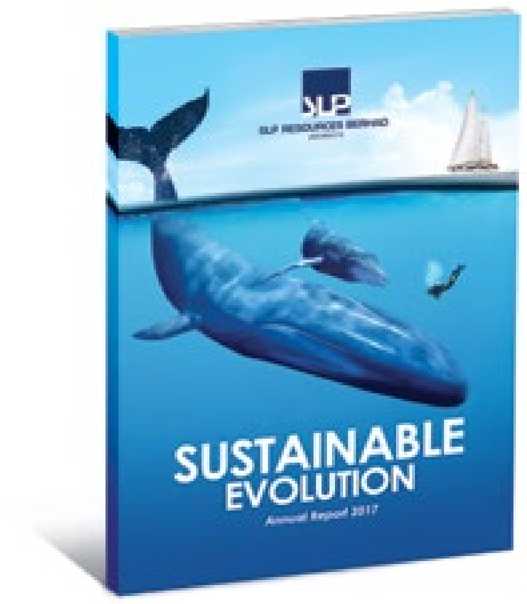
SLP RESOURCES BERHAD

[663862-H]

SUSTAINABLE EVOLUTION

Annual Report 2017



Sustainable Evolution

Believing that innovative and sustainable evolution come with great talents and excellent product control, SLP Resources Berhad follows stringent in-process QA/QC procedures to ensure the best quality products will be selected. A big whale in a vast and clean blue sea signifies a great leader in a greener plastic packaging industry. SLP Resources Berhad continues to expand with environmentally friendly approaches that will benefit the society as the Group produces plastic packaging solutions that serve multi-uses and support the 3Rs initiatives, which is to reduce, reuse and recycle. Striving for continuous excellence in its products, SLP Resources Berhad continues to review, analyse, and improve its products and services.

TABLE OF CONTENTS

2 Group Profile
3 Corporate Information
4 Financial Highlights
5 Profile of Directors
10 Profile of Key Senior Management
11 Chairman's Message
14 Managing Director's Message and Management Discussion and Analysis
17 Corporate Governance Overview Statement
29 Sustainability Statement
33 Directors' Responsibility Statement
34 Statement on Risk Management and Internal Control
36 Audit and Risk Management Committee Report
39 Additional Compliance Information
40 Financial Statements
101 Shareholdings Statistic
103 List of Properties Held by the Group
104 Notice of Annual General Meeting
Proxy Form

GROUP PROFILE

Our History

From modest beginning in 1989 as a manufacturer of ice-tube plastic packaging for domestic market, our Group consisting SLP Resources Berhad ("SLP" or "the Company") and four (4) wholly-owned subsidiaries has over the years grown in size and stature. Today, SLP is listed on the Main Market of Bursa Malaysia Securities Berhad and has become a niche manufacturer for wide-range of flexible plastic packaging products and films for domestic and international markets covering Japan, Australia, United Kingdom, Denmark, Singapore and Indonesia.

Our Group Structure

Our Group Structure as at 31 December 2017:

SLP RESOURCES BERHAD
[663862-H]

100% — **Sinliplas Holding Sdn. Bhd.**
Manufacture and sale of plastic packaging and its related products

100% — **Sinliplas Sdn. Bhd.**
Manufacture and sale of plastic packaging products and plastic related goods, and trading of polymer products such as resin

100% — **SLP Green Tech Sdn. Bhd.**
Manufacture and sale of specialised plastic film and packaging products

100% — **SLP Polymers Sdn. Bhd.**
Trading of polymer products such as resin

Our Mission

To continuously provide innovative, high-quality plastic packaging solutions to meet our customers' ever-changing needs and to exceed users' expectation

Our Vision

To be an internationally-renown plastic packaging solutions specialist through the application of innovative research & development and latest technology

CORPORATE INFORMATION

BOARD OF DIRECTORS

Khaw Khoon Tee
(Executive Chairman)

Khaw Seang Chuan
(Group Managing Director)

Khaw Choon Hoong
(Executive Director)

Khaw Choon Choon
(Executive Director)

Mary Geraldine Phipps
(Senior Independent Non-Executive Director)

Leow Chan Khiang
(Non-Independent Non-Executive Director)

Chan Wah Chong
(Independent Non-Executive Director)

Law Cheng Lock
(Independent Non-Executive Director)

Audit and Risk Management Committee

Mary Geraldine Phipps
Chairman
Leow Chan Khiang
Member
Chan Wah Chong
Member
Law Cheng Lock
Member

Nomination Committee

Mary Geraldine Phipps
Chairman
Leow Chan Khiang
Member
Chan Wah Chong
Member
Law Cheng Lock
Member

Remuneration Committee

Chan Wah Chong
Chairman
Mary Geraldine Phipps
Member
Law Cheng Lock
Member

Company Secretary

Ch'ng Lay Hoon
(MAICSA 0818580)

External Auditors

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 Penang, Malaysia

Internal Auditors

JWC Consulting Sdn. Bhd.
(1186070-H)
1-2-5, BL Business Centre,
Solok Thean Teik,
11500 Ayer Itam,
Penang, Malaysia

Principal Bankers

Hong Leong Bank Berhad
Malayan Banking Berhad

Registrar

Agriteum Share Registration
Services Sdn Bhd (578473-T)
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia
Telephone No. : 604 - 228 2321
Facsimile No. : 604 - 227 2391

Registered Office

Suite 12-A, Level 12, Menara Northam,
No. 55, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia
Telephone No. : 604 - 228 0511
Facsimile No. : 604 - 228 0518

Head Office/ Management Office

P.T. 1, Lot 57A,
Lorong Perusahaan 5,
Kulim Industrial Estate,
09000 Kulim, Kedah
Telephone No. : 604 - 489 1858
Facsimile No. : 604 - 489 1857

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : SLP
Stock Code : 7248

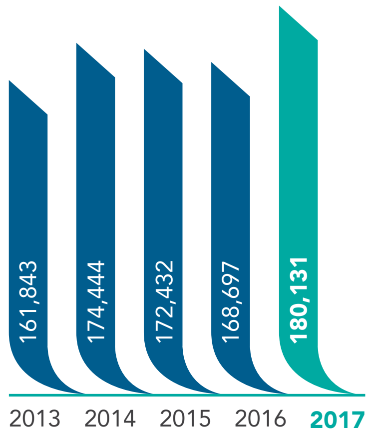
Investor Relations

Khaw Seang Chuan, Kelvin
Group Managing Director
Email : kelvin@sinliplas.com.my

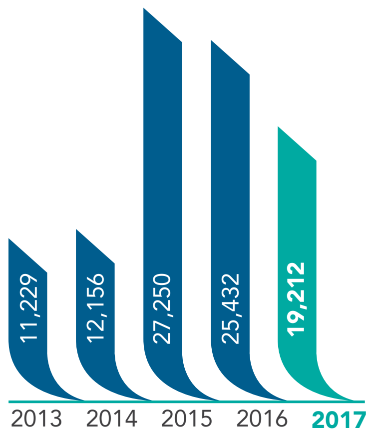
FINANCIAL HIGHLIGHTS

31 December	2013	2014	2015	2016	2017
Key Operating Results:					
Revenue (RM'000)	161,843	174,444	172,432	168,697	**180,131**
Profit before tax (RM'000)	14,472	14,973	34,841	29,270	**24,399**
Profit after tax (RM'000)	11,229	12,156	27,250	25,432	**19,212**
Total comprehensive income attributable to equity owners of the Company (RM'000)	11,240	12,127	27,286	28,553	**11,648**
Other Key Financial Data:					
Total assets (RM'000)	117,529	120,458	140,941	154,629	**194,162**
Total liabilities (RM'000)	28,288	24,037	27,127	23,392	**25,856**
No of ordinary shares in issue ('000)	247,333	247,333	247,333	247,333	**316,960**
Equity attributable to owners of the Company (RM'000)	89,241	96,421	113,814	131,237	**168,306**
Financial ratio:					
Revenue growth (%)	7.0	7.8	(1.1)	(2.2)	**6.8**
Profit before tax margin (%)	8.9	8.6	20.2	17.3	**13.5**
Profit after tax margin (%)	6.9	7.0	15.8	15.1	**10.7**
Return on equity (%)	12.6	12.6	24.0	19.4	**11.4**
Share Information:					
Earnings per share (sen)	4.54	4.91	11.02	8.57	**6.24**
Net dividend per share (sen)	2.00	2.00	4.50	4.50	**4.50**
Dividend as % of net profit (%)	44.0	40.8	40.8	43.8	**74.20**
Net assets per share (sen)	36.08	38.99	46.02	53.06	**53.10**

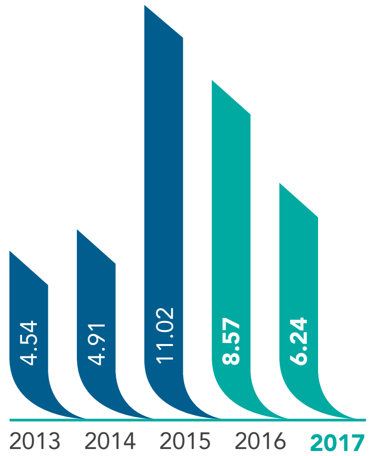
REVENUE (RM'000)



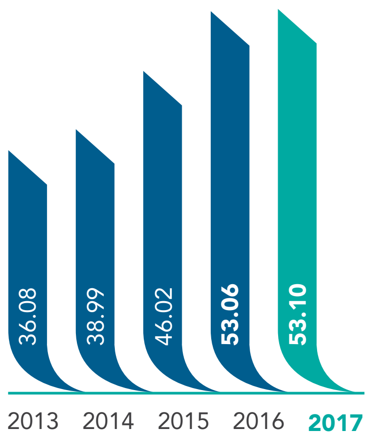
PROFIT AFTER TAX (RM'000)



EARNINGS PER SHARE ("EPS") (SEN)



NET ASSETS PER SHARE (SEN)



PROFILE OF DIRECTORS

from left to right:-

1. **Law Cheng Lock** — *Independent Non-Executive Director*
2. **Khaw Seang Chuan, Kelvin** — *Group Managing Director*
3. **Khaw Choon Choon, Jessy** — *Executive Director*
4. **Khaw Choon Hoong, Jasmine** — *Executive Director*
5. **Chan Wah Chong** — *Independent Non-Executive Director*
6. **Mary Geraldine Phipps** — *Senior Independent Non-Executive Director*
7. **Khaw Khoon Tee** — *Executive Chairman*
8. **Leow Chan Khiang** — *Non-Independent Non-Executive Director*

Notes:-

(i) Family Relationships and Substantial Shareholders
Save for Khaw Khoon Tee who is the father of Khaw Seang Chuan, Khaw Choon Hoong and Khaw Choon Choon, none of the Directors of the Company have any relationship with any Director or substantial shareholders of the Company.

(ii) Directors' Shareholdings
Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

(iii) No Conflict of Interest
All Directors of the Company do not have any conflict of interest with the Company.

(iv) Non-Conviction of Offences
All the Directors have not been convicted with any offences other than traffic offences in the past 10 years.

(v) Attendance at Board Meetings
The number of board meetings attended by the Directors in the financial year ended 31 December 2017 is disclosed in the Corporate Governance Overview Statement of this Annual Report.

Khaw Khoon Tee
Malaysian / Aged 68
Executive Chairman

Gender	:	Male
Date of Appointment	:	26 October 2007 (Founder of SLP Group)
Date of Re-designated As Executive Chairman	:	26 August 2009
Length of Service (as at 28 March 2018)	:	10 years and 5 months
Date of Last Re-election	:	1 June 2016
Board Committees	:	Nil
Board Meetings Attended in the Financial Year	:	Five (5) out of five (5) meetings
Academic Qualification(s)	:	Secondary education
Present Directorship(s)	:	Listed entity : Nil
		Other public company : Nil
Present Appointment(s)	:	Nil

Past Appointments and Working Experience:
He was appointed as Treasurer of Malaysian Plastics Manufacturers Association ("MPMA") in 1994 and as the Chairman of MPMA for northern region of Malaysia in May 2000. Upon his retirement as the Chairman of MPMA in May 2004, he was then appointed as the Adviser to MPMA.

During his involvement in MPMA, he attended annual conferences at the Asia Plastics Forum and the ASEAN Federation of Plastic Industries in relation to the growth of plastic industry in ASEAN. He had also represented MPMA in various discussions and meetings with the Malaysian government authorities in respect of policies such as import duties, legislation framework and new developments within the Plastics Industry.

He has over 50 years of experience in the polymer industry, gaining his experience through a hands-on management style ever since he assisted his late father in their family business involved in the manufacture of plastic packaging products in 1965.

Khaw Seang Chuan, Kelvin
Malaysian / Aged 48
Managing Director

Gender	:	Male
Date of Appointment	:	26 October 2007
Date of Re-designated As Managing Director	:	26 August 2009
Length of Service (as at 28 March 2018)	:	10 years and 5 months
Date of Last Re-election	:	26 May 2017
Board Committees	:	Nil
Board Meetings Attended in the Financial Year	:	Five (5) out of five (5) meetings
Academic Qualification(s)	:	Secondary education
Present Directorship(s)	:	Listed entity : Nil
		Other public company : Nil
Present Appointment(s)	:	Nil

Past Appointment and Working Experience:
He has nearly 30 years of experience in the polymer industry, gaining his experience when he first joined his father in their family business involved in the manufacture of plastic packaging products way back in 1987.

He pioneered the setting up the Group's new production lines through technology transfer arrangements with Maruzen Kako Co Ltd of Japan and Okahata Sangyo Co Ltd of Japan in 1998 and Okura Industrial Co Ltd of Japan in 2001. He had initiated a few major new products development for the Group, namely Vertical-Form-Fill-Seal films for packaging of edible palm oil in 2005, antibacterial plastic sleeve and newspaper wrapping films in 2009, NCPP wrapping films in 2010/11 and shrink film for food packaging in 2012. The success of the Group in product innovation owes much to his commitments and extensive involvement in research and developement, and management of the Group.

Khaw Choon Hoong, Jasmine
Malaysian / Aged 46
Executive Director

Gender	Female
Date of Appointment	26 October 2007
Length of Service (as at 28 March 2018)	10 years and 5 months
Date of Last Re-election	26 May 2017
Board Committees	Nil
Board Meetings attended in the Financial Year	Five (5) out of five (5) meetings
Academic Qualification(s)	Bachelor Degree in Management from the University of Lethbridge, Canada.
Present Directorship(s)	Listed entity : Nil
	Other public company : Nil
Present Appointment(s)	Nil

Past Appointment and Working Experience:
Upon her graduation in 1997, she joined our Group as Marketing Director and has since participated in various trade exhibitions and promotions locally and internationally. She is also the management representative of our Group's quality management system which led to the successful achievement of ISO 9002 quality system certification awarded by Lloyd's Register Quality Assurance to the Group in 1998 and ISO 22000 for Food Safety Management System in 2013.

Khaw Choon Choon, Jessy
Malaysian / Aged 44
Executive Director

Gender	Female
Date of Appointment	1 July 2010
Length of Service (as at 28 March 2018)	7 years and 8 months
Date of Last Re-election	9 June 2015
Board Committees	Nil
Board Meetings attended in the Financial Year	Five (5) out of five (5) meetings
Academic Qualification(s)	Secondary education
Present Directorship(s)	Listed entity : Nil
	Other public company : Nil
Present Appointment(s)	Nil

Past Appointment and Working Experience:
She has more than 20 years of experience in the polymer industry, gaining her experience when she joined the Group in 1989 as Sales Coordinator. In 2003, she was promoted as Assistant Marketing Manager and later in 2008 as Logistic Manager of the Group.

Mary Geraldine Phipps

Malaysian / Aged 69

Senior Independent Non-Executive Director

Gender	:	Female
Date of Appointment	:	26 October 2007
Length of Service (as at 28 March 2018)	:	10 years 5 months
Date of Last Re-election	:	26 May 2017
Board Committees	:	Chairman of Audit and Risk Management Committee and Nomination Committee. Member of Remuneration Committee.
Board Meetings Attended in the Financial Year	:	Five (5) out of five (5) meetings
Academic Qualification(s)	:	Chartered Accountant registered with the Malaysian Institute of Accountants having qualified as a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants.
Professional Associations:	:	Member of the Malaysian Institute of Accountants (MIA); Fellow of the Chartered Tax Institute of Malaysia (CTIM)
Present Directorship(s)	:	Listed entity: 1. Oriental Holdings Berhad 2. PBA Holdings Berhad Other public company: NationGate Group Berhad

Past Appointments and Working Experience:
In 1982, she was made a partner of KPMG, specialising in taxation. In 1990, she was appointed as Managing Partner of KPMG's Penang practice, a position she held until her retirement in December 2004. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/Client Partner for multinational clients of KPMG's international offices with manufacturing facilities in Penang.

Leow Chan Khiang

Malaysian / Aged 52

Non-Independent Non-Executive Director

Gender	:	Male
Date of Appointment	:	26 October 2007
Length of Service (as at 28 March 2018)	:	10 years 5 months
Date of Last Re-election	:	26 May 2017
Board Committees	:	Member of Audit and Risk Management Committee and Nomination Committee
Board Meetings Attended in the Financial Year	:	Five (5) out of five (5) meetings
Academic Qualification(s)	:	1. Master Degree in Business Administration ("MBA"), Northern University of Malaysia. 2. Bachelor Degree in Economics, University of Malaya. 3. Chartered Association of Certified Accountants, United Kingdom.
Present Directorship(s)	:	Listed entities: 1. Ni Hsin Resources Berhad 2. Salutica Berhad 3. Tek Seng Holdings Berhad Other public company: Nil
Present Appointment(s)	:	He is presently running his own business in GST and other financial services and holds directorship positions in a few private limited companies involving in GST and financial services.

