481,704	6,498,245	-	158,095,775
Net carrying amount					
At 31 December 2022	27,388,356	73,030,059	1,210,691	18,488,762	120,117,868
At 31 December 2023	36,652,151	82,966,172	1,926,734	4,029,458	125,574,515

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 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 and 1 January 2023	1,826,460	32,445,141	1,390,363	35,661,964
Reclassification	-	10,106,013	-	10,106,013
At 31 December 2023	1,826,460	42,551,154	1,390,363	45,767,977
Accumulated depreciation:-				
At 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 and 1 January 2023	-	8,051,642	221,966	8,273,608
Depreciation charge for the year	-	814,411	27,807	842,218
At 31 December 2023	-	8,866,053	249,773	9,115,826
Net carrying amount				
At 31 December 2022	1,826,460	24,393,499	1,168,397	27,388,356
At 31 December 2023	1,826,460	33,685,101	1,140,590	36,652,151

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 2023

14. INVESTMENT PROPERTY

	Group	
	2023	2022
	RM	RM
Cost:-		
At 1 January/31 December	1,122,660	1,122,660
Accumulated depreciation:-		
At 1 January	179,624	157,171
Depreciation during the financial year (Note 7)	22,453	22,453
At 31 December	202,077	179,624
Net carrying amount at 31 December	920,583	943,036
Represented by:-		
Office building	920,583	943,036
Fair value	1,072,995	1,072,995

- (a) The investment properties of the Group are leased to tenants under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods of 2 (2022 - 2) years and an option that is exercisable by the tenants to extend their leases for 2 (2022 - 2) years.

The Group requires 2 (2022 - 2) months of advanced rental payments from the tenants. 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	
	2023	2022
	RM	RM
Within 1 year	17,152	45,738
Between 1 and 2 years	-	17,152
	17,152	62,890

- (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 2023

15. RIGHT-OF-USE ASSETS

	Leasehold land RM
Group	
Cost:-	
At 1 January 2023	8,017,903
Transfer from property, plant and equipment (Note 13)	6,799,010
	<hr/>
At 31 December 2023	14,816,913
	<hr/>
Accumulated depreciation:-	
At 1 January 2022	2,840,196
Depreciation charge for the year (Note 7)	165,191
	<hr/>
At 31 December 2022 and 1 January 2023	3,005,387
Depreciation charge for the year (Note 7)	198,519
	<hr/>
At 31 December 2023	3,203,906
	<hr/>
Net carrying amount	
At 31 December 2022	5,012,516
	<hr/>
At 31 December 2023	11,613,007
	<hr/>

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

The Group has entered into 7 (2022 - 6) agreements for the use of land. The leases are for a period of 34 to 50 (2022 - 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 2023

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	103,407,738	99,307,738
Accumulated impairment losses	(367,146)	(367,146)
	103,040,592	98,940,592

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business and country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2023	2022	
		%	%	
<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	
	2023	2022
	RM	RM
Raw materials	70,950,844	49,865,634
Work-in-progress	5,871,345	7,855,308
Spare parts	2,543,639	2,278,872
Finished goods	9,174,416	9,333,553
	88,540,244	69,333,367
Recognised in profit or loss:-		
Inventories recognised as cost of sales	416,943,558	454,032,175

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables					
Third parties		47,844,978	45,110,902	-	-
Less: Allowance for impairment losses	(a)	(524,592)	(933,634)	-	-
		47,320,386	44,177,268	-	-
Other receivables					
Sundry receivables		2,030,456	1,091,726	2,000	2,000
Deposit paid for purchase of property, plant and equipment		2,002,200	2,284,200	-	-
Amount due from subsidiaries	(b)	-	-	69,531	55,155
		4,032,656	3,375,926	71,531	57,155
		51,353,042	47,553,194	71,531	57,155

(a) **Trade Receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 (2022 - 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	
	2023 RM	2022 RM
At 1 January	933,634	310,824
Addition during the financial year (Note 6)	557,916	629,128
Reversal during the financial year (Note 6)	(858,412)	(6,318)
Written off during the year	(108,546)	-
At 31 December	524,592	933,634

(b) **Amount due from Subsidiaries**

Amount due from subsidiaries represent payment made on behalf which bear an interest of 5.32% (2022 - 4.04%) 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 2023

19. SHORT-TERM INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fair value through profit or loss on financial assets				
– Money market funds	33,298,415	29,874,237	18,489,794	4,770,695

The funds invest mainly into 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 3.52% (2022 - 2.33%) and 3.50% (2022 - 2.26%) per annum respectively. There is no maturity period for money market funds as these money are callable on demand.

20. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 3.75% to 4.00% (2022 - Nil) per annum. The fixed deposits have maturity periods ranging from 153 to 184 (2022 - Nil) days for the Group.

21. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	19,396,164	33,417,550	25,804	2,856,879
Fixed deposits with licensed banks	18,000,000	-	-	-
	37,396,164	33,417,550	25,804	2,856,879
Less: Fixed deposits with tenure of more than 3 months (Note 20)	(18,000,000)	-	-	-
Cash and cash equivalents	19,396,164	33,417,550	25,804	2,856,879

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. SHARE CAPITAL

	Group/Company			
	2023	2022	2023	2022
	Number of shares		RM	RM
Issued and fully paid up				
At 1 January/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.

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 (2022 - Nil).

Of the total 281,531,992 (2022 - 281,531,992) issued and fully paid-up ordinary shares at the end of the reporting period, 52,500 (2022 - 52,500) ordinary shares are held as treasury shares by the Company. None (2022 - Nil) 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			
2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	12,484,000	1,350,000	13,834,000
Right-of-use assets	299,000	(10,000)	289,000
Unrealised gain on foreign exchange	35,000	(8,000)	27,000
	12,818,000	1,332,000	14,150,000
<i>Deferred Tax Assets</i>			
Other temporary differences	(223,000)	101,000	(122,000)
	12,595,000	1,433,000	14,028,000
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<u>Trade payables</u>					
Third parties	(a)	50,036,595	32,056,413	-	-
<u>Other payables</u>					
Sundry payables	(b)	10,709,430	8,967,864	124	431
Deposit received		107,623	14,623	-	-
Sales tax payables		127,397	173,087	-	-
Accrued operating expenses	(b)	5,190,812	4,690,660	45,000	46,700
Dividends payable		4,222,192	2,814,795	4,222,192	2,814,795
		20,357,454	16,661,029	4,267,316	2,861,926
		70,394,049	48,717,442	4,267,316	2,861,926

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2022 - 30 to 60) days terms.

(b) Sundry Payables and Accrued Operating Expenses

These amounts are non-interest bearing and normally settled within twelve months.

26. COMMITMENTS

	Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	13,901,959	17,619,608

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. RELATED PARTY DISCLOSURES

(a) *Subsidiaries and Person Connected to Director of the Group*

The subsidiaries is disclosed in Note 16 to the financial statements.

Person connected to director is a person or a close members of the family of a director of the reporting entity.

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
Dividend income	-	-	30,710,000	13,060,000
Interest income	-	-	69,530	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	
	2023 RM	2022 RM
Salaries and other emoluments	2,260,649	2,260,505
Defined contribution plan	428,931	428,930
Estimated money value of benefits-in-kind	60,468	71,946
	2,750,048	2,761,381

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

- A. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

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

- B. Fair value hierarchy

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

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

	Fair Value of Financial Instruments Carried At Fair Value Level 2 RM	Carrying Amount RM
Group		
2023		
Financial asset		
Short-term investments	33,298,415	33,298,415
2022		
Financial asset		
Short-term investments	29,874,237	29,874,237
Company		
2023		
Financial asset		
Short-term investments	18,489,794	18,489,794
2022		
Financial asset		
Short-term investments	4,770,695	4,770,695

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company 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 overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

29.1 Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(a) Credit Risk

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

(i) Credit Risk Concentration Profile

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

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

	Group	
	2023 RM	2022 RM
Asia countries	20,644,596	18,607,529
Malaysia	22,145,767	22,655,409
Others	4,530,023	2,914,330
	<u>47,320,386</u>	<u>44,177,268</u>

(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 receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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)

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 Group in full or is more than 120 days past due.