Past Appointments and Working Experience:
Began his career in 1991 as an executive in Hong Leong Bank Berhad and was promoted to assistant manager in 1994. In 1996, he left Hong Leong Bank Berhad and joined Malaysian International Merchant Bankers Berhad as an assistant manager where he was responsible for various corporate fund raising exercises as well as general advisory work until 2001. Subsequently, he joined a logistic company until 2002. In 2002, he joined CAB Cakaran Corporation Berhad ("CAB") as a director of corporate finance, and subsequently, was appointed as an executive director in 2003 where he was responsible for corporate planning, accounting and tax as well as joint-venture matters. He resigned from his position as an executive director of CAB in 2007 and was subsequently appointed to our board in October 2007.

Chan Wah Chong
Malaysian / Aged 54
Independent Non-Executive Director

Gender	:	Male
Date of Appointment	:	1 July 2009
Length of Service (as at 28 March 2018)	:	8 years 8 months
Date of Last Re-election	:	1 June 2016
Board Committees	:	Chairman of Remuneration Committee, Member of Audit and Risk Management Committee and Nomination Committee
Board Meetings Attended in the Financial Year	:	Five (5) out of five (5) meetings
Academic Qualification(s)	:	Certified Public Accountant
Present Directorship(s)	:	Listed entity: Lii Hen Industries Berhad Other public company: Nil

Past Appointments and Working Experience:
He started his career in 1984 in accountancy with Ernst & Young, an international accounting firm for 6 years before joining a local medium-sized audit firm as a senior staff for a year. He then joined a local pharmaceutical manufacturing company as Corporate Finance Manager which he left after one and a half years to join a start-up medical trading company as its Finance Director. He is presently running his own corporate advisory company.

Law Cheng Lock
Malaysian / Aged 59
Independent Non-Executive Director

Gender	:	Male
Date of Appointment	:	7 August 2014
Length of Service (as at 28 March 2018)	:	3 years 7 months
Date of Last Re-election	:	Nil
Board Committees	:	Member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee
Board Meetings Attended in the Financial Year	:	Five (5) out of five (5) meetings
Academic Qualification(s)	:	LLB (Hons) London CLP
Present Directorship(s)	:	Listed entity: Nil Other public company: Nil
Present Appointment(s)	:	Nil

Past Appointments and Working Experience:
He chambered under the legal firm of Messrs Cheong Wai Meng & Van Buerle in Butterworth where he eventually completed his chambering under the tutelage of Louis Edward Van Buerle and was retained in the aforesaid legal firm as a legal assistance from 1996 to 2000. He is presently practising in a legal firm in Kulim, Kedah Darul Aman.

PROFILES OF KEY SENIOR MANAGEMENT

Ooi Teong Soon
Malaysian / Aged 54
General Manager

Gender	:	Male
Date of Appointment	:	2 January 2012
Academic Qualification(s)	:	Bachelor of Arts in Economic & Management, BA of Teacher course.

Past Appointment and Working Experience:
He started working in plastics packaging industry in 1990 in Japan after graduated from Aichi University, Japan. In 1996, he came back to Malaysia and employed with cabling and plastic manufacturing companies prior to joining SLP as General Manager in 2012. He was the secretary of Malaysia Plastics Manufacturers Association, Northern Branch ("MPMA Northern Branch") from 2006 to 2014. He is currently heading the overall operations and marketing activities of the Group.

Oong Chye Hee
Malaysian / Aged 31
Accounts Manager

Gender	:	Male
Date of Appointment	:	26 April 2016
Academic Qualification(s)	:	Bachelor of Accounting.

Past Appointment and Working Experience:
Prior to joining SLP, he was attached with an audit firm for 6 years where he was involved in external audit and corporate exercises assignments. He joined SLP in 2016 as an Accounts Manager overseeing the accounting and financial reporting functions of the Group. He is a member of the Malaysian Institute of Accountants.

Dear Shareholders,

On behalf of the Board of Directors of SLP Resources Berhad ("SLP" or "the Company"), I take great pleasure in presenting the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017 ("FY2017").

FINANCIAL PERFORMANCE

For FY2017, the Group recorded higher revenue of RM180.1 million, an increase of RM11.4 million or 6.8% from RM168.7 million recorded in FY2016. Export sales contributed RM107.3 million or 59.6% of group revenue in FY2017 as compared to RM104.2 million or 61.8% of group revenue in FY2016. The Group's profit before tax in FY2017 was however below our expectations with RM24.4 million, down by RM4.9 million or 16.7% from RM29.3 million recorded in FY2016.

A detailed review of the Group's performance in the year is provided in the Managing Director's Message and Management Discussion and Analysis of this Annual Report.

DIVIDEND

The Company has consistently declared and paid out annual dividend of above 40.0% of profit after tax of the Group in the past nine (9) years. The Company paid two (2) interim dividends of 1.5 sen per share each in respect of FY2017. On 23 February 2018, the Company declared a third interim dividend of 1.5 sen per share in respect of FY2017. This adds up to a total dividend of 4.5 sen per share or RM14.3 million in respect of FY2017. This total dividend amount is equivalent to a payout ratio of 74.2% which had exceeded the Group's policy in dividend payout ratio of 40% of net profit after tax attributable to shareholders.

The Company will continue to maintain an appropriate level of dividend payout ratio based on the performance of the Group so as to ensure a satisfactory return on investment to shareholders while enabling the Group to retain sufficient funds for capital requirement, thus offering long-term sustainable benefits to all shareholders.

CORPORATE DEVELOPMENT

On 19 July 2017, the Company completed the issuance of 16,800,000 new ordinary shares, representing approximately 6.79% of the total number of issued shares of the Company pursuant to a Private Placement exercise. At the issue price per new ordinary share of RM2.30, the Company raised RM38.6 million in cash proceeds, of which RM27.0 million had been earmarked for capital expenditure for expanding the Group's production capacity, RM10.8 million for working capital, and the balance RM0.8 million was to defray expenses related to the corporate exercise.

Following the completion of the Private Placement, the Company undertook bonus issue of 52,826,666 Bonus Shares on the basis of one (1) Bonus Share for every five (5) existing ordinary shares held ("Bonus Issue"). On 5 July 2017, the shareholders of the Company approved the ordinary resolution on the Bonus Issue which was subsequently completed on 23 August 2017 following the listing of and quotation for Bonus Shares on the Main Market of Bursa Securities.

GOOD CORPORATE GOVERNANCE

The Board is unwavering in the compliance of the corporate governance best practices within the Group as a crucial step towards achieving continuous growth. Bearing this in mind, the Board is committed to implement business strategies that are in line with the Group's vision and deemed to be value-accretive in nature in order to protect and maximise shareholders' value. The measures undertaken by the Board to maintain and improve on the Corporate Governance on a Group-wide basis are highlighted in the Corporate Governance Overview Statement in this Annual Report.

SUSTAINABILITY

The Group's strategic principle is to strive to provide its customers with the best value proposition for a long-lasting relationship and loyalty. To achieve this, we believe that our people, be it our employees, suppliers, customers, shareholders or other stakeholders are our core strength. Their involvement and satisfaction are the key drivers for achieving sustainability across all aspects of our business operations right from sourcing of raw materials to production process efficiencies, final delivery and usage of our products.

The Board acknowledges the importance of embedding sustainability within the organisation to achieve its business excellence and value creation. The Group always strives to satisfy its shareholders, stakeholders and community at large in fulfilling its social responsibility as a good corporate citizen in attaining sustainable growth.

In 2017, a Sustainability Committee was established by the Group to formulate and drive our sustainability Agenda. A detailed inaugural report on our sustainability-related initiatives is available within this Annual Report.

PROSPECTS AND STRATEGIES

According to Persistence Market Research, the global flexible plastic packaging market is projected to witness a high 6.7% CAGR during the period of 2017-2022. This is primarily due to the rise in population especially middle class, rise in preference of convenient packaging/ handling, and the growing demand for flexible plastic packaging from the food and beverage industry and pharmaceutical industry. The food and beverage segment is expected to dominate the market by end-use category for flexible plastic packaging.

The future business strategy and operating model of the Group remain unchanged. The objective is to continue growing the Group's earnings and maintain sustainable and growing level of returns over the long term. This would be achieved through creating a strong differentiated offering for our customers providing them with packaging that is more functional, appealing and cost effective. The Group's policy of creating plastic packaging with recyclability and more sustainable for the environment would remain as one of our key priorities. We foresee growing pressure from retailers, brand owners and even relevant governmental authorities on extended producer responsibility legislation that will affect products packaging in traditional flexible laminates.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation and gratitude to the management and employees of the Group for their dedication, team spirit and hard work over the past twelve months. The commendable performance of the Group is the result of the earnest efforts put in by our workforce. Last but not least, my utmost gratitude to our stakeholders including customers, shareholders, suppliers and other business associates for your long-standing support, cooperation and assistance.

Thank you.

Khaw Khoon Tee
Executive Chairman

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

Khaw Seang Chuan, Kelvin
Group Managing Director

On behalf of the Board of SLP, it is my pleasure to present to you the Management Discusssion and Analysis ('MDNA") on the Group. The objective of this MDNA is to provide shareholders with a better understanding on the Group's business, operations, financial position in FY2017 and outlook for the FY2018.

Overview of the Group's business and operations

SLP Resources Berhad ("SLP" or "the Company") and its four (4) subsidiaries (herein collectively referred to as "the Group") are primarily involved in the manufacture and sale of flexible plastic packaging and its related products. With more than 350 employees housed under approximately 387,000 square feet of manufacturing facilities located in Kulim Industrial Estate, Kedah Darul Aman, Malaysia, the Group manufactures and supplies its quality thin-gauged flexible plastic packaging products to customers in Malaysia and other parts of the world. Some of the key products of the Group are kitchen bags, garbage bags (mainly for Japanese market), VFFS films, fashion bags, patch handle bags, industrial bags, oil VFFS films and quality films for healthcare packaging.

SLP has four (4) wholly-owned subsidiaries namely Sinliplas Sdn. Bhd., Sinliplas Holding Sdn. Bhd., SLP Green Tech Sdn. Bhd. and SLP Polymers Sdn. Bhd. The Group's growth and investment strategy is to stay focused in its core competency and to enhance its position in the flexible plastic packaging industry through organic growth. The Group works closely alongside its customers to provide them with innovative ideas, expertise and support solutions for their specific requirement. Through this differentiation strategy, the Group has expanded its high value-added packaging products for diversified end-uses including food, beverages, personal care, home care, health care and industrial uses. In the personal care industry, the Group manufactures and supplies high quality plastic packaging materials for end products such as diapers and other medical care products. The Group believes that these high value-added packaging products have strong market potential and high barriers to entry and will continue to leverage on its expertise in these high value-added packaging products for further growth.

FINANCIAL PERFORMANCE REVIEW

Revenue

For FY2017, the Group recorded revenue of RM180.1 million, an increase of 6.8% from RM168.7 million recorded in FY2016. This was driven by higher sales volumes from both Malaysian and overseas markets in FY2017.

The Group's revenue analysis by geographical markets is illustrated in the table below:

	FY2017 RM'000		FY2016 RM'000		Increase/ (Decrease) RM'000	%
Countries						
Malaysia	72,861	40.5%	64,491	38.2%	8,370	13.0
Japan	68,714	38.1%	68,761	40.8%	(47)	(0.1)
Australia	16,166	9.0%	15,488	9.2%	678	4.4
European countries	9,974	5.5%	9,370	5.5%	604	6.4
Other countries	12,416	6.9%	10,587	6.3%	1,829	17.3
Total	**180,131**	**100%**	**168,697**	**100%**	**11,434**	**6.8**

In term of revenue contribution, sales to Malaysian market contributed 40.5%, up by 2.3% from 38.2% in FY2016. The increase in sales volume to Malaysian market was principally attributed to higher demand for flexible plastic packaging products and industrial film.

Japan continued to be the Group's biggest export market with sales of RM68.7 million or 38.1% of total revenue in FY2017. The Group's major products sold to Japanese markets comprise flexible plastic packaging bags for retail and household use.

Australia is another export market for the Group's fashion and carrier bags with revenue contribution of 9.0% in FY2017. European countries namely Denmark and United Kingdom contributed 5.5% of total revenue in FY2017. The Group's major products exported to European countries are plastic packaging films for dairy products and major products exported to other countries comprised plastic packaging bags and films for household, industrial and retail use. Other countries namely Singapore, New Zealand and Indonesia contributed 6.9% of total revenue in FY2017 as compared 6.3% in FY2016.

Gross Profit

	FY2017	FY2016	Decrease
Gross Profit (RM'000)	31,067	36,442	(5,375)
Gross Profit margin (%)	17.2	21.6	(4.4)

The Group's gross profit margin for FY2017 was 17.2%, lower by 4.4% against 21.6% achieved in FY2016. This was due largely to higher raw material costs especially plastic resins as the increase in prices of plastic resins was at a much brisker rate than the increase in average product selling price of the Group's final products. The change in sales mix and unfavourable selling prices for export sales denominated in USD after the strengthening of Ringgit Malaysia has also resulted in lower gross profit and gross profit margin in FY2017.

Profit Before Tax

	FY2017	FY2016	Decrease
Profit Before Tax (RM'000)	24,399	29,270	(4,871)
Profit Before Tax margin (%)	13.5	17.3	(3.8)

The Group's profit before tax ("PBT") for FY2017 was RM24.4 million, a decrease of RM4.9 million when compared to RM29.3 million in FY2016. The decrease in PBT and PBT margin was a consequence of lower gross profit margin due to reasons as explained above.

Other operating income and other operating expenses in FY2017 were relatively consistent with FY2016 as below.

	FY2017	FY2016	Decrease
Other operating income (RM'000)	2,802	2,837	(35)
Other operating expenses (RM'000)	9,470	10,008	(538)

The Group's other operating income for FY2017 was slightly lower at RM2.8 million when compared to last year. Gain on foreign exchange and interest income, which constituted the largest portion of other operating income, stood at RM0.6 million and RM1.0 million (FY2016: RM2.2 million and RM0.1 million) respectively. During FY2017, the Group had also managed to recover doubtful debt of RM0.5 million from a customer.

The Group's other operating expenses comprised mainly administrative, selling and marketing expenses. For FY2017, the Group recorded lower operating expenses when compared to the same in FY2016. In FY2017, the Group incurred one-off corporate exercise expenses of RM0.8 million in relation to the Private Placement and Bonus Issue exercise undertaken by the Company.

Profit After Tax

	FY2017	FY2016	Decrease
Profit After Tax (RM'000)	19,212	25,432	(6,220)
Profit After Tax margin (%)	10.7	15.1	(4.4)

In tandem with lower PBT, the Group recorded lower profit after tax ("PAT") of RM19.2 million in FY2017, down by RM6.2 million from RM25.4 million in FY2016. In addition, the lower amount of tax incentives such as reinvestment and capital allowances for the subsidiaries of the Group had resulted in higher tax expense and hence lower PAT margin at 10.7%, a decrease of 4.4% from 15.1% in FY2016.

FINANCIAL POSITION

An analysis of financial position of the Group is presented below:

Total Assets

As of 31 December 2017 and 2016, the Group had total assets of RM194.2 million and RM154.6 million respectively. Property, plant and equipment ("PPE") were at RM62.1 million and RM63.3 million, respectively, representing 32.0% and 40.9% of total assets. As part of the Group's continuing expansion process, the Group invested in capital expenditure of approximately RM8.6 million in FY2017, mainly for the installation of new production machineries. 67% of the capital expenditures were funded by proceeds from private placement of SLP shares undertaken by the Company during FY2017 and the balance of 33% were funded from internally generated funds. In spite of the additional assets acquired during FY2017, the carrying amount of PPE as of 31 December 2017 was lower than last year as a consequence of effect of movement in foreign currency exchange translation of a subsidiary of which the functional currency is in US Dollar. Please refer to Note 3 – Property, Plant and Equipment of the Audited Financial Statements for further details on this item.

As of 31 December 2017 and 2016, the Group's inventories stood at RM27.1 million and RM30.5 million respectively, representing 14.0% and 19.7% of total assets. The decrease in inventories was mainly due to lower balance of quantity of raw materials as of the fourth quarter of 2017.

As of 31 December 2017 and 2016, the Group reported cash and cash equivalents of RM64.8 million and RM29.1 million respectively, representing 33.4% and 18.8% of total assets. The higher amounts of cash and cash equivalents as at 31 December 2017 was largely attributed to net positive cashflows generated from operations as well as the proceeds of RM38.6 million raised from the issuance of 16,800,000 new ordinary shares via a private placement exercise at an issue price of RM2.30 per share.

As of 31 December 2017 and 2016, the Group's trade and other receivables stood at RM39.4 million and RM30.6 million respectively, representing 20.3% and 19.8% of total assets. The increase in trade and other receivables in FY2017 was largely attributed to some advance payments made to suppliers for the purchase of plant and machinery and raw materials. As at 31 December 2017, total advance payments to suppliers for the purchase of plant and machinery and raw materials amounted to RM4.7 million and RM2.5 million respectively.

Total Liabilities

As of 31 December 2017 and 2016, the Group's total liabilities stood at RM25.9 million and RM23.4 million, respectively. The increase in total liabilities was due to higher income tax liability of RM0.6 million and higher dividend payable to shareholders of the Company of RM1.0 million. Trade and other payables are the major components of total liabilities of the Group accounting for 48.1% and 47.5% as 31 December 2017 and 2016 respectively.

FINANCIAL POSITION (Cont'd)

Shareholders' equity

As of 31 December 2017 and 2016, the Group's shareholders' equity stood at RM168.3 million and RM131.2 million, respectively. The increase in shareholders' equity was mainly attributed to higher retained earnings contributed by profitability of the Group after netting of dividends paid and payable to shareholders. The increase in paid-up share capital following the issuance of new ordinary shares via private placement by the Company during FY2017 had also resulted in higher shareholders' equity. However, weakening of US Dollar against Ringgit Malaysia towards the end of FY2017 had resulted in the losses of foreign currency translation differences of RM7.58 million for FY2017 and this had translated into negative foreign currency translation reserves of RM4.45 million as of 31 December 2017. Please refer to "Statement of Changes in Equity" in the Audited Financial Statements for more details on this item.