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 36 (2022 - 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 inflation rate as the key macroeconomic factor of the forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

	Gross amount RM	Lifetime individual allowance RM	Lifetime collective allowance RM	Carrying amount RM
Group 2023				
Current (not past due)	38,787,895	-	(34,017)	38,753,878
1 to 30 days past due	7,181,737	-	(37,284)	7,144,453
31 to 60 days past due	1,193,765	-	(29,424)	1,164,341
61 to 90 days past due	227,048	-	(17,829)	209,219
91 to 120 days past due	75,132	-	(26,637)	48,495
Credit impaired	379,401	(379,401)	-	-
	47,844,978	(379,401)	(145,191)	47,320,386
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

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 subsidiaries

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

Fixed deposits with licensed banks, cash and bank balances

The Group and the Company consider these licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are 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 2023

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 and the Company practise 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 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	
	2023	2022
	RM	RM
<u>Financial Assets</u>		
<u>Trade and other receivables</u>		
United States Dollar	19,558,103	15,946,698
Singapore Dollar	5,588,794	5,307,313
Euro	342,912	490,871
	25,489,809	21,744,882
<u>Cash and bank balances</u>		
United States Dollar	9,309,006	19,711,060
Singapore Dollar	1,998,389	5,879,400
Euro	313,247	507,267
	11,620,642	26,097,727

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	
	2023 RM	2022 RM
Financial liabilities		
<u>Trade and other payables</u>		
United States Dollar	(43,161,371)	(23,305,373)
Singapore Dollar	(164,528)	(26,192)
Euro	(177,982)	(2,050,627)
	<u>(43,503,881)</u>	<u>(25,382,192)</u>
 <u>Net currency exposure</u>		
United States Dollar	(14,294,262)	12,352,385
 Singapore Dollar	<u>7,422,655</u>	<u>11,160,521</u>
 Euro	<u>478,177</u>	<u>(1,052,489)</u>

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	
	2023 RM	2022 RM
Effect on profit after taxation		
USD/RM – strengthened 11% (2022 - 11%)	-1,195,000	+1,033,000
– weakened 11% (2022 - 11%)	+1,195,000	-1,033,000
SGD/RM – strengthened 7% (2022 - 8%)	+395,000	+679,000
– weakened 7% (2022 - 8%)	-395,000	-679,000
EUR/RM – strengthened 10% (2022 - 4%)	+36,000	-32,000
– weakened 10% (2022 - 4%)	-36,000	+32,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 and the Company do not have any interest-bearing borrowings and the fixed deposits with licensed banks are at fixed rates, hence are not exposed to interest rate risks.

(iii) *Equity Price Risk*

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

Any reasonably possible change in the prices of the short-term investments classified as fair value through profit or loss at the end of the reporting period does not have a material impact on the profit after taxation of the Group and hence, no sensitivity analysis is presented.

29.2 Capital Risk Management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company 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 and the Company monitor capital using a gearing ratio, which is net debt divided by total equity. The Group and the Company include within net debt less cash and bank balances.

The gearing ratio of the Group and the Company at the end of the reporting period are not presented as the Group and the Company are in net cash position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 Classification of Financial Instruments

	Group	
	2023	2022
	RM	RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investments (Note 19)	33,298,415	29,874,237
<u>Amortised cost</u>		
Trade and other receivables (Note 18)	51,353,042	47,553,194
Fixed deposits with licensed banks (Note 20)	18,000,000	-
Cash and bank balances (Note 21)	19,396,164	33,417,550
	88,749,206	80,970,744
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables (Note 25)	70,266,652	48,544,355
	Company	
	2023	2022
	RM	RM
Financial assets		
<u>Fair value through profit or loss</u>		
Short-term investments (Note 19)	18,489,794	4,770,695
<u>Amortised cost</u>		
Trade and other receivables (Note 18)	71,531	57,155
Cash and bank balances (Note 21)	25,804	2,856,879
	97,335	2,914,034
Financial liabilities		
<u>Amortised cost</u>		
Trade and other payables (Note 25)	4,267,316	2,861,926

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Gains or Losses Arising from Financial Instruments

	Group	
	2023 RM	2022 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	1,127,479	612,484
<u>Amortised cost</u>		
Net gains/(losses) recognised in profit or loss	3,030,449	(456,269)
Financial liabilities		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(1,095)	(6,123)
	Company	
	2023 RM	2022 RM
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss	419,100	374,230
<u>Amortised cost</u>		
Net gains recognised in profit or loss	69,530	109,185