Liquidity

In tandem with lower Group's profit in FY2017, the Group generated lower net cash flows from operating activities of RM16.7 million in FY2017 when compared to RM28.0 million in FY2016. Net cash flows used in investing activities was RM7.5 million in FY2017. The Group raised total proceeds of RM38.6 million from the private placement exercise and after payments of dividend to shareholders of the Company of RM12.2 million, the Group's net cash flows from financing activities stood at RM26.5 million as at 31 December 2017.

As at 31 December 2017, the Group's net changes in cash and cash equivalents stood at RM35.6 million. When adding the cash and cash equivalents of RM29.1 million brought forward from FY2016, the Group's liquidity as of 31 December 2017 stood at RM64.8 million. This healthy liquidity position would provide the Group with a strong financial base for future expansion plans.

OUTLOOKS, RISKS AND STRATEGIES

The Group does not expect any significant changes in its principal geographical areas of sales distribution and product group contributions in FY2018. However, factors that will play a hand in determining our performance in FY2018 include fluctuations in USD, fluctuations in prices of plastic resins, our core raw material and increase in labour costs due to manpower shortages and potential upward revision of minimum wages in Malaysia.

As a large portion of the Group's revenue is derived from export sales and transacted in USD, there is a risk that the fluctuation of exchange rates in the RM to USD will affect the revenues, earning and liquidity of the Group. To minimise exposure to foreign currency exchange risk, the Group hedges its USD sales proceeds through foreign currency forward contracts whenever it sees forward contracts that have potential benefits to the Group. In addition, the Group would, as much as it could, increase its purchases of raw materials in USD from overseas suppliers to provide natural hedging to the fluctuations in export sales proceeds in USD.

As for the cost of raw material, particularly plastic resins making up almost a major portion of the Group's cost of goods sold, any fluctuation in the plastic resin prices would directly affect the profitability of the Group. To mitigate this risk, other than passing on some increases in the raw material costs to our customers, the Group is constantly conducting its research and development on new formulation in production processes to improve material usage efficiency as well as for material substitution without compromising the quality of its final products. The Group also aims to enhance supplier relationship management so as to tap into our suppliers' capabilities to minimise supply risk exposure, increase our responsiveness to market changes and shorten our order fulfilment lead times.

The current and future trends of higher costs of labour and manpower would continue affecting the costs of operations of the Group. The Group recognises this risk and hence would continue to implement several mitigation strategies, including converting manual production processes to automated processes to reduce our reliance on manual labour. Additionally, in ensuring management efficiency, the Group recognises that economy of scale play an important role in improving our productivity ratio. With this in mind, the Group would endeavour to encourage positive performances and improve business processes through elimination of unnecessary work that consumes time without adding value, simplify tasks that contribute to product quality service, and implement new systems that are able to improve our overall processes and ensure quality outcomes.

DIVIDEND PAYOUT

The Company has consistently declared and paid out annual dividend of above 40.0% of profit after tax of the Group in the past nine (9) years. The Company paid two (2) interim dividends of 1.5 sen per share each in respect of FY2017. On 23 February 2018, the Company declared a third interim dividend of 1.5 sen per share in respect of FY2017. This adds up to a total dividend of 4.5 sen per share or RM14.3 million in respect of FY2017. This total dividend amount is equivalent to a payout ratio of 74.2% which had exceeded the Group's policy in dividend payout ratio of 40% of net profit after tax attributable to shareholders.

APPRECIATION

On behalf of the Management of SLP, I would like to extend my heartfelt gratitude to all our valued customers, business associates, vendors, relevant authorities, bankers, financiers and investors who have supported us throughout the financial year under review.

I also take this opportunity to acknowledge the contributions of our dedicated management team who has worked tirelessly to help us attain our goals and finally to the Board of Directors for their invaluable counsel and guidance.

Thank you.
Khaw Seang Chuan
Managing Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement sets out the principal features of SLP Resources Berhad ("SLP" or "the Company") and its subsidiaries (collectively referred to as the "Group") corporate governance approach, summary of corporate governance practices during the financial year ended 31 December 2017 as well as key focus areas and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and guidance was drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Securities.

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report ("CG Report") based on a prescribed format as enumerated in paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices *vis-à-vis* the Malaysian Code on Corporate Governance (MCCG). The CG Report 2017 of the Company is available on the Company's website: www.sinliplas.com.my as well as via an announcement on the website of Bursa Securities. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year ended 31 December 2017.

The Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Sustainability Statement).

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS

1.1 Strategic Aims, Values and Standards

The Company is headed by an experienced Board comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Independent Non-executive Directors are considered independent of any business or other relationship or circumstances that could interfere with the execution of their independent judgement and decision making in the best interests of the Company. The matters reserved for the collective decision of the Board are listed in item 4.1 of the Board Charter which is available on the Company's website at www.sinliplas.com.my.

Board Committees

In discharging its duties, the Board delegates certain responsibilities to the Board Committees, namely Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within their respective defined Board Committee Charters. The Chairman of the respective Board Committees reports to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.

Audit and Risk Management Committee (ARMC)

The ARMC oversees the integrity of the financial statements compliance with relevant accounting standards and the Group's risk management and internal controls. The ARMC currently comprises entirely Non-Executive Directors with majority of the members being independent as follows:

Name	Position
Mary Geraldine Phipps	Chairman/*Senior Independent Non-Executive Director*
Leow Chan Khiang	Member /*Non-Independent Non-Executive Director*
Chan Wah Chong	Member/*Independent Non-Executive Director*
Law Cheng Lock	Member/*Independent Non-Executive Director*

The Charter of ARMC includes the review and deliberation on the Company's and the Group's financial statements, the audit findings of the External Auditors arising from the audit of the Company's financial statements and the audit findings and issues raised by the internal audit team. The ARMC also reviews the Company's and the Group's quarterly unaudited financial statements and annual audited financial statements before they are approved by the Board.

The ARMC's Report for the financial year ended 31 December 2017 is on pages 36 to 38 of this Annual report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I BOARD RESPONSIBILITIES (Cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (Cont'd)

1.2 The Chairman

The Chairman of the Board is currently Khaw Khoon Tee, an executive member of the Group. He is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

1.3 Chairman and Managing Director

The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority. The Board has delegated its authority and responsibility to the Managing Director, Khaw Seang Chuan to implement policies, strategies and decisions adopted by the Board.

1.4 Qualified and competent Company Secretary

The Board is supported by the Company Secretary, Miss Chng Lay Hoon, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary has the requisite credentials and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The role of the Company Secretary is to carry out her responsibilities in providing support to the Board as follows:

(a) Manages all Board and committee meeting logistics, attends and records minutes of all Board and committee meetings and facilitates Board communications;
(b) Advises the Board on its roles and responsibilities;
(c) Facilitates the orientation of new directors and assists in director training and development;
(d) Advises the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
(e) Manages processes pertaining to the annual shareholder meeting;
(f) Monitors corporate governance developments and assists the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
(g) Serves as a focal point for stakeholders' communication and engagement on corporate governance issues.

1.5 Access to information and advice

The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities in a timely manner. The management must supply the Board and Committees with information in a form, time frame and quality that enables them to effectively discharge their duties. All Directors are to receive copies of Board Papers and agenda items at least seven (7) business days in advance of the Board meeting.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee of the Group and all employees must comply with such requests.

Any Director may take such independent legal, financial or other advice as they consider necessary at SLP's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, dissemination of the advice to all Directors.

Full Board minutes of each Board meeting are kept at the registered office of the Company and are available for inspection by any Director during office hours. The minutes of meetings shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on particular matter.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I BOARD RESPONSIBILITIES (Cont'd)

1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (Cont'd)

1.5 Access to information and advice (Cont'd)

All Directors of the Company have access to advice and services of the Company Secretary who acts as a corporate governance counsel and ensures good information flow within Board, Board Committees and Senior Management.

2. DEMARCATION OF RESPONSIBILITIES

2.1 Board Charter

The Board Charter was adopted by the Board on 28 April 2014. Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

Further details on the roles and responsibilities of the Board are provided in the Board Charter of the Company which is available on the Company's website.

3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

3.1 Code of Ethics and Code of Conduct

The Company's Code of Ethics for Directors and employees was adopted on 28 April 2014. This Code of Ethics and Code of Conduct governs the standards of ethics and good conduct expected of Directors and employees, respectively.

The Code of Ethics serves as a road map to guide actions and behaviours while working for and/or dealing with the Company and the Group to maintain high standards of corporate governance and corporate behaviour with the intention of achieving the following:

- to establish a standard of ethical behaviour for Directors, Senior Management and employees of the Group based on trustworthiness and values that can be accepted, are held or upheld by any one person; and
- to uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering the company and the Group.

All employees are required to read, understand, accept and abide by the terms of this Code and all new staff are briefed on the requirements of the Code and provided with a copy of the Code of Conduct on the commencement of their employment in the course of new employees' induction programme.

The Code of Ethics for Directors includes principles relating to their duties, confidentiality of information, conflict of interest and dealings in securities. For employees, the Code of Conduct covers all aspects of the Group's business operations such as confidentiality of information, dealings in securities, protecting the Group's assets and intellectual properties, conflict of interest, gifts, gratuities or bribes, dishonest conduct and sexual harassment.

Further details of the Code of Ethics for Directors are available at the Company's website.

3.2 Whistleblowing Policy

A formal Whistleblowing Policy has been established on 28 April 2014 to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I BOARD RESPONSIBILITIES (Cont'd)

3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE (CONT'D)

3.2 Whistleblowing Policy (Cont'd)

The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.

Further details of the Whistleblowing Policy are available at the Company's website.

II BOARD COMPOSITION

4. BOARD'S OBJECTIVITY

4.1 Composition of the Board

The Company has an experienced Board comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Non-Executive Director is not employee of the Company and does not participate in the day-to-day management of the Company. All three Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter. The NC has reviewed the performance of the independent directors and is satisfied they have discharged their responsibilities in an independent manner.

The composition of the Independent Directors on the Board complies with Paragraph 15.02 of the MMLR which requires that at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The Board through its NC plans to further apply Practice 4.1 of MCCG whereby more than half of the Board shall comprise Independent Directors. In the absence of at least half of the Board comprising independent directors for time being, the Board believes, having regard to the current Independent Directors' knowledge, experience and competence who are free from any business or other relationship with the Non-Independent Directors, would affect their exercise on unfettered and independent judgement.

4.2 Tenure of Independent Director

The MCCG stipulates that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought. The Board believes that valuable contributions can be obtained from directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making processes of the Board, notwithstanding their tenure on the Board.

The Board and NC noted that Mary Geraldine Phipps has served the Board as Senior Independent Non-Executive Director for approximate ten (10) years. The Board believes that although Mary Geraldine Phipps has served approximate ten (10) years on the Board, she remains unbiased, objective and independent in expressing her opinions and in participating in decision making of the Board. The length of her service on the Board has not in any way interfered with her objective and independent judgement in carrying out her role as member of the Board and Committees.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

4. BOARD'S OBJECTIVITY (Cont'd)

4.3 Policy of Independent Director's Tenure

The Company does not have a policy which limits the tenure of its independent directors to nine (9) years. The shareholders' approval was obtained at the AGM each year for the re-appointment of Mary Geraldine Phipps who has served the Board as Senior Independent Non-Executive Director for more than nine (9) years.

4.4 Diverse Board and Senior Management Team

The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company (now referred to as the Constitution of the Company). The NC does an annual review of the Board including its composition and makes recommendations to the Board accordingly, keeping in mind the need to meet current and future requirements of the Group.

The Profile of Directors and Senior Management Team is provided on pages 5 to 10 of this Annual Report for further information.

4.5 Gender Diversity

The Board is supportive of gender diversity in the Board composition and senior management. However, the Board does not have a specific policy on setting targets on the number of women representatives on the Board of the Company. The Board believes that there is no detriment to the Company in not adopting a formal gender diversity policy or in not setting gender diversity objectives as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

The current women representation on the Board is 37.5%, comprising three (3) women Directors out of a total of eight (8) Directors. This is in line with the gender diversity recommended by MCCG and the Company has been recognised by the Ministry of Women, Family and Community Development for achieving the target of at least 30% women on Board in Public Listed Companies in conjunction with Hari Wanita 2016.

4.6 New Candidates for Board Appointment

In making the recommendations for the board appointment of new candidates, the NC would consider candidates proposed by the existing board members, and within the bounds of practicability, by any other senior executive, Director or major shareholder. The NC may also utilise independent sources including directors' registry, industry and professional association, open advertisements and independent search firms to identify suitably qualified candidates.

New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC shall ensure that a formal orientation programme is in place for future new recruits to the Board.

4.7 Nomination Committee

The NC currently comprises entirely Non-Executive Directors with majority of the members being independent as follows:

Name	Position
Mary Geraldine Phipps	Chairman/*Senior Independent Non-Executive Director*
Leow Chan Khiang	Member /*Non-Independent Non-Executive Director*
Chan Wah Chong	Member/*Independent Non-Executive Director*
Law Cheng Lock	Member/*Independent Non-Executive Director*

The Chair of the NC is held by Senior Independent Director of the Company which is in line with the recommendation of the Code.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

4. BOARD'S OBJECTIVITY (Cont'd)

4.7 Nomination Committee (Cont'd)

The NC assists the Board in proposing new nominees for the Board, assessing the effectiveness of Directors on an ongoing basis, and reviewing the effectiveness of the Group Chairman, Managing Director and Executive Directors. The NC also reviews, recommends and ensures training and orientation needs/requirements for each individual Director.

Members of the NC may relinquish their membership in the NC with prior written notice to the Company Secretary.

The NC will review and recommend to the Board for approval, another Director to fill the vacancy. The NC has full, free and unrestricted access to the Group's records, properties and personnel in carrying out its duties and responsibilities. The NC is also authorised to seek independent professional advice subject to the approval of the Board, at the expense of the Group, in carrying out its duties. However, the NC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

The NC meets at least once a year or at any time when the need arises. The presence of the majority of the Independent Non-Executive Directors shall form the quorum of the meeting.

Further details on the Terms of Reference of the NC are available in the NC Charter at the Company's website.

5. OVERALL BOARD EFFECTIVENESS

5.1 Annual evaluation

During the financial year under review, the NC performed the following evaluation:

(i) Reviewed and assessed the mix of skills, expertise, composition, size and experience required by the Board;
(ii) Reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving a self-assessment by each individual Director;
(iii) Reviewed and assessed the effectiveness of the Board and Board Committees;
(iv) Reviewed and assessed the independence of the Independent Directors;
(v) Nominated the Directors who are retiring and who are eligible for re-election; and
(vi) Reviewed the term of office competency and performance of the ARMC and its members.

The criteria for self-assessment covers areas such as contributions to matters discussed, roles and responsibilities and overall quality of input to Board effectiveness. For Board and Board Committee assessments, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transaction with the Group.

The Articles of Association of the Company (now referred to as the Constitution of the Company) provides that all Directors of the Company shall retire from office at least once every three years but shall be eligible for re-election. At least one third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at each AGM. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance record and their shareholdings in the Group are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

The NC is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment based on the review of their performance and contribution to the Board through their skills, experience, qualities and ability to act in the best interests of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

5. OVERALL BOARD EFFECTIVENESS (Cont'd)

5.1 Annual evaluation (Cont'd)

The NC completed its assessment and made recommendations to the Board for re-election/re-appointment of the following at the forthcoming AGM of the Company:

(i) The re-election of Khaw Khoon Tee, Khaw Choon Choon and Law Cheng Lock who are due to retire but are eligible for re-election pursuant to Article 95(1) of the Company's Articles of Association (now referred to as the Constitution of the Company); and

(ii) Re-election of Mary Geraldine Phipps whose tenure of service as an Independent Director has exceeded a cumulative term of nine (9) years, as she possesses the necessary qualities to discharge her role and functions as an Independent Director.

The profiles of these Directors are set out on page 8 to 9 of the Annual Report.

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on five (5) occasions; where it deliberated on matters such as the Group's financial results, major investments and strategic decisions, its business plan, corporate finance and developments and the strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules.

The record of the Directors' attendance is contained in the table below:

Directors	Number of Meetings Attended	Total Number of Meetings
Khaw Khoon Tee	5	5
Khaw Seang Chuan	5	5
Khaw Choon Hoong	5	5
Khaw Choon Choon	5	5
Leow Chan Khiang	5	5
Mary Geraldine Phipps	5	5
Chan Wah Chong	5	5
Law Cheng Lock	5	5

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2017 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than 5 directorships as required under paragraph 15.06 of the Listing Requirements. If any one Director wishes to accept a new directorship, the Chairman will be informed before hand together with indication of time that will be spent on new appointment.

All existing Directors have attended the Mandatory Accreditation Programme ("MAP") as required by the Listing Requirements. During the course of the year, they have also attended other training programmes for directors and seminars on areas such as financial reporting standards, performance reviews, tax and accounting conferences that include the following:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

5. OVERALL BOARD EFFECTIVENESS (Cont'd)

5.1 Annual evaluation (Cont'd)

Name of Director	Course Title	Date
Khaw Khoon Tee	In-house training on Quality & Product Safety, Code of Conduct, Environmental Policy, Safety & Heath Policy	24 January 2017
	In-house training on Introduction, Overview of ISO9001:2015 Risk based Approach	17 March 2017
Khaw Seang Chuan	In-house training on Quality & Product Safety, Code of Conduct, Environmental Policy, Safety & Heath Policy	24 January 2017
	In-house training on Introduction, Overview of ISO9001:2015 Risk based Approach	17 March 2017
	Malaysian Code on Corporate Governance: New Dimension (Roadshow) by Securities Industry Development Corporation	21 August 2017
Khaw Choon Hoong	In-house training on Quality & Product Safety, Code of Conduct, Environmental Policy, Safety & Heath Policy	24 January 2017
	In-house training on Introduction, Overview of ISO9001:2015 Risk based Approach	17 March 2017
Khaw Choon Choon	In-house training on Quality & Product Safety, Code of Conduct, Environmental Policy, Safety & Heath Policy	24 January 2017
	In-house training on Introduction, Overview of ISO9001:2015 Risk based Approach	17 March 2017
Mary Geraldine Phipps	Understanding Listing Requirements and Corporate Governance by Tricor Malaysia	22 March 2017
	Overview of Compliance with Malaysian Code on Take-Overs and Mergers 2016, etc by Wong Beh &Toh	22 March 2017
	Malaysian Code of Corporate Governance and Update on the Companies Act 2016 by KPMG and Boardroom	8 June 2017
	Malaysian Code of Corporate Governance by KPMG	28 August 2017
	KPMG Penang Tax Summit 2017 by KPMG	20 November 2017
Leow Chan Khiang	GST Audit Framework – By Kalyx Consultants	29 March 2017
	Corporate Governance and Listing Requirements Market Talk – By KPMG	15 May 2017
	GST Workshop: Latest Developments & Uncovering the Truth About GST Audits – By KPMG	11 May 2017
	MFRS Update – By Pricewaterhousecooper	20 & 21 September 2017
	KPMG Penang Tax Summit 2017	20 November 2017
Chan Wah Chong	Focus Group for Corporate Governance & Sustainability Microsite of Bursa Malaysia – Bursa Malaysia	20 July 2017
	Financial Instruments Updates – a review of IFRS 9(2014) version: By Prof Tan Liong Tong – MICPA	13 November 2017
	Conversation with Audit Committees – Securities Commission of Malaysia (half day session)	14 November 2017
Law Cheng Lock	National Taxation Seminar by Inland Revenue Board	14 November 2017

II REMUNERATION

6. LEVEL AND COMPOSITION OF REMUNERATION

6.1 Remuneration policy

The Company's RC reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the Company offers fair compensation and is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II REMUNERATION (Cont'd)

6. LEVEL AND COMPOSITION OF REMUNERATION (Cont'd)

6.2 Remuneration Committee

The composition of the Remuneration Committee is as follows: -

Name	Position
Chan Wah Chong	Chairman/*Independent Non-Executive Director*
Mary Geraldine Phipps	Member/*Senior Independent Non-Executive Director*
Law Cheng Lock	Member/*Independent Non-Executive Director*

The Company aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

The RC has full, free and unrestricted access to the Group's records, properties and personnel in carrying out its duties and responsibilities. The RC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package. In the event where the Chairman's remuneration is to be decided, he stall abstain from discussion and voting.

The activities of the RC are developed from year to year by the Committee in consultation with the Board and the RC shall meet at least once a year. The quorum for each meeting shall be a majority of Independent Directors.

During the financial year, the RC met once which was attended by all its members. The RC reviewed and recommended to the Board, the remuneration package for the Chairman, Managing Director and Executive Directors of the Company. The fees of the Non-Executive Directors shall be determined by the Board as a whole where each individual Director abstains from discussions pertaining to his/her own fees. The Directors' fees are subject to the shareholders' approval at the Company's AGM.

Further details on the Terms of Reference of the RC are provided in the RC Charter of the Company which is at the Company's website.

7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

7.1 Aggregate remuneration paid to Directors for the financial year ended 31 December 2017 is categorised into the following components:

Company

	Directors' Fees RM'000	Salary and Bonus RM'000	Meeting Allowance RM'000	Benefits in kind RM'000	EPF & SOCSO RM'000	TOTAL RM'000
Executive Directors:	-	-	5	-	-	5
Khaw Khoon Tee	-	-	-	-	-	-
Khaw Seang Chuan	-	-	-	-	-	-
Khaw Choon Hoong	-	-	-	-	-	-
Khaw Choon Choon	-	-	-	-	-	-
Non-Executive Directors:				-	-	
Mary Geraldine Phipps	36	-	5	-	-	41
Chan Wah Chong	24	-	5	-	-	29
Law Cheng Lock	20	-	5	-	-	25
Leow Chan Khiang	29	-	5	-	-	34
Total	**109**	**-**	**25**	**-**	**-**	**134**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II REMUNERATION (Cont'd)

7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

7.1 Aggregate remuneration paid to Directors for the financial year ended 31 December 2017 is categorised into the following components (Cont'd):

Group

	Directors' Fees RM'000	Salary and Bonus RM'000	Meeting Allowance RM'000	Benefits in kind RM'000	EPF & SOCSO RM'000	TOTAL RM'000
Executive Directors						
Khaw Khoon Tee	43	360	5	12	22	442
Khaw Seang Chuan	-	360	-	17	44	421
Khaw Choon Hoong	-	300	-	5	37	342
Khaw Choon Choon	-	276	-	17	34	327
Non-Executive Directors						
Mary Geraldine Phipps	36	-	5	-	-	41
Chan Wah Chong	24	-	5	-	-	29
Law Cheng Lock	20	-	5	-	-	25
Leow Chan Khiang	29	-	5	-	-	34
Total	**152**	**1,296**	**25**	**51**	**137**	**1,661**

7.2 Aggregate remuneration paid to senior management for the financial year ended 31 December 2017 on bands width of RM50,000 are as follows:

Range of remuneration RM	**Number of Senior Management Executive**
50,000 and below	-
50,001 to 100,000	1
100,001 to 150,000	-
150,001 to 200,000	1
200,001 to 250,000	-
251,001 to 300,000	-
300,001 to 350,000	2
350,001 to 400,000	-
400,001 to 450,000	2

Senior management of the Group includes four (4) Executive Directors with their respective remuneration disclosed on named basis in item 7.1 above. The Company had not disclosed other senior management's remuneration on named basis but on bands width of RM50,000 due to confidentiality and sensitivity of each remuneration package.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

8. EFFECTIVE AND INDEPENDENT AUDIT & RISK MANAGEMENT COMMITTEE

The Audit Committee was renamed as the Audit & Risk Management Committee with effect from 28 March 2018.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") (Cont'd)

8. EFFECTIVE AND INDEPENDENT AUDIT & RISK MANAGEMENT COMMITTEE (Cont'd)

The ARMC comprises Independent Non-Executive Directors and at least one member fulfils qualifications prescribed by Bursa via paragraph 15.09(1)(c) and paragraph 7.1 of Practice Note 13 of the Main Market Listing Requirements. Mary Geraldine Phipps, a Senior Independent Non-Executive Director is the Chairman of the ARMC. On the composition and Terms of Reference of the ARMC, please refer to the ARMC Report on pages 36 to 38 for further information.

At the 12th AGM held on 26 May 2017, Messrs KPMG PLT was re-appointed as external auditors of the Group. The scope of the external auditors is ascertained by the ARMC, with a twice-a-year meeting held between the ARMC and the external auditors. Further information is found in the ARMC Report at pages 36 to 38 of this Annual Report.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. The Group has an internal audit function which is outsourced to an independent professional firm who reports directly to the ARMC. Details of the internal audit function together with the staff of the Group's internal control are set out in the Statement on Risk Management and Internal Control and ARMC Report of the Annual Report 2017.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the Risk Management Committee ("RMC"). The Risk Management Committee has been renamed Risk Management Working Committee and reports directly to the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.

10. EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

Ongoing reviews are performed throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team.

The Board is satisfied with the performance of the Group's internal Risk Management Working Committee and ARMC in discharging their responsibilities in accordance with the Terms of Reference and has further obtained assurance from the Managing Director and the Group Accounts Manager that the internal control and risk management framework are adequate and effective in all material aspects. The details of the Risk Management and Internal Control Framework are described in the Statement on Risk Management and Internal Control of this Annual Report.

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

I COMMUNICATION WITH STAKEHOLDERS

11. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in MMLR. The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Group maintains a website at www.sinliplas.com.my for shareholders and the public to access information on, amongst others, the Group's backgrounds, products, and financial performance. Stakeholders can at any time seek clarification or raise queries by email or telephone. Primary contact details are set out at the Group's website.

II CONDUCT OF GENERAL MEETINGS

12. ENCOURAGE SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

The AGM of the Company represents the principal forum for dialogue and interaction with shareholders. At every meeting, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent Question & Answer session wherein the Directors, Senior Management as well as the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. The Managing Director also holds discussions with the press and analysts when necessary, to provide information on the Group's strategy, performance and developments.

Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

The notices of AGM are despatched to shareholders at least 28 days before the AGM, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements.

The Company's past Notices of AGMs are summarised as follows:

Financial Year Ended 31 December	Date of Issue	Date of AGM	No of Days
2014	8 May 2015	9 June 2014	32 days
2015	29 April 2016	1 June 2016	33 days
2016	27 April 2017	26 May 2017	29 days

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

This Statement on Corporate Governance was approved in accordance with a resolution of the Board on 28 March 2018.

SUSTAINABILITY STATEMENT

The Group's strategic principle is to strive to provide its customers with the best value proposition for a long-lasting relationship and loyalty. To achieve this, we believe that our people, be it our employees, suppliers, customers, shareholders or other stakeholders are our core strength. Their involvement and satisfaction are the key drivers for achieving sustainability across all aspects of our business operations right from sourcing of raw materials to production process efficiencies, final delivery and usage of our products.

The Board acknowledges the importance of embedding sustainability within the organisation to achieve its business excellence and value creation. The Group always strives to satisfy its shareholders, stakeholders and community at large in fulfilling its social responsibility as a good corporate citizen in attaining sustainable growth.

This Statement is prepared on a best effort basis. The Group through its Sustainability Committee aims to leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting in the forthcoming years. The Board will set the direction for Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. The Board will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its sustainability reporting.

OUR COMMITMENT TO SUSTAINABILITY

As part of our commitment towards sustainability, the Group has established a governance structure to drive the Group's sustainability strategy in managing its sustainability matters. The Group's sustainability governance structure is as follows:

Board of Directors	Accountable for managing sustainability matters for the Group
↓ Sustainability Committee	Review and approve sustainability policies and framework of the Group
↓ Sustainability Management Committee	Implement and monitor sustainability activities of the Group based on policies approved by Sustainability committee

Sustainability has been core to the way we do business and an essential element of how we operate. We embrace a holistic approach to sustainability, which is focused on continuous improvement and meaningful positive economic, social and environmental impact through active engagement with both internal and external stakeholders. To ensure the effectiveness of our sustainability efforts, a materiality assessment was carried out by our Sustainability Committee in year 2017 to identify the sustainability matters that are of priority to our Group.

The material sustainability matters identified are:

I Economic
II Social
III Environmental
IV Corporate governance

I ECONOMIC

CUSTOMERS' SATISFACTION

In our Mission Statement, the Group aims to continuously provide innovative, high quality plastic packaging solutions to meet our customers' ever-changing needs and to exceed users' expectation.

The Management of the Group communicates regularly with our customers to provide quality and safer polybags and polyfilms to all our customers in various sectors including food, non-food, pharmaceutical, healthcare and household. The Group demonstrates its continuous commitments towards food safety and quality management system for the manufacture of quality packaging products through the achievement of internationally accredited food safety management system namely ISO 22000 and BRC/IoP Global Standard for Packaging and Packaging Materials.

I ECONOMIC (Cont'd)

CUSTOMERS' SATISFACTION (Cont'd)

The Group places high emphasis on ensuring effective communication with our customers and regularly conducts surveys to gather feedback from our customers in respect of our services, delivery, product quality, technical support and cost management. The Group monitors customers' feedback and opinions via customers' satisfaction survey forms which were sent to all customers of the Group annually. The results are then reported at management meetings where issues are deliberated and improvement plans, where necessary are drawn up and subsequently implemented.

PRODUCT DEVELOPMENT

Among the most significant ongoing initiatives is our sustainable practice in developing plastic packaging products that are environmentally friendly. Raw materials used are mostly recyclable and clear scraps from production are reused in the production of plastic packaging products. Recycling further creates an environmentally friendly corporate image which benefits the Group as a whole in portraying its green corporate image to existing and potential global customers, many of which uphold the importance of selecting vendors with environmental management systems of international standards.

Improvements in resin design and polymer processing have allowed down-gauging of the Group's plastic packaging products. Through down-gauging, the plastics packaging produced becomes more light weight without compromising its versatility and durability and therefore contributes to energy and resource savings in strategic sectors like retails, foods & beverages and healthcare. It is also the Group's aims to produce plastic packaging products that serve multi-uses and support the environment friendly 3Rs initiatives, which is to reduce, reuse and recycle.

ENERGY EFFICIENCY MEASURES

To improve efficiency in energy consumption, we have taken various initiatives including the installation of LED lighting in our production floor. The Group has also approved a budget to undertake a renewable energy generation project using solar power at our factory building. The Group plans to start commissioning this renewable energy generation project in financial year 2018.

II SOCIAL

HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE WELFARE

We believe employees are one of our greatest assets. Hence, one of the Group's key corporate responsibility initiatives is the development of human capital. The development is achieved through the implementation of various initiatives such as in-house cross training and employees' productivity improvement and encouraging workplace diversity. The ultimate aim of these objectives is the unity of all employees in striving for a common objective i.e. the success of the Group in terms of economic, social and environmental development.

We improve the work satisfaction and productivity as well as the work-life balance and wellness of our employees. We also create an agile and competent workforce that is equipped with the latest skills and right attitude to face the challenges of our specialised industry and collective future. To achieve this goal, we implementing a support system which include career discussions, performance appraisals, assignment plans, transfer and promotion plans. We also mentor and provide informal support and guidance, in addition to coaching and training provided by each employee's direct manager.

Fostering better ties within the Group's employees and improving their quality of life are areas that have continuously been given importance in the Group's corporate responsibility initiatives. Activities carried out include medical health screening and awareness programmes and recognition of long service.

To show our appreciation to employees, we organised events such as Annual Dinner for all employees. Our Sports and Recreation Club continued to drive activities to foster employee engagement throughout the year. During the year, we have also participated in badminton and bowling opens organised by Malaysia Plastic Manufacturer Association.

In terms of employee engagement and development, the Group places great emphasis on gender equality at the workplace. For FY2017, the Company has three (3) female representatives out of total eight (8) directors on board and the Group has 17% of female employees out of total workforce of 342 employees.

II SOCIAL (Cont'd)

OCCUPATIONAL HEALTH AND SAFETY ("OHS")

We strongly believe that human capital is the most important value to an organisation. To ensure a safe and healthy working condition for our employees, the Group has developed guidelines to safeguard employees in all of its business operations. The Environmental, Health and Safety ("EHS") Committee within the Group provides continuous training and supervision to all categories of employees to build and promote a safe and healthy work environment in full compliance with legislative requirements.

To safeguard our employees and instil the values and knowledge essential to a safe and healthy workplace, the Group continuously undertakes first aid training, health talks, fire drills and plant evacuation exercises. At the Group's manufacturing locations, we have continued to ensure that our safety equipment and systems are functioning properly and are well-maintained. The Group's manufacturing plants have also been certified by the Director-General Fire and Rescue Department to have complied with the life safety, fire prevention, fire protection and firefighting requirements of the Fire Services Act 1988.

The Group's emergency preparation and response program helps to protect the health and safety of all employees and the environment. The Group has put in place documented Workplace Emergencies and Evacuations and Immediate Action for responding to any fires, natural disasters and other potential incidents.

Health, Safety and Security Events Table in the Financial Year 2017:

Date	Training description
28.2.17	Training on "noise monitoring" by Eurofins NML
21.3.17	Training on "Accident Preventing" by FPC
13.4.17	Training on "Prevention of Injuries in work place" organised by MPMA
19.4.17	Training on "Sistem Pengawasan Kebakaran Automatik (SPKA)" organised by Bomba
4.8.17 - 5.8.17	Internal training on "HIRARC & Safety Operation Procedure"
14.8.17 -18.8.17	Training on "Competent Person on CePSWaM" required by DOE
2.11.17	Training on "Akta Kualiti Alam Sekeliling 1974" by DOE
25.12.17	Internal training "Kursus Asas Pasukan Keselamatan Kebakaran (ERT)"

LOCAL COMMUNITY

The Group's policy on corporate contributions is to direct its support primarily to causes related to education and social needs in the communities in which its businesses operate and its employees live and work. The Group plays its role as a socially responsible corporate citizen in the community through sponsorship/donation to various organisations during the year, namely The Star's Special Media Sponsorship of 5000 copies of newspapers distributed to related destinations (e.g schools, events & etc).Through this sponsorship, the Group contributed to the community by way of helping students to explore a more creative and innovative way of learning through the use of newspapers. This is the fourth year that the Group has contributed this sponsorship.

During the year, we have also allowed children from a local primary school to visit to our factory. The purpose of the factory visit is to enable these children to see how plastic bags were made. During the visit, we have also prepared slides, video presentation and organised games for these children which emphasized the importance of environment and reuse of plastic packaging products.

III ENVIRONMENTAL

The Group recognises that global climate is changing and weather is getting more extreme. The main cause of climate change is due to increase in greenhouse gas in the upper atmosphere that traps the heat from the sun from being dissipated into space and the retained heat causes violent air movements that has completely changed the global weather pattern. Climate change would affect the social and environmental determinants of health such as clean air, safe drinking water and sufficient food. As such, we are committed to continue the environmental friendly approach in producing plastic packaging solution for our customers. Specific to our manufacturing business, we focus on water preservation, natural resources efficiency, air emissions reduction, climate change adaptation and minimise waste.

III ENVIRONMENTAL (Cont'd)

COMPLIANCE

The Group ensures strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. Our chemical waste and sludge ink reports are submitted to Government authorities such as the Department of Environment (DOE) Malaysia on monthly basis for monitoring and inspection. Our commercial vehicles are certified by the PUSPAKOM and emissions from these vehicles are within regulatory limits.

REDUCE EMISSION OF GREENHOUSE GASES

The Group has a policy in place which stipulates that all vehicles including passenger cars which are waiting for loading or unloading are required to turn off the vehicles engine upon parking.

IV CORPORATE GOVERNANCE

CORPORATE GOVERNANCE & ETHICAL BEHAVIOUR

We believe that good corporate governance and ethical practices are essential to building and maintaining a sustainable business, and earning the trust and confidence of our customers, suppliers, business partners, employees and shareholders. With this in mind, the Board has developed and established Code of Conduct and Ethics and Whistle Blowing Policies and Procedures.

Code of Conduct and Ethics

This Code is applicable to all Directors, officers and employees of the Group in their dealings with each other and all stakeholders of the Group. This Code is intended to focus on the Board and management on areas of ethical risk, provide guidance to personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability. This Code also sets out the prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.