30. SEGMENT INFORMATION

(a) Geographical Location

	2023 RM	2023 %	Group 2022 RM	2022 %
Operating revenue:				
Asia countries	269,365,028	57%	287,138,357	57%
Malaysia	130,407,028	28%	149,794,985	30%
Others	69,828,235	15%	65,661,437	13%
	469,600,291	100%	502,594,779	100%

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. SEGMENT INFORMATION (CONT'D)

(b) Major Customers

There is no single customer that contributed 10% or more to the Group revenue.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 18 April 2024.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

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	: 3,551

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Issued	%
1 – 99	166	4.67	7,983	0.00
100 – 1,000	421	11.86	220,202	0.08
1,001 - 10,000	1,906	53.68	8,453,336	3.00
10,001 – 100,000	934	26.30	26,560,047	9.44
100,001 – 14,073,973*	120	3.38	55,572,925	19.74
14,073,974 and above **	4	0.11	190,664,999	67.74
Total	3,551	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	2,678	25	133,582,699	717,875	47.46	0.25
Body Corporate						
a) Bank/Finance Companies	2	-	1,020,500	-	0.36	-
b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c) Industrial and Commercial Companies	35	1	123,589,675	1	43.91	-
Government Agencies/Institutions	-	-	-	-	-	-
Nominees	783	27	20,696,429	1,872,313	7.35	0.67
Others	-	-	-	-	-	-
Total	3,498	53	278,889,303	2,590,189	99.08	0.92

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 18 MARCH 2024

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 18 March 2024.

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 18 March 2024.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 18 MARCH 2024

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>	5,479,300	1.95
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	2,042,450	0.73
10.	Gan Hong Liang	1,794,375	0.64
11.	Tan Gian Hock	1,704,750	0.61
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Lembaga Tabung Haji (Al-Wara')</i>	1,596,100	0.57
13.	Lim Chin Siong	1,582,500	0.56
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)</i>	1,541,600	0.55
15.	Teuh Chin Keong	1,200,000	0.43
16.	Amanahraya Trustees Berhad <i>Public Strategic Smallcap Fund</i>	1,015,500	0.36
17.	Tang Chin Hong	1,000,000	0.36
18.	Tan See Khim	931,500	0.33
19.	Soh Yong Beng	931,050	0.33
20.	Siow Kin Leong	916,750	0.33
21.	Lim Boon Kheng	811,050	0.29
22.	Lim Khuan Eng	750,000	0.27
23.	Lim Siau Mei	743,100	0.26
24.	Tan Suan Chin	728,000	0.26
25.	Tay Khiang Puang	725,400	0.26
26.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kong Chee Wai (E-MLB/JLP)</i>	700,000	0.25
27.	Lim Ying Ying	607,425	0.22
28.	Chong Kok Fah	598,800	0.21
29.	Federlite Holdings Sdn. Bhd.	533,100	0.19
30.	Tan Soon Lan	521,075	0.19
Total		227,752,524	80.95

⁽¹⁾ Excluding a total of 52,500 ordinary shares bought-back by the Company and retained as treasury shares as at 18 March 2024.

STATISTICS OF WARRANTS A HOLDINGS

AS AT 18 MARCH 2024

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	353	14.45	13,402	0.04
100 – 1,000	1,256	51.41	582,521	1.55
1,001 - 10,000	648	26.53	2,092,470	5.57
10,001 – 100,000	161	6.59	4,900,660	13.06
100,001 – 1,876,528*	21	0.86	4,519,540	12.04
1,876,529 and above **	4	0.16	25,421,998	67.74
Total	2,443	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	1,869	17	18,076,512	133,430	48.16	0.36
Body Corporate						
a) Bank/Finance Companies	-	-	-	-	-	-
b) Investment Trusts/ Foundation/Charities	-	-	-	-	-	-
c) Industrial and Commercial Companies	22	-	16,368,910	-	43.62	-
Government Agencies/Institutions	-	-	-	-	-	-
Nominees	521	14	2,909,026	42,713	7.75	0.11
Others	-	-	-	-	-	-
Total	2,412	31	37,354,448	176,143	99.53	0.47

STATISTICS OF WARRANTS A HOLDINGS (CONT'D)
AS AT 18 MARCH 2024

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 18 MARCH 2024

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.	Yap Bing Sia	430,800	1.15
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn Bhd for Fung Kok Sang</i>	383,000	1.02
8.	Lim Chun Yow	341,280	0.91
9.	Hey Shiow Hoe	292,000	0.78
10.	Khong Swee Aun	257,500	0.69
11.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Thean Bee (Penang-CL)</i>	250,500	0.67
12.	Tan Gian Hock	227,300	0.61
13.	Lim Chin Siong	211,000	0.56
14.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Choo Maw Kuan (E-TMR/AKH)</i>	206,700	0.55
15.	Wong Bung Kee	201,200	0.54
16.	Lee Mei Ling	151,000	0.40
17.	Tay Peng Yih	140,800	0.38
18.	Tan See Khim	124,200	0.33
19.	Soh Yong Beng	124,140	0.33
20.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chuah Tong Yee (MY1331)</i>	118,800	0.32
21.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yaw Mui Chin @ Florence (ML00076)</i>	117,600	0.31
22.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Ng Boon Hwa (E-BPT)</i>	109,100	0.29
23.	Lim Boon Kheng	108,140	0.29
24.	Yew Chin Chai	106,500	0.28
25.	Loh Fung Yeng	100,100	0.27
26.	Leong How Luan	100,000	0.27
27.	Lim Khuan Eng	100,000	0.27
28.	Tan Suan Cheng	100,000	0.27
29.	Yu Lai Kuen	100,000	0.27
30.	Lim Siau Mei	99,080	0.26
Total		30,440,618	81.13

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)	20	19.11.2003	1,414	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)	29 27	08.06.1994 28.08.1996	1,805	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)	26	29.04.1997	1,701	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)	20	28.05.2003	1,743	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)	22	07.11.2001	3,568	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)	18 11 6	07.04.2006 07.04.2006 02.09.2019	18,598	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)	10	01.11.2014	1,140	(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)	10	01.11.2014	921	(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)
12. No Hakmilik : PN 36047 Lot No.: 36918 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 8, 8-1, Jln Wawasan 12, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 04.02.2058	4.012 Acres/ 101,712 sq ft	A parcel of industrial land improved upon with: – 1 unit Double-Storey Office Building Annexed Single-Storey Factory (Factory) – 1 unit Single-Storey Detached Factory (Warehouse)	23 23	04.04.2000 04.04.2000	16,469	(20-Jan-23)

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWENTIETH ANNUAL GENERAL MEETING of BP Plastics Holding Bhd. ("**Company**") will be conducted on a fully virtual basis vide the live streaming and online voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Friday, 24 May 2024 at 9:00 a.m. for the following purposes:-

AGENDA

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 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. Tan See Khim | Ordinary Resolution 1 |
| (ii) Mr. Lim Kim Hock | Ordinary Resolution 2 |
| (iii) Ms. Chuah Sue Yin | Ordinary Resolution 3 |
| 3. To approve the payment of Directors' fees of RM325,000 to the Non-Executive Directors of the Company for the financial year ending 31 December 2024. | Ordinary Resolution 4 |
| 4. To approve the payment of Directors' benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 25 May 2024 until the next Annual General Meeting of the Company in 2025. | Ordinary Resolution 5 |
| 5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

As Special Business

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

- | | |
|--|------------------------------|
| 6. ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 | Ordinary Resolution 7 |
|--|------------------------------|

"**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;

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;

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

6. **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 8

"**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. **ORDINARY RESOLUTION**

RETENTION OF MR. TAN HOCK HIN AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary Resolution 9

"**THAT** Mr. Tan Hock Hin 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."

9. 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

24 April 2024

NOTICE OF TWENTIETH 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. Re-election of Directors

Mr. Tan See Khim, Mr. Lim Kim Hock and Ms. Chuah Sue Yin, 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 Twentieth Annual General Meeting ("20th AGM").

For the purpose of determining the eligibility of the Directors to stand for re-election at this Twentieth Annual General Meeting ("20th 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 2023.

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 20th AGM of the Company in Ordinary Resolutions 4 and 5.