Whistle Blowing Policies and Procedures

The Group's Whistle Blowing Policies and Procedures ("WPP") promotes an environment of integrity and ethical behaviour within the Group. The WPP provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner.

A Senior Independent Non-Executive Director ("INED") is identified by the Board as one to whom all whistle blowing reports may be conveyed. The INED may delegate the responsibility for implementing the Whistle Blowing procedures to a guardian/custodian of the Whistle Blowing procedure within the Group. The guardian's role is to appoint fair and independent (internal or external) investigative officers of the Group to be identified who will initiate an investigation into the complaint and report to the INED to decide on the appropriate course of action. If the INED deemed the complaint material or otherwise appropriate for the attention of the Board, it shall be so brought up at the following Board meeting. The Policy also includes provisions of confidentiality to safeguard the identity of the Whistle Blower.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the results and cashflows of the group for the financial year then ended.

The Directors consider that, in preparing the financial statements of SLP for the financial year ended 31 December 2017 the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

This Statement is made in accordance with a resolution of the Board of Directors dated 28 March 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires public listed companies to establish a sound risk management framework and internal controls system to safeguard shareholders' investments and company's assets. Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), directors of listed issuers are required to include in their Annual Report, a statement on the state of the company's internal control. The Board recognises its responsibilities for and the importance of a sound system of Risk Management and Internal Controls.

The Board continues with its commitment to maintain sound systems of risk management and internal control throughout SLP Resources Berhad and its subsidiaries ("Group") and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organisational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT WORKING COMMITTEE'S ROLE

The Risk Management Committee ("RMC") is accountable to the Audit and Risk Management Committee ("ARMC") for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. On 28 March 2018, the RMC was renamed Risk Management Working Committee ("RMWC"). The Group Managing Director and Accounts Manager have provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Group Managing Director leads the presentation of board papers and provides explanation of pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;
- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval;
- Regular and relevant information provided by management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units by members of the Board and senior management.

RISK MANAGEMENT

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups' various stakeholders.

The Group, with the support of an independent professional accounting and consulting firm, has implemented the Enterprise Risk Management ("ERM") processes to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities.

RISK MANAGEMENT (Cont'd)

The main components of the Group's risk governance and structure consist of the Board, the ARMC and the RMWC. The structure allows for strategic risk discussions to take place between the Board, the ARMC and the RMWC on a periodical basis. The summary of the accountabilities for the Board, the ARMC and the RMWC under the risk governance structure are as follows:

a. Board of Directors
- Overall risk oversight responsibility;
- Determines that the principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks; and
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Audit and Risk Management Committee
- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group; and
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

c. Risk Management Working Committee
- Oversees the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organisation; and
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and updates the Board and ARMC accordingly.

During the year, the Group has identified new risks, reviewed and updated the risk register. The likelihood and impact of the risks have been assessed and appropriate mitigation actions have been identified for the risks.

Risk awareness sessions have been incorporated in the monthly management meetings attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs. JWC Consulting Sdn. Bhd., to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the ARMC.

The ARMC has full and direct access to the Internal Auditors and the ARMC receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to Management and the ARMC, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions are implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 December 2017, the Board has obtained reasonable assurance that the Group's systems of internal control are generally adequate and appeared to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with a resolution of the Directors dated 28 March 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. MEMBERS

The Audit and Risk Management Committee ("ARMC") currently comprises entirely Non-Executive Directors with majority of the members being independent as follows:

Name	Position
Mary Geraldine Phipps	Chairman, *Senior Independent Non-Executive Director*
Leow Chan Khiang	Member, *Non-Independent Non-Executive Director*
Chan Wah Chong	Member, *Independent Non-Executive Director*
Law Cheng Lock	Member, *Independent Non-Executive Director*

Mary Geraldine Phipps is a Chartered Accountant registered with Malaysian Institute of Accountants (MIA) having qualified as a certified Public Accountant, and a Fellow of the Chartered Tax Institute of Malaysia (CTIM). The ARMC, therefore, meets the requirements of Paragraph 15.09(1) of the MMLR of Bursa Securities.

2. ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2017, a total of five (5) ARMC meetings were held. The details of attendance of each member of the Committee were as follows:

Directors	Attendance
Mary Geraldine Phipps	5/5
Leow Chan Khiang	5/5
Chan Wah Chong	5/5
Law Cheng Lock	5/5

3. TERMS OF REFERENCE

As provided for in Bursa's Main Market Listing Requirements, the Committee's Terms of Reference are available on the Company's website www.sinliplas.com.my.

4. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year ended 31 December 2017, the activities undertaken by the Committee included the following:

` ***Financial reporting***

(i) Reviewed the quarterly unaudited financial results and the annual audited financial statements for the financial year ended 31 December 2017 of the Company and the Group prior to recommending them for approval by the Board of Directors;
(ii) Management had reported to the ARMC that except for the transactions as disclosed under Note 27 of the financial statements, there is no other related party transaction entered into by the Company and the Group during the year; and
(iii) Monitored the compliance requirements in line with new updates of Bursa Securities, Securities Commission, MASB and other legal and regulatory bodies.

Annual report

(i) Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Risk management and assessment

(i) Reviewed and discussed with management the outcome of the exercise to identify, evaluate and manage significant strategic, operational and financial risks faced by the Group.

External audit

(i) Reviewed with external auditors, the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017;
(ii) Reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2017;

4. SUMMARY OF ACTIVITIES OF THE AUDIT & RISK MANAGEMENT COMMITTEE (Cont'd)

External audit (Cont'd)

(iii) Reviewed with the external auditors the results of the annual audit, their audit and Management letter together with Management's response to the findings of the external auditors for the financial year ended 31 December 2017; and

(iv) Evaluated the performance and independence of the external auditors and made recommendations to the Board of Directors on their re-appointment and remuneration.

Internal audit

(i) Reviewed the annual audit plans for 2017 to ensure adequate scope, coverage of the activities of the Company and the Group; and

(ii) Reviewed the Internal Auditors reports, audit recommendations and Management's responses to these recommendations.

Other duties

(i) Reviewed the Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Sustainability Statement before submission to the Board for consideration and approval for inclusion in the Company's Annual Report for the financial year ended 31 December 2017.

5. TRAINING

During the financial year ended 31 December 2017, the ARMC Chairman and the members attended the following training programmes, seminars, forums and discussions relating to business, corporate governance, law, accounting, finance, taxation and economy to enhance their knowledge to enable them to discharge their duties more effectively:

- GST Audit Framework
- Goods and Services Tax Workshop: Latest Developments & Uncovering The Truth About GST Audits
- Corporate Governance and Listing Requirements Market Talk
- MFRS Updates
- KPMG Penang Tax Summit 2017
- Driving Financial Integrity and Performance – Enhancing Financial Literacy for Audit Committees

6. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional service firm, Messrs JWC Consulting Sdn. Bhd. whose primary responsibility is to independently assess and report to the Board, through the ARMC, the systems of internal control of the Group. The internal audit functions are as set out in the Statement on Risk Management and Internal Control on pages 34 to 35 of the Annual Report.

Messrs JWC Consulting Sdn. Bhd. is a member of the Institute of Internal Auditors Malaysia. Details of the lead Internal Auditors from Messrs JWC Consulting Sdn. Bhd. that carried out the internal audit work for the financial year ended 31 December 2017 are as follows:

Name	Qualifications
Joyce Wong *Director-In-Charge*	Member of Malaysian Institute of Accountants and Certified Practising Accountants, Australia

During the financial year, the Internal Auditors carried out internal audit reviews based on an annual audit plan approved by the ARMC to assess the adequacy and integrity of the system of internal control as established by the Management, so as to provide reasonable assurance that:

- the system of internal control continues to operate satisfactorily and effectively;
- assets and resources are safeguarded;
- integrity of records and information is protected;
- internal policies, procedures and standards are adhered to; and
- applicable rules and regulations are complied with.

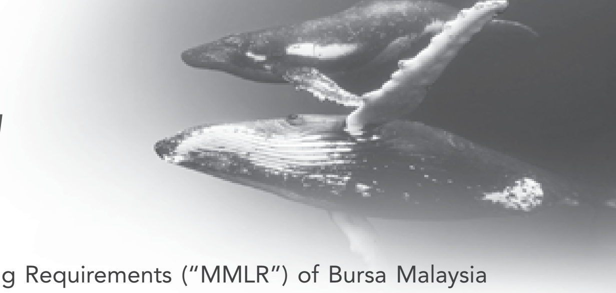
6. INTERNAL AUDIT FUNCTION (Cont'd)

The scope of work, as approved by the ARMC, was essentially based on the risk profiles of companies in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. Audit findings and areas of concern that need improvements were highlighted in the Internal Auditors reports and reviewed at the ARMC meetings.

The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required time frames. The Internal Auditors conducted follow-up audits on key engagement to ensure that the corrective actions were implemented appropriately. During the Board meetings, the Chairman of the ARMC briefed the Board on audit matters and the minutes of the ARMC meetings were duly noted by the Board.

The cost incurred in outsourcing of the internal audit function to an independent professional firm during the financial year amounted to approximately RM24,870.

This report is made in accordance with a resolution of the Board of Directors dated 28 March 2018.



ADDITIONAL COMPLIANCE INFORMATION

The information disclosed below is in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1. Material Contracts

The Company and its subsidiaries do not have any material contracts involving Directors and major shareholders.

2. Utilisation of Proceeds

On 17 July 2017, the Company issued 16,800,000 new ordinary shares at RM2.30 per ordinary share via a private placement to eligible investors for a total cash consideration of RM38.64 million for working capital and capital expenditure purposes under the Mandate granted by the shareholders on its Twelfth AGM.

The details, status and purpose of the utilisation of proceeds as at 21 April 2018 are as follows: -

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Intended time frame for utilisation	Balance unutilised (RM'000)	Balance unutilised %
i. Acquisition of 2 units of high performance blown film lines	20,000	13,004	Within 24 months	6,996	35.0%
ii. Construction of a new single storey warehouse	7,000	-	Within 24 months	7,000	100.0%
iii. Working capital	10,840	5,008	Within 12 months	5,832	53.8%
iv. Expenses	800	800	Within 1 month	-	-
	38,640	18,812		19,828	

3. Audit and Non-Audit Services

During the financial year, the audit fees and non-audit fees paid/payable to the Company’s external auditors by the Company and by the Group incurred for services rendered for the financial year ended 31 December 2017 are as follows:

Type of Fees	Company (RM)	Group (RM)
Audit Fees	23,000	100,000
Non-Audit Fees		
- KPMG PLT Malaysia	33,000	33,000
- Local affiliate of KPMG PLT Malaysia	2,500	18,800

The non-audit fees paid to KPGM PLT included the amount of RM30,000 in respect of the professional services rendered for the Bonus Issue undertaken by the Company in FY2017.

4. Employees Share Options Scheme

The Group did not offer any share scheme for employees during the financial year under review.

5. Internal Audit Function

The internal audit function was outsourced and the cost incurred for the internal audit function in respect of the financial year under review was RM24,870.

6. Continuing Education Programme

Details of the seminars or courses attended by the Directors of the Company are disclosed in the Corporate Governance Overview Statement, on Page 24 of this Annual Report.

FINANCIAL STATEMENTS

41 Directors' Report

46 Statements of Financial Position

47 Statements of Profit or Loss and Other Comprehensive Income

48 Consolidated Statement of Changes in Equity

49 Statement of Changes in Equity

50 Statements of Cash Flows

52 Notes to the Financial Statements

96 Statement by Directors

96 Statutory Declaration

97 Independent Auditors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	19,211,614	27,671,977

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 December 2016 as reported in the Directors' Report of that year:

- A second interim dividend of 1.50 sen per ordinary share totalling RM3,709,998 declared on 4 November 2016 and paid on 6 January 2017; and
- A third interim dividend of 1.50 sen per ordinary share totalling RM3,709,998 declared on 23 February 2017 and paid on 7 April 2017.

ii) In respect of the financial year ended 31 December 2017:

- A first interim dividend of 1.50 sen per ordinary share totalling RM4,754,399 declared on 4 August 2017 and paid on 5 October 2017; and
- A second interim dividend of 1.50 sen per ordinary share totalling RM4,754,399 declared on 3 November 2017 and paid on 5 January 2018;

Subsequent to the financial year, the Company declared a third interim dividend of 1.50 sen per ordinary share totalling RM4,754,399 in respect of the financial year ended 31 December 2017 on 23 February 2018.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2017.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Khaw Khoon Tee
Khaw Seang Chuan
Khaw Choon Hoong
Khaw Choon Choon
Leow Chan Khiang
Mary Geraldine Phipps
Chan Wah Chong
Law Cheng Lock

Directors of subsidiaries

Pursuant to Section 253 (2) of the Companies Act 2016, the directors who served in the subsidiaries during the financial year and up to the date of this report are as follows:

Khaw Khoon Tee
Khaw Seang Chuan
Khaw Choon Hoong
Khaw Choon Choon

Directors' interests in shares

The interests and deemed interests in the shares of the Company of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 1.1.2017	Bought	Bonus Issue	(Sold)	At 31.12.2017
Khaw Khoon Tee					
Interest in the Company:					
- own	26,170,121	-	5,234,357	-	31,404,478
- others #	2,298,332	-	459,666	-	2,757,998
Deemed interest in the Company:					
- own	98,933,333	3,000,000	19,786,666	-	121,719,999
Khaw Seang Chuan					
Interest in the Company:					
- own	38,410,770	253,700	7,696,214	-	46,360,684
- others #	177,333	-	35,466	-	212,799
Deemed interest in the Company:					
- own	98,933,333	3,000,000	19,786,666	-	121,719,999
Khaw Choon Hoong					
Interest in the Company:					
- own	1,294,666	397,900	260,933	-	1,953,499
Deemed interest in the Company:					
- own	98,933,333	3,000,000	19,786,666	-	121,719,999

Directors' interests in shares (Cont'd)

	Number of ordinary shares				
	At 1.1.2017	Bought	Bonus Issue	(Sold)	At 31.12.2017
Khaw Choon Choon					
Interest in the Company:					
- own	1,374,166	40,000	282,833	-	1,696,999
Leow Chan Khiang					
Interest in the Company:					
- own	66,666	-	13,333	-	79,999
Mary Geraldine Phipps					
Interest in the Company:					
- own	46,666	-	9,333	-	55,999

\# These are shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 59 (11)(c) of the Companies Act 2016.

By virtue of their interests in the shares of the Company, Mr. Khaw Khoon Tee, Mr. Khaw Seang Chuan and Ms. Khaw Choon Hoong are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2017 had any interest in the ordinary shares of the Company during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 18 and 19 to the financial statements) by reason of a contract made by the Company or a related company 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, other than as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company issued:

a) 16,800,000 new ordinary shares at RM2.30 per ordinary share via a private placement to eligible investor for a total cash consideration of RM38.64 million for working capital and capital expenditure purposes; and

b) 52,826,666 new ordinary shares via a bonus issue on the basis of one (1) new ordinary share for every five (5) existing ordinary shares held in the Company. The bonus issue of RM13,206,667 was capitalised from retained earnings.

There were no debentures issued during the financial year.

Indemnity and insurance costs

No indemnity was given to any Director or Officer or Auditor of the Company during the financial year. During the financial year, the total amount of insurance effected for Directors and Officers of the Group and of the Company was RM7,268.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

The details of the significant events are disclosed in Note 30 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Khaw Khoon Tee
Director

....

Khaw Seang Chuan
Director

Penang,

Date: 28 March 2018

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Assets					
Property, plant and equipment	3	**62,070,094**	63,303,004	**-**	-
Intangible assets	4	**22,235**	22,235	**-**	-
Investment in subsidiaries	5	**-**	-	**78,985,373**	58,985,375
Other investments	6	**257,281**	254,070	**-**	-
Total non-current assets		**62,349,610**	63,579,309	**78,985,373**	58,985,375
Inventories	7	**27,127,875**	30,467,179	**-**	-
Trade and other receivables	8	**39,379,280**	30,567,720	**4,004,700**	10,733,000
Derivative financial assets	9	**12,123**	-	**-**	-
Current tax assets		**534,207**	946,000	**5,408**	9,000
Cash and cash equivalents	10	**64,758,944**	29,068,886	**40,939,914**	61,600
Total current assets		**131,812,429**	91,049,785	**44,950,022**	10,803,600
Total assets		**194,162,039**	154,629,094	**123,935,395**	69,788,975
Equity					
Share capital	11	**113,680,000**	61,833,333	**113,680,000**	61,833,333
Reserves	12	**54,626,418**	69,403,420	**5,441,240**	4,194,726
Total equity attributable to owners of the Company		**168,306,418**	131,236,753	**119,121,240**	66,028,059
Liabilities					
Deferred tax liabilities	13	**7,448,000**	7,064,675	**-**	-
Total non-current liabilities		**7,448,000**	7,064,675	**-**	-
Current tax liabilities		**1,207,303**	568,971	**-**	-
Trade and other payables	14	**17,200,318**	14,819,968	**4,814,155**	3,760,916
Derivative financial liabilities	9	**-**	938,727	**-**	-
Total current liabilities		**18,407,621**	16,327,666	**4,814,155**	3,760,916
Total liabilities		**25,855,621**	23,392,341	**4,814,155**	3,760,916
Total equity and liabilities		**194,162,039**	154,629,094	**123,935,395**	69,788,975

The notes on pages 52 to 95 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	15	**180,131,451**	168,697,317	**28,000,000**	11,700,000
Changes in work-in- progress and manufactured inventories		**(1,480,434)**	2,676,914	**-**	-
Raw materials and consumables used		**(128,203,274)**	(116,111,218)	**-**	-
Employee benefits expenses	16	**(10,875,495)**	(10,602,058)	**-**	-
Depreciation	3	**(4,703,367)**	(3,952,736)	**-**	-
Other expenses		**(13,271,879)**	(14,270,161)	**(1,116,625)**	(314,300)
Other income		**1,815,869**	2,771,316	**-**	-
Results from operating activities		**23,412,871**	29,209,374	**26,883,375**	11,385,700
Finance income		**985,741**	65,766	**802,196**	3,699
Finance costs	17	**-**	(4,769)	**-**	-
Profit before tax	18	**24,398,612**	29,270,371	**27,685,571**	11,389,399
Tax expense	20	**(5,186,998)**	(3,838,744)	**(13,594)**	(976)
Profit for the year attributable to owners of the Company		**19,211,614**	25,431,627	**27,671,977**	11,388,423
Other comprehensive income/ (expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
- Fair value of available - for-sale financial assets		**14,400**	(5,800)	**-**	-
- Foreign currency translation differences		**(7,577,553)**	3,127,495	**-**	-
Total other comprehensive (expense)/ income for the year, net of tax	21	**(7,563,153)**	3,121,695	**-**	-
Total comprehensive income for the year attributable to owners of the Company		**11,648,461**	28,553,322	**27,671,977**	11,388,423
Basic earnings per ordinary share (sen)	22	**6.24**	8.57	**-**	-

The notes on pages 52 to 95 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Note	Share capital RM	Foreign currency translation reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
		Attributable to owners of the Company				
		Non-distributable			*Distributable*	
Group						
At 1 January 2016		61,833,333	-	44,600	51,935,492	113,813,425
Fair value of available-for-sale financial assets		-	-	(5,800)	-	(5,800)
Foreign currency translation differences		-	3,127,495	-	-	3,127,495
Total other comprehensive income/(loss) for the year		-	3,127,495	(5,800)	-	3,121,695
Profit for the year		-	-	-	25,431,627	25,431,627
Total comprehensive income/(loss) for the year		-	3,127,495	(5,800)	25,431,627	28,553,322
Distributions to owners of the Company						
Dividends to owners of the Company	23	-	-	-	(11,129,994)	(11,129,994)
Total transactions with owners of the Company		-	-	-	(11,129,994)	(11,129,994)
At 31 December 2016		61,833,333	3,127,495	38,800	66,237,125	131,236,753
Group						
At 1 January 2017		**61,833,333**	**3,127,495**	**38,800**	**66,237,125**	**131,236,753**
Fair value of available-for-sale financial assets		**-**	**-**	**14,400**	**-**	**14,400**
Foreign currency translation differences		**-**	**(7,577,553)**	**-**	**-**	**(7,577,553)**
Total other comprehensive (loss)/income for the year		**-**	**(7,577,553)**	**14,400**	**-**	**(7,563,153)**
Profit for the year		**-**	**-**	**-**	**19,211,614**	**19,211,614**
Total comprehensive (loss)/income for the year		**-**	**(7,577,553)**	**14,400**	**19,211,614**	**11,648,461**
Contributions by and distributions to owners of the Company						
Issue of ordinary shares	11	**38,640,000**	**-**	**-**	**-**	**38,640,000**
Bonus issue	11	**13,206,667**	**-**	**-**	**(13,206,667)**	**-**
Dividends to owners of the Company	23	**-**	**-**	**-**	**(13,218,796)**	**(13,218,796)**
Total transactions with owners of the Company		**51,846,667**	**-**	**-**	**(26,425,463)**	**25,421,204**
At 31 December 2017		**113,680,000**	**(4,450,058)**	**53,200**	**59,023,276**	**168,306,418**
		Note 11	Note 12	Note 12	Note 12	

The notes on pages 52 to 95 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Note	Share capital RM	*Distributable* Retained earnings RM	Total equity RM
Company				
At 1 January 2016		61,833,333	3,936,297	65,769,630
Profit for the year representing total comprehensive income for the year		-	11,388,423	11,388,423
Distributions to owners of the Company				
Dividends to owners of the Company	23	-	(11,129,994)	(11,129,994)
Total transactions with owners of the Company		-	(11,129,994)	(11,129,994)
At 31 December 2016/1 January 2017		**61,833,333**	**4,194,726**	**66,028,059**
Profit for the year representing total comprehensive income for the year		**-**	**27,671,977**	**27,671,977**
Contributions by and distributions to owners of the Company				
Issue of ordinary shares	11	**38,640,000**	**-**	**38,640,000**
Bonus issue	11	**13,206,667**	**(13,206,667)**	**-**
Dividends to owners of the Company	23	**-**	**(13,218,796)**	**(13,218,796)**
Total transactions with owners of the Company		**51,846,667**	**(26,425,463)**	**25,421,204**
At 31 December 2017		**113,680,000**	**5,441,240**	**119,121,240**
		Note 11	Note 12	

The notes on pages 52 to 95 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from operating activities					
Profit before tax		**24,398,612**	29,270,371	**27,685,571**	11,389,399
Adjustments for:					
Depreciation of property, plant and equipment	3	**4,703,367**	3,952,736	**-**	-
(Gain)/Loss on disposal of plant and equipment	18	**(77,358)**	1,824	**-**	-
Plant and equipment written off	18	**17**	2,680	**-**	-
Dividend income	18	**(4,800)**	(3,400)	**(28,000,000)**	(11,700,000)
Finance costs	17	**-**	4,769	**-**	-
Finance income	18	**(985,741)**	(65,766)	**(802,196)**	(3,699)
Operating profit/(loss) before changes in working capital		**28,034,097**	33,163,214	**(1,116,625)**	(314,300)
Changes in working capital:					
Inventories		**1,509,434**	(4,509,330)	**-**	-
Trade and other receivables and other financial assets		**(10,241,034)**	6,286,653	**28,300**	(30,000)
Trade and other payables and other financial liabilities		**1,134,846**	745,844	**8,838**	(10,783)
Cash generated from/ (used in) operations		**20,437,343**	35,686,381	**(1,079,487)**	(355,083)
Dividends received		**-**	-	**34,700,000**	7,525,000
Tax paid		**(3,757,875)**	(7,670,344)	**(10,002)**	(10,000)
Tax refunded		**-**	15,929	**-**	6,024
Net cash from operating activities		**16,679,468**	28,031,966	**33,610,511**	7,165,941
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(8,563,549)**	(12,024,985)	**-**	-
Investment in a subsidiary		**-**	-	**(19,999,998)**	(2)
Proceeds from disposal of plant and equipment		**77,358**	856	**-**	-
Dividend received		**4,800**	3,400	**-**	-
Interest received		**985,741**	65,766	**802,196**	3,699
Net cash (used in)/from investing activities		**(7,495,650)**	(11,954,963)	**(19,197,802)**	3,697

STATEMENTS OF CASH FLOWS (Cont'd)
for the year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from financing activities					
Proceeds from issuance of share capital		**38,640,000**	-	**38,640,000**	-
Repayment of:					
- bank loans, net		**-**	(931,006)	**-**	-
- other bank borrowings, net		**-**	(1,180,000)	**-**	-
Dividends paid to owners of the Company		**(12,174,395)**	(11,129,995)	**(12,174,395)**	(11,129,995)
Interest paid		**-**	(4,769)	**-**	-
Net cash from/(used in) financing activities		**26,465,605**	(13,245,770)	**26,465,605**	(11,129,995)
Net increase/(decrease) in cash and cash equivalents		**35,649,423**	2,831,233	**40,878,314**	(3,960,357)
Effect of foreign exchange rate differences		**40,635**	(481,905)	**-**	-
Cash and cash equivalents at 1 January		**29,068,886**	26,719,558	**61,600**	4,021,957
Cash and cash equivalents at 31 December	10	**64,758,944**	29,068,886	**40,939,914**	61,600

The notes on pages 52 to 94 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SLP Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Plot 1, Lot 57-A
Lorong Perusahaan 5
Kulim Industrial Estate
09000 Kulim
Kedah

Registered office

Suite 12-A, Level 12 Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 March 2018.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019 (Cont'd)

- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 119, *Plan Amendments, Curtailment or Settlement*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective years when the abovementioned become effective :

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, as applicable.

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, as applicable.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Currently, the Group classifies and measures financial assets and liabilities based on policy as stated in Note 2(c)(ii). Upon adoption of MFRS 9, the Group will classify and measure financial assets and liabilities at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group has assessed the initial application of MFRS 9 will have no material impact on the classification and impairment for its financial assets.

(ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services.*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

(ii) MFRS 15, *Revenue from Contracts with Customers* (Cont'd)

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. Currently, the Group recognises revenue from contracts with customers on the basis of significant risks and rewards of ownership transferred to the customers as stated in Note 2(m)(i). Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers when or as an entity transfers goods or services to a customer, measured at the amount to which the entity expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the entity's performance; or at a point in time, when control of the goods or services is transferred to the customers.

The Group has assessed the initial application of MFRS 15 will have no material impact on its consolidated financial statements. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

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

The functional currency of a subsidiary, Sinliplas Holding Sdn Bhd ("SHSB") is United States Dollar ("USD"), being the currency that most faithfully reflects the economic substance of the underlying events of the subsidiary. The financial statements of the subsidiary are presented in Ringgit Malaysia ("RM"), being the currency of the country in which the subsidiary is incorporated and domiciled.

All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structure entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Non-controlling interests (Cont'd)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(i) Initial recognition and measurement (Cont'd)

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of the assets for the current and comparative periods are as follows:

	Years
Long term leasehold land	75 – 78
Factory buildings	44 – 50
Renovation	50
Plant, machinery and factory equipment	5 – 13
Office furniture and equipment	2 – 10
Motor vehicles	5 – 7

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (Cont'd)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

2. Significant accounting policies (Cont'd)

(f) Intangible assets (Cont'd)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for capitalised development costs is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

2. Significant accounting policies (Cont'd)

(i) Impairment (Cont'd)

(i) Financial assets (Cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

2. Significant accounting policies (Cont'd)

(j) Equity instruments (Cont'd)

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (Cont'd)

(m) Revenue and other income (Cont'd)

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

2. Significant accounting policies (Cont'd)

(p) Earnings per ordinary share (Cont'd)

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

(q) Operating segments

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

(r) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(s) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment - Group

	Note	Long term leasehold land RM	Factory buildings RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost									
At 1 January 2016		13,144,685	18,754,429	119,000	83,652,388	1,347,567	3,260,879	-	120,278,948
Additions		-	4,876,477	-	7,065,094	83,414	-	-	12,024,985
Written off		-	-	-	(7,050)	(3,050)	-	-	(10,100)
Disposal		-	-	-	(7,050)	(1,200)	-	-	(8,250)
Reclassification		-	2,710,222	-	(2,710,222)	-	-	-	-
Effect of movements in exchange rates		589,345	1,479,841	-	3,297,593	53,174	32,343	-	5,452,296
At 31 December 2016/ 1 January 2017		13,734,030	27,820,969	119,000	91,290,753	1,479,905	3,293,222	-	137,737,879
Additions		-	215,554	-	8,098,021	73,254	-	176,720	8,563,549
Written off		-	-	-	(363,057)	(130,544)	-	-	(493,601)
Disposal		-	-	-	-	-	(584,947)	-	(584,947)
Reclassification		-	-	-	87,120	-	-	(87,120)	-
Effect of movements in exchange rates		(1,342,483)	(2,733,686)	-	(6,453,403)	(105,113)	(73,675)	(459)	(10,708,819)
At 31 December 2017		12,391,547	25,302,837	119,000	92,659,434	1,317,502	2,634,600	89,141	134,514,061

3. **Property, plant and equipment - Group (Cont'd)**

	Note	Long term leasehold land RM	Factory buildings RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Depreciation									
At 1 January 2016		1,648,184	3,645,590	17,654	58,886,223	1,248,353	2,579,133	-	68,025,137
Depreciation for the year		151,092	446,685	2,380	3,013,630	44,617	294,332	-	3,952,736
Written off		-	-	-	(4,371)	(3,049)	-	-	(7,420)
Disposal		-	-	-	(4,371)	(1,199)	-	-	(5,570)
Reclassification		-	571,781	-	(571,781)	-	-	-	-
Effect of movements in exchange rates		86,238	225,573	-	2,086,321	44,349	27,511	-	2,469,992
At 31 December 2016/ 1 January 2017		1,885,514	4,889,629	20,034	63,405,651	1,333,071	2,900,976	-	74,434,875
Depreciation for the year		156,742	588,499	2,380	3,689,068	83,374	183,304	-	4,703,367
Written off		-	-	-	(363,054)	(130,530)	-	-	(493,584)
Disposal		-	-	-	-	-	(584,947)	-	(584,947)
Effect of movements in exchange rates		(193,588)	(512,813)	-	(4,754,938)	(95,326)	(59,079)	-	(5,615,744)
At 31 December 2017		1,848,668	4,965,315	22,414	61,976,727	1,190,589	2,440,254	-	72,443,967
Carrying amounts									
At 1 January 2016		11,496,501	15,108,839	101,346	24,766,165	99,214	681,746	-	52,253,811
At 31 December 2016/ 1 January 2017		11,848,516	22,931,340	98,966	27,885,102	146,834	392,246	-	63,303,004
At 31 December 2017		10,542,879	20,337,522	96,586	30,682,707	126,913	194,346	89,141	62,070,094

4. Intangible assets - Group

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2016/31 December 2016/1 January 2017/31 December 2017	19,910	988,302	1,008,212
Amortisation and impairment loss			
At 1 January 2016/31 December 2016/1 January 2017/31 December 2017	-	(985,977)	(985,977)
Carrying amounts			
At 1 January 2016/31 December 2016/1 January 2017/31 December 2017	19,910	2,325	22,235

Development costs

Development costs principally comprise expenditure incurred on new products at development phase.

5. Investment in subsidiaries

	Company 2017 RM	2016 RM
Unquoted shares, at cost	**78,985,373**	58,985,375

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective ownership interest and voting interest 2017 %	2016 %	Principal activities
Sinliplas Holding Sdn. Bhd. ("SHSB")	**100**	100	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	**100**	100	Manufacture and sale of plastic packaging products and plastic related goods and trading of polymer products such as resin
SLP Green Tech Sdn. Bhd. ("SLPGT")	**100**	100	Manufacture and sale of specialised plastic film and packaging products
SLP Polymers Sdn. Bhd. ("SLPP")	**100**	100	Trading of polymer products such as resin

All the subsidiaries are incorporated in Malaysia.

6. Other investments

	Group Investment in shares		
	Unquoted **RM**	**Quoted** **RM**	**Total** **RM**
2017			
Available-for-sale financial assets	**103,281**	**154,000**	**257,281**
Representing items:			
At cost	**103,281**	**-**	**103,281**
At fair value	**-**	**154,000**	**154,000**
	103,281	**154,000**	**257,281**
Market value of quoted shares	**-**	**154,000**	**154,000**
2016			
Available-for-sale financial assets	114,470	139,600	254,070
Representing items:			
At cost	114,470	-	114,470
At fair value	-	139,600	139,600
	114,470	139,600	254,070
Market value of quoted shares	-	139,600	139,600

7. Inventories - Group

	2017 **RM**	**2016** **RM**
Raw materials	16,197,547	18,056,417
Work-in-progress	7,318,830	7,654,097
Manufactured inventories	3,611,498	4,756,665
	27,127,875	30,467,179

8. Trade and other receivables

	Note	2017 RM	2016 RM
Group			
Trade			
Trade receivables		**29,734,681**	27,406,336
Amount due from a company controlled by a Director	8.1	**752,174**	315,329
Non-trade			
Other receivables	8.2	**1,924,041**	1,367,150
Deposits		**55,729**	56,615
Prepayments	8.3	**6,912,655**	1,422,290
		8,892,425	2,846,055
		39,379,280	30,567,720
Company			
Non-trade			
Deposits		**4,700**	3,000
Amount due from a subsidiary	8.4	**-**	30,000
Dividends receivable from subsidiaries		**4,000,000**	10,700,000
		4,004,700	10,733,000

8.1 Amount due from a company controlled by a Director

The trade amount due from a company controlled by a Director is subject to normal trade terms.

8.2 Other receivables

Included in other receivables of the Group are goods and services tax ("GST") receivables amounting to RM918,645 (2016 : RM921,252).

8.3 Prepayments

Included in prepayments of the Group are RM4,745,356 and RM2,507,214 (2016 : RM1,109,388 and RMNil) representing advance payments to suppliers for purchase of plant and machinery and inventories respectively.

8.4 Amount due from a subsidiary

The non-trade amount due from a subsidiary was unsecured, interest free and repayable within 1 year.

9. Derivative financial assets/(liabilities) - Group

	2017 Nominal value RM	2017 Assets RM	2016 Nominal value RM	2016 Liabilities RM
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	**13,511,000**	**12,123**	18,013,000	(938,727)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currency other than the functional currency of a subsidiary. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

10. Cash and cash equivalents

	Note	2017 RM	2016 RM
Group			
Short term funds	10.1	**45,994,870**	-
Short term deposits with licensed banks		**6,600,000**	4,900,000
Cash and bank balances		**12,164,074**	24,168,886
		64,758,944	29,068,886
Company			
Short term funds	10.1	**35,994,712**	-
Short term deposits with a licensed bank		**4,800,000**	-
Cash and bank balances		**145,202**	61,600
		40,939,914	61,600

10.1 Short term funds

Short term funds represent investments in money market funds which can be redeemable within a period of less than 30 days.

11. Share capital - Group/Company

	2017 Amount RM	2017 Number of shares	2016 Amount RM	2016 Number of shares
Ordinary shares				
Authorised	**N/A** Note 11.2	**N/A** Note 11.2	100,000,000	400,000,000

11. Share capital - Group/Company (Cont'd)

	2017		2016	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid classified as equity instruments:				
As at 1 January	**61,833,333**	**247,333,333**	61,833,333	247,333,313
Issued for cash under private placement (Note 30)	**38,640,000**	**16,800,000**	-	-
Issued under bonus issue (Note 30)	**13,206,667**	**52,826,666**	-	-
As at 31 December	**113,680,000**	**316,959,999**	61,833,333	247,333,333

11.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

In accordance with Section 74 of the Companies Act 2016 in Malaysia, the Company's shares no longer have a par or nominal value with effect from 31 January 2017. There is no impact on the number of shares in use or the relative entitlement of any of the numbers as a results of this transition.