2.1 Payment of Directors' fees for the financial year ending 31 December 2024

Ordinary Resolution 4 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 Payment of Directors' benefits to the Non-Executive Directors

The proposed Resolution 5, if passed, will authorise the payment of benefits to the Non-Executive Directors up to an amount of RM30,000 from 25 May 2024 until the next AGM of the Company in year 2025 ("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. Re-appointment of Auditors

The Audit Committee had assessed the suitability and independence of the External Auditors from the annual assessment and was satisfied with their independence and performance. The Audit Committee had recommended the re-appointment of Crowe Malaysia PLT as External Auditors to the Board for their recommendation to the shareholders for re-appointment at the 20th AGM until the conclusion of the next AGM.

The Board at the recommendation of the AC, endorsed the re-appointment of Crowe Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2024, to be presented to the shareholders for approval.

4. Authority to issue 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 20th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Nineteenth 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 20th AGM of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

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

5. Retention of Independent Non-Executive Directors

Ms. Tan Ming-Li was appointed as an Independent Non-Executive Director of the Company on 29 May 2013 and Mr. Tan Hock Hin was appointed as an Independent Non-Executive Director of the Company on 30 September 2014. Therefore, both Ms. Tan Ming-Li and Mr. Tan Hock Hin have served the Board in that capacity for a cumulative term of more than nine (9) years.

In accordance with the Malaysian Code on Corporate Governance 2021, prior approval should be obtained from the shareholders at the Twentieth AGM, to enable Ms. Tan Ming-Li and Mr. Tan Hock Hin to continue in office as Independent Non-Executive Directors.

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 and Mr. Tan Hock Hin as Independent Non-Executive Directors, based on the following justifications:

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

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 May 2024 ("**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@sshshb.com.my during the Meeting. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, shall either be executed under its common seal or under the hand of an authorised officer or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialed.*

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

7. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournment thereof, at which the person named in the appointment proposes to vote:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the office of Share Registrar of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic means via email

In the case of an appointment made via email transmission, the Form of Proxy must be received via email at eservices@sshsb.com.my.

For option (ii), the Company will require the member to deposit the original executive Form of Proxy as in (i) above no later than Wednesday, 22 May 2024 at 9:00 a.m. for verification purpose.

(iii) Online

In the case of an appointment made via online lodgement facility, please submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/>. All resolutions set out in this notice of meeting are to be voted by poll.

8. *Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the Meeting in order to register, participate, speak and vote remotely.*
9. *If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in our electronic Meeting by yourself, please write in to eservices@sshsb.com.my to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.*
10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the ordinary resolutions set out in the Notice of Meeting will be put to vote by way of poll.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)**

(a) Details of individuals who are standing for election as Directors

There is no individual standing for election as a Director at the 20th AGM of the Company.

(b) Statement relating to General Mandate for Issue of Securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details on the authority to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note (4) of the Notice of the 20th AGM.

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

BPPLAS

PROXY FORM

Number of Shares Held

CDS Account No.

*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 and Address (in Block Letters) (First Proxy)		NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%
Email:	Contact No:			

* and / or * delete if inapplicable

Full Name and Address (in Block Letters) (Second Proxy)		NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%
Email:	Contact No:			

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 Twentieth 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 Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Friday, 24 May 2024 at 9:00 a.m.

My / our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr. Tan See Khim who retires by rotation pursuant to Clause 122 of the Company's Constitution.		
2.	To re-elect Mr. Lim Kim Hock who retires by rotation pursuant to Clause 122 of the Company's Constitution.		
3.	To re-elect Ms. Chuah Sue Yin who retires by rotation pursuant to Clause 122 of the Company's Constitution.		
4.	To approve the payment of Directors' fees of RM325,000 to the Non-Executive Directors of the Company for the financial year ending 31 December 2024.		
5.	To approve the payment of Directors' benefits up to an amount of RM30,000 in aggregate to the Non-Executive Directors from 25 May 2024 until the next Annual General Meeting of the Company in 2025.		
6.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	Authority to issue and allot shares pursuant to the Companies Act 2016.		
8.	Retention of Ms. Tan Ming-Li as an Independent Non-Executive Director.		
9.	Retention of Mr. Tan Hock Hin 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 _____ 2024

* Strike out whichever not applicable

* Signature of Member / Common Seal

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

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10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the ordinary resolutions set out in the Notice of Meeting will be put to vote by way of poll.

Please glue and seal along this edge

BP PLASTICS HOLDING BHD.

Registration No. 200401006398 (644902-V)

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

☎ 607-455 7633

✉ 607-455 7699

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