11.2 Authorised share capital

The concept of authorised share capital and par value of share capital have been abolished on the commencement of the Companies Act 2016 on 31 January 2017.

12. Reserves

	Note	2017 RM	2016 RM
Group			
Non-distributable			
Fair value reserve	12.1	**53,200**	38,800
Foreign currency translation reserve	12.2	**(4,450,058)**	3,127,495
Distributable			
Retained earnings		**59,023,276**	66,237,125
		54,626,418	69,403,420
Company			
Distributable			
Retained earnings		**5,441,240**	4,194,726

Movements in reserves are shown in statements of changes in equity.

12. Reserves (Cont'd)

12.1 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

12.2 Foreign currency translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of a subsidiary which the functional currency is not Ringgit Malaysia.

13. Deferred tax liabilities - Group

The recognised deferred tax liabilities are as follows:

	2017 RM	2016 RM
Property, plant and equipment	**6,975,000**	6,323,014
Others	**473,000**	741,661
	7,448,000	7,064,675

Movement in temporary differences during the year are as follows :

	At 1 January 2016 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2016/1 January 2017 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2017 RM
Property, plant and equipment					
- capital allowances	(6,136,000)	(187,014)	(6,323,014)	(651,986)	(6,975,000)
Others	(634,000)	(107,661)	(741,661)	268,661	(473,000)
	(6,770,000)	(294,675)	(7,064,675)	(383,325)	(7,448,000)

14. Trade and other payables

	Note	2017 RM	2016 RM
Group			
Trade			
Trade payables		**10,389,802**	9,096,402
Non-trade			
Other payables	14.1	**1,295,770**	1,175,487
Accrued expenses		**760,347**	838,081
Dividend payable		**4,754,399**	3,709,998
		6,810,516	5,723,566
		17,200,318	14,819,968

14. Trade and other payables (Cont'd)

	2017 RM	2016 RM
Company		
Non-trade		
Accrued expenses	**59,756**	50,918
Dividend payable	**4,754,399**	3,709,998
	4,814,155	3,760,916

14.1 Other payables

Included in other payables of the Group are GST payables amounting to RM13,030 (2016 : RM9,980).

15. Revenue

Group

Revenue represents the invoiced value of goods sold less discounts and returns.

Company

Revenue represents dividend income received from its subsidiaries.

16. Employee benefits expenses - Group

Employee benefits expenses of the Group include contributions to the Employees' Provident Fund of RM490,900 (2016 : RM465,148).

Included in employee benefits expenses of the Group is Executive Directors' remuneration as disclosed in Note 19.

17. Finance costs - Group

	2017 RM	2016 RM
Interest paid and payable:		
Bank loan	-	4,769

18. Profit before tax

Profit before tax has been arrived at:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
After charging:				
Auditors' remuneration				
- statutory audit fees	**100,000**	86,000	**23,000**	22,000
- non-audit fees				
- KPMG PLT Malaysia	**33,000**	6,000	**33,000**	6,000
- Local affiliate of KPMG PLT Malaysia	**18,800**	66,800	**2,500**	2,500
Directors' emoluments				
- Directors of the Company				
- fees	**152,000**	152,000	**108,800**	108,800
- remuneration	**1,457,406**	1,677,145	**25,000**	25,000
Rental of premises	**3,300**	3,600	**-**	-
Impairment loss on trade receivables	**-**	1,047,214	**-**	-
Plant and equipment written off	**17**	2,680	**-**	-
Loss on disposal of plant and equipment	**-**	1,824	**-**	-
Loss on foreign exchange				
- realised (net)	**411,479**	-	**-**	-
and after crediting:				
Rental income from premises	**-**	13,500	**-**	-
Dividend income from:				
- quoted shares in Malaysia	**4,800**	3,400	**-**	-
- subsidiaries (unquoted)	**-**	-	**28,000,000**	11,700,000
Gain on foreign exchange				
- realised (net)	**-**	791,738	**-**	-
- unrealised (net)	**198,872**	828,083	**-**	-
Finance income	**985,741**	65,766	**802,196**	3,699
Reversal of impairment loss on trade receivables	**465,000**	-	**-**	-
Gain on disposal of plant and equipment	**77,358**	-	**-**	-

19. Key management personnel compensations

The key management personnel include all Directors of the Group and their compensations are as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Directors of the Company				
- fees	**152,000**	152,000	**108,800**	108,800
- remunerations	**1,457,406**	1,677,145	**25,000**	25,000
Total short-term employee benefits	**1,609,406**	1,829,145	**133,800**	133,800

The estimated monetary value of Directors' benefit-in-kind of the Group is RM51,725 (2016 : RM55,600).

20. Tax expense

Recognised in profit or loss

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax expense on continuing operations	**5,186,998**	3,838,744	**13,594**	976

Major components of income tax expense include:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expense				
- Current year	**4,733,860**	2,937,325	**13,723**	1,000
- Prior year	**69,813**	606,744	**(129)**	(24)
Total current tax recognised in profit or loss	**4,803,673**	3,544,069	**13,594**	976
Deferred tax expense				
- Origination of temporary differences	**233,325**	638,675	**-**	-
- Prior year	**150,000**	(344,000)	**-**	-
Total deferred tax recognised in profit or loss	**383,325**	294,675	**-**	-
Total income tax expense	**5,186,998**	3,838,744	**13,594**	976

Reconciliation of tax expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit for the year	**19,211,614**	25,431,627	**27,671,977**	11,388,423
Total income tax expense	**5,186,998**	3,838,744	**13,594**	976
Profit excluding tax	**24,398,612**	29,270,371	**27,685,571**	11,389,399
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	**5,855,667**	7,024,889	**6,644,537**	2,733,456
Non-deductible expenses	**440,346**	241,962	**268,063**	75,544
Tax incentives	**(959,645)**	(3,499,916)	**-**	-
Non-taxable income	**(177,579)**	(6,500)	**(6,898,731)**	(2,808,000)
Other items	**(191,604)**	(184,435)	**(146)**	-
Under/(Over) provision in prior year	**219,813**	262,744	**(129)**	(24)
Income tax expense	**5,186,998**	3,838,744	**13,594**	976

21. Other comprehensive (expense)/income - Group

	Before tax RM	Tax (expense)/ benefit RM	Net of tax RM
2017			
Items that are or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets			
- Gains arising during the year	**14,400**	**-**	**14,400**
Foreign currency translation differences for foreign operations			
- Losses arising during the year	**(7,577,553)**	**-**	**(7,577,553)**
	(7,563,153)	**-**	**(7,563,153)**
2016			
Items that are or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets			
- Losses arising during the year	(5,800)	-	(5,800)
Foreign currency translation differences for foreign operations			
- Gains arising during the year	3,127,495	-	3,127,495
	3,121,695	-	3,121,695

22. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM19,211,614 (2016 : RM25,431,627) and on the weighted average number of ordinary shares outstanding during the financial year of 307,800,547 (2016 : 296,800,000) calculated as follows:

	2017	2016
Issued ordinary shares at beginning of year	**247,333,333**	247,333,333
Bonus issue in 2017	**52,826,666**	49,466,667
Effect of shares issued during the year	**7,640,548**	-
Weighted average number of ordinary shares	**307,800,547**	296,800,000

Diluted earnings per ordinary share

No diluted earnings per ordinary share is disclosed in the financial statements as there are no dilutive potential ordinary shares.

23. Dividends - Group and Company

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2017			
Third interim 2016 ordinary	**1.50**	**3,709,998**	**7 April 2017**
First interim 2017 ordinary	**1.50**	**4,754,399**	**5 October 2017**
Second interim 2017 ordinary	**1.50**	**4,754,399**	**5 January 2018**
Total amount		**13,218,796**	
2016			
Second interim 2015 ordinary	1.50	3,709,998	8 April 2016
First interim 2016 ordinary	1.50	3,709,998	5 October 2016
Second interim 2016 ordinary	1.50	3,709,998	6 January 2017
Total amount		11,129,994	

After the end of the reporting period, the following dividend was declared on 23 February 2018 and will be recognised in subsequent financial period.

	Sen per share	Total amount RM
Third interim 2017 ordinary	1.50	4,754,399

24. Operating segments - Group

The business segment is based on the Group's management and internal reporting structure.

Business segments

The Group's only reportable segment comprises the manufacturing and sale of plastic packaging and its related products and trading of polymer products.

Segment information has not been separately presented because internal reporting uses the Group's financial statements.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments.

24. Operating segments - Group (Cont'd)

	Revenue RM	Non-current assets RM
Geographical information		
2017		
Malaysia	**72,861,443**	**62,092,329**
Japan	**68,714,427**	**-**
European countries	**9,973,857**	**-**
Australia	**16,166,008**	**-**
Other countries	**12,415,716**	**-**
	180,131,451	**62,092,329**
2016		
Malaysia	64,491,431	63,325,239
Japan	68,761,080	-
European countries	9,369,888	-
Australia	15,488,294	-
Other countries	10,586,624	-
	168,697,317	63,325,239

Major customer

The following is major customer with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	2017 RM	2016 RM
Customer A	**21,979,360**	22,172,617

25. Commitments - Group

	2017 RM	2016 RM
Property, plant and equipment		
Contracted but not provided for	**134,000**	290,000

26 Contingent liabilities, unsecured - Company

Corporate guarantees

The Company has issued corporate guarantees to financial institutions for banking facilities granted to its subsidiaries up to a limit of RM72,500,000 (2016 : RM72,500,000) of which RM3,636,873 (2016 : RM2,986,627) were utilised as at the end of the reporting period.

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

The Group has related party relationship with a company controlled by a Director, subsidiaries and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company, other than key management personnel compensations as disclosed in Note 19 to the financial statements, are shown below. The balances related to the below transactions are disclosed in Note 8 to the financial statements.

	Group	
	2017 RM	**2016 RM**
A company controlled by a Director		
Sales	**994,387**	418,441

	Company	
	2017 RM	**2016 RM**
Subsidiaries		
Dividends received/receivable	**28,000,000**	11,700,000

28. Financial instruments

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL") - Held for trading ("HFT");
(c) Available-for-sale financial assets ("AFS");
(d) Financial liabilities measured at amortised cost ("FL").

28. Financial instruments (Cont'd)

28.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R RM	FVTPL -HFT RM	AFS RM
Group				
2017				
Financial assets				
Other investments	**257,281**	**-**	**-**	**257,281**
Trade and other receivables, excluding GST receivables and prepayments	**31,547,980**	**31,547,980**	**-**	**-**
Derivative financial assets	**12,123**	**-**	**12,123**	**-**
Cash and cash equivalents	**64,758,944**	**64,758,944**	**-**	**-**
	96,576,328	**96,306,924**	**12,123**	**257,281**
2016				
Financial assets				
Other investments	254,070	-	-	254,070
Trade and other receivables, excluding GST receivables and prepayments	28,224,178	28,224,178	-	-
Cash and cash equivalents	29,068,886	29,068,886	-	-
	57,547,134	57,293,064	-	254,070

	Carrying amount RM	L&R RM	AFS RM
Company			
2017			
Financial assets			
Trade and other receivables, excluding prepayments	**4,004,700**	**4,004,700**	**-**
Cash and cash equivalents	**40,939,914**	**40,939,914**	**-**
	44,944,614	**44,944,614**	**-**
2016			
Financial assets			
Trade and other receivables, excluding prepayments	10,733,000	10,733,000	-
Cash and cash equivalents	61,600	61,600	-
	10,794,600	10,794,600	-

28. Financial instruments (Cont'd)

28.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	FL RM	FVTPL - HFT RM
Group			
2017			
Financial liabilities			
Trade and other payables, excluding GST payables	**17,187,288**	**17,187,288**	**-**
2016			
Financial liabilities			
Derivative financial liabilities	938,727	-	938,727
Trade and other payables, excluding GST payables	14,809,988	14,809,988	-
	15,748,715	14,809,988	938,727

	Carrying amount RM	FL RM
Company		
2017		
Financial liabilities		
Trade and other payables	**4,814,155**	**4,814,155**
2016		
Financial liabilities		
Trade and other payables	3,760,916	3,760,916

28. Financial instruments (Cont'd)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Net gains/(losses) on:				
Fair value through profit or loss:				
- held for trading	**912,597**	(993,046)	**-**	-
Available-for-sale financial assets				
- recognised in other comprehensive income/ (loss)	**19,200**	(2,400)	**-**	-
Loans and receivables	**550,093**	1,202,931	**802,196**	3,699
Financial liabilities measured at amortised cost	**(224,556)**	423,719	**-**	-
	1,257,334	631,204	**802,196**	3,699

28.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Exposure to credit risk arises mainly from sales made on credit terms and is monitored on an ongoing basis. Credit terms offered by the Group ranged from 30 days to 90 days from the date of transactions. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit limits. Credit limits are set and credit history is reviewed to minimise potential losses.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2017 RM	**2016 RM**
Domestic	**14,888,535**	13,162,164
Japan	**10,382,888**	9,459,964
Australia	**3,074,616**	3,253,403
European countries	**680,986**	818,067
Others	**1,459,830**	1,028,067
	30,486,855	27,721,665

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
2017			
Not past due	**20,433,575**	**-**	**20,433,575**
Past due 0 - 30 days	**7,823,224**	**-**	**7,823,224**
Past due 31 - 120 days	**1,985,420**	**-**	**1,985,420**
Past due more than 120 days	**805,653**	**(561,017)**	**244,636**
	31,047,872	**(561,017)**	**30,486,855**
2016			
Not past due	17,575,997	-	17,575,997
Past due 0 - 30 days	7,831,453	-	7,831,453
Past due 31 - 120 days	2,271,759	(29,916)	2,241,843
Past due more than 120 days	1,089,670	(1,017,298)	72,372
	28,768,879	(1,047,214)	27,721,665

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2017 **RM**	**2016** **RM**
At 1 January	**1,047,214**	90,419
Impairment loss recognised	**-**	1,047,214
Impairment loss written off	**(21,197)**	(90,419)
Reversal of impairment loss	**(465,000)**	-
At 31 December	**561,017**	1,047,214

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has placement of short term deposits with banks. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM3,636,873 (2016 : RM2,986,627) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2017							
Non-derivative financial liabilities							
Trade and other payables (excluding GST payables)	17,187,288	-	17,187,288	17,187,288	-	-	-
	17,187,288		17,187,288	17,187,288	-	-	-
Derivative financial liabilities/ (assets)							
Forward exchange contracts (gross settled):							
- outflow	-	-	13,511,000	13,511,000	-	-	-
- inflow	(12,123)	-	(13,523,123)	(13,523,123)	-	-	-
	17,175,165		17,175,165	17,175,165	-	-	-

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2016							
Non-derivative financial liabilities							
Trade and other payables (excluding GST payables)	14,809,988	-	14,809,988	14,809,988	-	-	-
	14,809,988		14,809,988	14,809,988	-	-	-
Derivative financial liabilities/ (assets)							
Forward exchange contracts (gross settled):							
- outflow	938,727	-	18,951,727	18,951,727	-	-	-
- inflow	-	-	(18,013,000)	(18,013,000)	-	-	-
	15,748,715		15,748,715	15,748,715	-	-	-

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Company							
2017							
Non-derivative financial liabilities							
Other payables	**4,814,155**	-	**4,814,155**	**4,814,155**	-	-	-
Financial guarantees	-	-	**3,636,873**	**3,636,873**	-	-	-
	4,814,155		**8,451,028**	**8,451,028**	-	-	-
2016							
Non-derivative financial liabilities							
Other payables	3,760,916	-	3,760,916	3,760,916	-	-	-
Financial guarantees	-	-	2,986,627	2,986,627	-	-	-
	3,760,916		6,747,543	6,747,543	-	-	-

28. Financial instruments (Cont'd)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

The Group does not have material exposure to price risk. Price risk is principally arising from the Group's investment in quoted investments.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. The currencies giving rise to this risk are primarily Ringgit Malaysia (RM), U.S. Dollar (USD), Japanese Yen (JPY).

Risk management objectives, policies and processes for managing the risk

The Group may use forward exchange contracts to hedge its foreign currency risk where necessary. Most of the forward exchange contracts have maturity of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

		Denominated in	
	RM	**USD**	**JPY**
	RM	**RM**	**RM**
Group			
2017			
Trade receivables	**773,768**	**3,246,493**	**-**
Cash and cash equivalents	**10,580,984**	**3,611,901**	**244,864**
Forward exchange contracts	**6,345,000**	**7,166,000**	**-**
Trade and other payables	**(3,021,278)**	**(1,583,594)**	**-**
Net exposure	**14,678,474**	**12,440,800**	**244,864**
2016			
Trade receivables	727,976	2,037,192	-
Cash and cash equivalents	635,161	9,877,074	260,531
Forward exchange contracts	18,951,727	-	-
Trade and other payables	(1,606,500)	(1,362,623)	-
Net exposure	18,708,364	10,551,643	260,531

Currency risk sensitivity analysis

A 10% (2016 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Profit or loss	
	2017	**2016**
	RM	**RM**
Group		
RM	**(1,115,564)**	(1,421,836)
USD	**(945,501)**	(801,925)
JPY	**(18,610)**	(19,800)

A 10% (2016 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28.6.2 Interest rate risk

The Group's and the Company's short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-earning deposits. The Group is presently enjoying competitive interest rates which are reviewed and registered on a yearly basis.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning financial instruments, based on carrying amounts as at the end of the reporting period was:

	2017	**2016**
	RM	**RM**
Group		
Fixed rate instrument		
Financial assets	**6,600,000**	4,900,000

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2017 RM	2016 RM
Company		
Fixed rate instrument		
Financial assets	4,800,000	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

28. Financial instruments (Cont'd)

28.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2017										
Financial assets										
Quoted shares	154,000	-	-	154,000	-	-	-	-	154,000	154,000
Unquoted shares	-	-	-	-	-	-	-	-	#	103,281
Forward exchange contracts	-	12,123	-	12,123	-	-	-	-	12,123	12,123
	154,000	12,123	-	166,123	-	-	-	-	166,123	269,404

28. Financial instruments (Cont'd)

28.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2016										
Financial assets										
Quoted shares	139,600	-	-	139,600	-	-	-	-	139,600	139,600
Unquoted shares	-	-	-	-	-	-	-	-	#	114,470
	139,600	-	-	139,600	-	-	-	-	139,600	254,070
Financial liabilities										
Forward exchange contracts	-	(938,727)	-	(938,727)	-	-	-	-	(938,727)	(938,727)
	-	(938,727)	-	(938,727)	-	-	-	-	(938,727)	(938,727)

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

28. Financial instruments (Cont'd)

28.7 Fair value information (Cont'd)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2016 : no transfer in either directions).

29. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There was no change in the Group's approach to capital management during the financial year.

30. Significant events

On 23 August 2017, RHB Investment Bank Berhad ("RHBIB") on behalf of the Board of Directors of the Company announced that the Company:

(i) issued 16,800,000 new ordinary shares at RM2.30 per ordinary share via a private placement to eligible investors for a total cash consideration of RM38.64 million for working capital and capital expenditure purposes; and

(ii) issued 52,826,666 new ordinary shares via a bonus issue on the basis of one (1) new ordinary share for every five (5) existing ordinary shares held in the Company. The bonus issue of RM13,206,667 was capitalised from retained earnings.

STATEMENT BY DIRECTORS
pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 46 to 95 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 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Khaw Khoon Tee
Director

....

Khaw Seang Chuan
Director
Penang,

Date: 28 March 2018

STATUTORY DECLARATION
pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Khaw Khoon Tee**, the Director primarily responsible for the financial management of SLP Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 95 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 abovenamed **Khaw Khoon Tee**, NRIC : 500322-07-5445, at Georgetown in the State of Penang on 28 March 2018.

....

Khaw Khoon Tee

Before me:

INDEPENDENT AUDITORS' REPORT

to the Members of Slp Resources Berhad
(Company No. 663862 - H)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SLP Resources Berhad, which comprise the statements of financial position as at 31 December 2017 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 95.

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 2017, and of their financial performance and their cash flows for the 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 auditors' 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' *Code of Ethics for Professional Accountants* ("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 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.

Valuation of inventories

Refer to Note 7 of the financial statements showing the carrying amount of inventories.

The key audit matter

Plastic resin is one of the major materials used in the Group's business operations. Consequently, the Group is exposed to fluctuation of commodity prices. The Group's finished products are also not generic since the Group is involved in plastic packaging solutions. Raw materials were ordered to cater for current as well as expected future demand for similar goods which may not materialise. The Group produces finished products in batches which may go beyond the required quantities to fulfill an order. Discontinued orders of similar products may render the raw materials and finished products obsolete unless management is able to find alternative use for those goods.

Identifying and determining the slow moving and obsolete inventories will require the use of judgment. This is one of the areas that our audit focuses on because it requires us to design appropriate procedures to identify such inventories and use judgment to evaluate the assessments made by the management.

How the matter was addressed in our audit

In this area, the audit procedures included, amongst others:

- Attended inventory count as at year end and observed whether there were inventories that may be slow moving or obsolete;
- Determined that the inventories were carried at the lower of cost and net realisable value by comparing the prices of subsequent sales with the cost of selected inventories, or where there were no sales subsequent to the year end for trading inventories, checked to the purchase price after year end of trading inventories;
- Tested the accuracy of the ageing profile of inventories, and based on the age of the inventories with consideration of consumption as well as latest sales to identify slow moving and obsolete inventories; and

Key Audit Matters (Cont'd)

How the matter was addressed in our audit (Cont'd)

- Evaluated the design and implementation of controls over management's process in identifying and writing down slow moving and obsolete inventories.

Functional currency

Refer to Note 1(c) of functional currency for the Group.

The key audit matter

A material subsidiary, Sinliplas Holding Sdn. Bhd. ("SHSB") assesses United States Dollar ("USD") as its functional currency since the pricing of the transactions that it undertakes is substantially determined by the USD.

This is one of the areas that our audit focuses on because it requires us to use significant judgment to evaluate management's functional currency assessment. In addition, a wrong functional currency has a prevalent impact on the financial statements.

How the matter was addressed in our audit

In this area, the audit procedures included, amongst others:
- Challenged management's functional currency assessment by comparing it with the requirements of the accounting standard;
- Determined whether transactions have been appropriately recorded using the functional currency; and
- Assessed the accuracy of the translation of the subsidiary's financial statements from functional currency to presentation currency of Ringgit Malaysia

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company 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 gives a true and fair view.

- 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.

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, related safeguards.

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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Dato' Ooi Kok Seng
Approval Number: 02432/05/2019 J
Chartered Accountant

Penang

Date: 28 March 2018

SHAREHOLDINGS STATISTIC
as at 28 March 2018

Total Number of Issued Shares	:	316,959,999
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

	Direct					
Name	**Own**	**%**	**Others**	**%**	**Indirect**	**%**
Khoon Tee & Family Sdn Bhd	122,719,999	38.72	-	-	-	-
Khaw Khoon Tee	31,404,478	9.91	2,757,998 (i)	0.81	122,719,999 (ii)	38.72
Khaw Seang Chuan	47,418,884	14.96	212,799 (i)	0.06	122,719,999 (ii)	38.72
Khaw Choon Hoong	2,953,499	0.93	-	-	122,719,999 (ii)	38.72

Note:
(i) Shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 197(1)(a) of the Companies Act 2016
(ii) Deemed interested by virtue of his/her shareholding in Khoon Tee & Family Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

	Direct					
Name	**Own**	**%**	**Others**	**%**	**Indirect**	**%**
Khaw Khoon Tee	31,404,478	9.91	2,757,998 (i)	0.81	122,719,999 (ii)	38.72
Khaw Seang Chuan	47,418,478	14.96	212,799 (i)	0.06	122,719,999 (ii)	38.72
Khaw Choon Hoong	2,953,499	0.93	-	-	122,719,999 (ii)	38.72
Khaw Choon Choon	1,696,999	0.54	-	-	-	-
Leow Chan Khiang	79,999	0.03	-	-	-	-
Mary Geraldine Phipps	55,999	0.02	-	-	-	-
Chan Wah Chong	-	-	-	-	-	-
Law Cheng Lock	-	-	-	-	-	-

Note:
(i) Shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 197(1)(a) of the Companies Act 2016
(ii) Deemed interested by virtue of his/her shareholding in Khoon Tee & Family Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
78	less than 100	2,782	0.00
458	100 - 1,000 shares	138,661	0.04
318	1,001 - 10,000 shares	1,274,498	0.40
183	10,001 - 100,000 shares	5,383,728	1.70
97	100,001 to less than 5% of issued shares	108,616,969	34.27
3	5% and above of issued shares	201,543,361	63.59
1,137	TOTAL	316,959,999	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1.	KHOON TEE & FAMILY SDN. BHD.	122,719,999	38.72
2.	KHAW SEANG CHUAN	47,418,884	14.96
3.	KHAW KHOON TEE	21,164,145	6.68
4.	CHEW SHEAU CHING	11,761,440	3.71
5.	KHAW KHOON TEE	10,240,333	3.23
6.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEES BHD. FOR RHB KIDSAVE TRUST	5,492,160	1.73
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	5,465,220	1.72
8.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	4,716,000	1.49
9.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	4,579,680	1.44
10.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANAN) (AFFIN AM B EQ)	4,121,880	1.30
11.	LAU SU LIN	3,372,319	1.06
12.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR RHB SMART TREASURE FUND	3,275,160	1.03
13.	CHUAH CHIN KOK	3,223,399	1.02
14.	KHAW CHOON HOONG	2,953,499	0.93
15.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM KENANGA)	2,832,000	0.89
16.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	2,734,860	0.86
17.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDEND FUND (RHB INV)	2,528,280	0.89
18.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD – KENANGA SYARIAH GROWTH FUND	2,444,880	0.80
19.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB GROWTH AND INCOME FOCUS TRUST	2,180,000	0.69
20.	KHAW CHOON CHOON	1,696,999	0.54
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8059095)	1,584,000	0.50
22.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	1,500,000	0.47
23.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KENANGA ISLAMIC INVESTORS BHD. FOR LEMBAGA TABUNG HAJI	1,423,200	0.45
24.	KHAW SEANG GHEE	1,378,999	0.44
25.	KHAW SEANG SENG	1,378,999	0.44
26.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MANULIFE INSURANCE BERHAD (MANAGED FUND)	1,257,240	0.40
27.	ONG SAW KEOK	1,218,519	0.38
28.	YEOH SEW JIN	1,215,240	0.38
29.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB EQUITY TRUST	1,205,520	0.38
30.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB PRIVATE FUND - SERIES 3	1,204,440	0.38
	TOTAL :	**278,287,294**	**87.80**

Location	Description/ Existing use	Tenure	Age of building	Land area/ Built up area (Sq. ft)	Carrying value RM'000 As at 31-December-17	Year Acquired/ Revaluation
P.T. 1, Lot 57A, Lorong Perusahaan 5, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah/ Lot Nos. 1339 & 1340 held under GRN Nos. 51494 & 51495 respectively, Section 38, both of Bandar Kulim, Daerah Kulim, Kedah Darul Aman.	A three-storey office block annexed with a single-storey detached factory (Plant 1), two single-storey detached factories (Plant 2 & Plant 3), a canteen, a guard house and other buildings and ancillary structures/ office, production and warehouse for industrial use	98 years lease expiring on 30 Jun 2090	1 - 23 years	471,082/ 387,320	27,177	1992 & 1994/ 2006 & 2016
H.S.(M) No. 11813, P.T. 81, Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman.	Vacant Industrial Land	98 years lease commencing from 13 December 1989 and expiring on 12 December 2087	Not Applicable	165,528/ Not applicable	1,912	2007/-
PM 788 Lot No. 4820 Section 38 (previously HSM 14113, Lot No. PT 341) Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman.	Vacant Industrial Land	98 years lease commencing from 15 May 1989 and expiring on 14 May 2087	Not applicable	77,156/ Not applicable	905	2008/-
PM 787 Lot No. 4819 Section 38 (previously HSM 14112, Lot No. PT 340) Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman.	Vacant Industrial Land	98 years lease commencing from 15 May 1989 and expiring on 14 May 2087	Not applicable	76,025/ Not applicable	886	2009/-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting ("AGM") of the Company will be held at Sunway Hotel, Studio 1 & 2, Level 1A, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Prai, 13600 Penang on Friday, 25 May 2018 at 10.30 a.m. for the following purposes:

ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the year ended 31 December 2017 and Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire pursuant to Article 95(1) of the Company's Constitution (Memorandum and Articles of Association):
   (a) Mr. Khaw Khoon Tee (Resolution 1)
   (b) Madam Khaw Choon Choon (Resolution 2)
   (c) Mr. Law Cheng Lock (Resolution 3)

3. To approve the Directors' Fees of up to RM200,000 for the financial year ending 31 December 2018. (Resolution 4)

4 To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM25,000, from 26 May 2018 until the next AGM of the Company. (Resolution 5)

5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to determine their remuneration. (Resolution 6)

SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following resolution, with or without any modification, as Ordinary Resolutions of the Company:

6. **AUTHORITY TO ISSUE SHARES**
   "THAT, subject always to the Companies Act 2016 ("the Act"), the provisions of the Constitution (Memorandum and Articles of Association) of the Company and approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby empowered pursuant to Section 75 and 76 of the Act, to issue and allot shares in the capital of the Company, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities") and that such authority shall continue in force until the conclusion of the next AGM of the Company." (Resolution 7)

7. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE**
   "THAT subject always to the provisions of the Act, the Constitution (Memorandum and Articles of Association) of the Company and Bursa Securities' Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into the category of recurrent related party transactions of a revenue or trading nature as set out in Paragraph 2.3 of the Circular to Shareholders dated 27 April 2018 with the specific related parties mentioned therein ("the Mandate"), which are necessary for SLP Group's day-to-day operations on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

   AND THAT such approval conferred by the shareholders' mandate shall continue to be in force until:
   (a) the conclusion of the next AGM of the Company following this AGM, at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
   (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
   (c) revoked or varied by resolution passed by the shareholders in general meeting,

   whichever is the earlier.

   AND FURTHER THAT the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things including executing such documents as may be considered necessary or expedient to give effect to the RRPT contemplated and/or authorised by this resolution." (Resolution 8)

SPECIAL BUSINESS (Cont'd): -

8. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"To retain the Madam Mary Geraldine Phipps, who has served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of Malaysian Code on Corporate Governance ("the Code")." (Resolution 9)

9. To transact any other ordinary business for which due notice has been given in accordance with the Articles of Association of the Company and the Act.

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this Thirteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with the Article 62(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 May 2018. Only a depositor whose name appears on the Record of Depositors as at 18 May 2018 shall be entitled to the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

Ch'ng Lay Hoon (MAICSA 0818580)
Company Secretary

Penang
27 April 2018

NOTES:

Appointment of Proxy

A member entitled to attend, speak and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend, speak and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.

Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) 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.

To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

Explanatory Notes On Special Business

Resolution 7
The proposed resolution is in relation to authority to allot shares pursuant to Section 75 and 76 of the Act, and if passed, will give a renewed mandate to the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten percentum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company ("General Mandate"). This General Mandate, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

Resolution 7 (Cont'd)

On 17 July 2017, the Company issued 16,800,000 new ordinary shares at RM2.30 per ordinary share via a private placement to eligible investors for a total cash consideration of RM38.64 million for working capital and capital expenditure purposes.

Save for the above, there is no further decision to issue new shares. However, should the need arise to issue new shares the General Mandate would avoid any delay and costs in convening a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilisation of the proceeds arising from such issue.

Resolution 8
The proposed resolution, if passed, will enable SLP's Group to enter into recurrent related party transactions of a revenue or trading nature with related parties in accordance with paragraph 10.09 of Bursa Securities' Main Market Listing Requirements. The mandate, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

Detailed information of the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 27 April 2018 which is despatched together with the Notice of the Thirteen AGM of the Company.

Resolution 9
The Board of Directors via the Nominating Committee assessed the independence of Madam Mary Geraldine Phipps who have served on the Board as Independent Non-Executive Director of the Company for a cumulative of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Madam Mary Geraldine Phipps, based on the following justifications: -

(a) She has met the criteria on the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore able to give independent opinion to the Board;
(b) Being director for more than nine (9) years has enabled her to contribute positively during deliberations/discussions at meetings as she is familiar with the operations of the Company and possess tremendous knowledge of the Company's operations;
(c) She has the caliber, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
(d) She has contributed sufficient time and exercised due care during her tenure as Independent Non-Executive Director and carried out her fiduciary duties in the interest of the Company and minority shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad]

1) Save for re-election of the retiring Directors, there were no directors standing for election at the Thirteenth AGM.

2) The proposed Ordinary Resolution 7 for the general mandate for issue of securities is a renewal mandate.

   On 17 July 2017, the Company issued 16,800,000 new ordinary shares at RM2.30 per ordinary share via a private placement to eligible investors for a total cash consideration of RM38.64 million for working capital and capital expenditure purposes under the Mandate granted by the shareholders on its Twelfth AGM.

   The details, status and purpose of the utilisation of proceeds as at 21 April 2018 are as follows: -

	Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Intended time frame for utilisation	Balance unutilised (RM'000)	Balance unutilised %
i.	Acquisition of 2 units of high performance blown film lines	20,000	13,004	Within 24 months	6,996	35.0%
ii.	Construction of a new single storey warehouse	7,000	-	Within 24 months	7,000	100.0%
iii.	Working capital	10,840	5,008	Within 12 months	5,832	53.8%
iv.	Estimated expenses	800	800	Within 1 month	-	-
		38,640	18,812		19,828	

PROXY FORM (Cont'd)

SLP RESOURCES BERHAD
[663862-H]

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We, ____
Full name of a member in BLOCK LETTERS as per Identity Card("MYKAD")/Passport/Certificate of Incorporation)

MYKAD/PassportNo./CompanyNo.______________________________of____

____
(Address in full)

telephone no. ________________________, being a member of SLP RESOURCES BERHAD ("the Company") hereby appoint

____
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. ____________________________________ of ____

____
(Address in full)

And/or failing him ____
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. ____________________________________ of ____

____
(Address in full)

or failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirteen Annual General Meeting of the Company, to be held at **Sunway Hotel, Studio 1 & 2, Level 1A, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Prai 13700 Penang on Friday, 25 May 2018 at 10.30 a.m.** and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	**For**	**Against**
1.	To re-elect Mr. Khaw Khoon Tee as Director		
2.	To re-elect Madam Khaw Choon Choon as Director		
3.	To re-elect Mr. Law Cheng Lock as Director		
4.	To approve payment of Directors' fees for year ending 31 December 2018		
5.	To approve payment of benefits payable to Non-Executive Directors		
6.	To re-appoint Auditors		
7.	To empower Directors to issue and allot shares pursuant to Section 75 of the Companies Act 2016		
8.	Shareholders' Mandate on Recurrent Related Party Transactions		
9.	Continuing in Office as Independent Non-Executive Director for Madam Mary Geraldine Phipps		

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this _______ day of ____________ 2018

The proportions of my/our holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

____
Signature(s)/Common Seal of Member(s)

NOTES:

1. *A member entitled to attend and vote at this meeting may appoint more than one (1) proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
2. *If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*
3. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) 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.*
4. *To be valid, the duly completed form of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.*
5. *For the purpose of determining a member who shall be entitled to attend this Thirteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Article 62(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 May 2018. Only a depositor whose name appears on the Record of Depositors as at 18 May 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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STAMP HERE

THE COMPANY SECRETARY
SLP Resources Berhad (663862-H)
Suite 12-A, Level 12, Menara Northam
No.55, Jalan Sultan Ahmad Shah
10050 Penang,Malaysia

FOLD HERE

www.sinliplas.com.my

SLP RESOURCES BERHAD (663862-H)

P.T.1, Lot 57A, Lorong Perusahaan 5,
Kulim Industrial Estate, 09000 Kulim, Kedah, Malaysia
Tel: +604 489 1858 Fax: +604 489 1857
Email: info@sinliplas.com.my