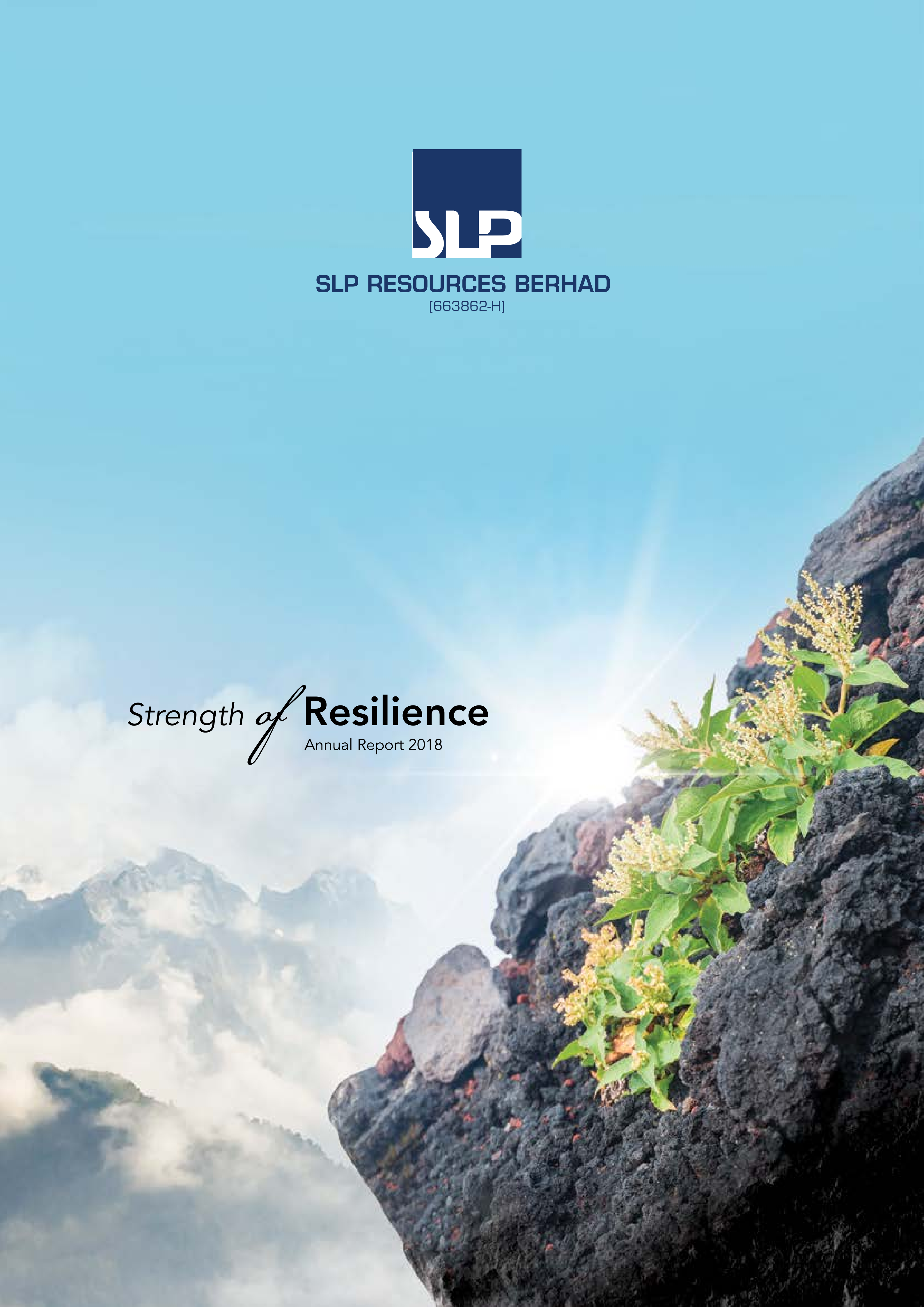
SLP RESOURCES BERHAD

[663862-H]



Strength of Resilience

Annual Report 2018

Strength of Resilience

Founded with a vision to be an internationally-renowned plastic packaging solutions specialist through latest technology and a mission to provide innovative, high-quality plastic packaging solutions to customer around the world, SLP Resources Berhad with 30 years of foundation, is always seeking breakthroughs and finding solution when facing challenges.

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GROUP PROFILE

About us

From a manufacturer of ice-tube plastic packaging for domestic market three decades ago, our Group has grown in size and has become a niche manufacturer for wide-range of flexible plastic products and films for domestic and international markets. On 12 March 2008, SLP Resources Berhad ("SLP" or "the Company') was listed on the Main Market of Bursa Malaysia Securities Berhad. The Company is an investment holding company and its four (4) wholly-owned subsidiaries are involved in manufacturing and sale of plastic packaging products and plastic related goods, and trading of polymer products such as resin.

Our Vision

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

Our Mission

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

Our Group Structure

Our Group Structure as at 31 December 2018

SLP RESOURCES BERHAD
[663862-H]

100%	100%	100%	100%
Sinliplas Sdn. Bhd.	Sinliplas Holding Sdn. Bhd.	SLP Green Tech Sdn. Bhd.	SLP Polymers Sdn. Bhd.

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 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 Georgetown 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
Citibank 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 Georgetown 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

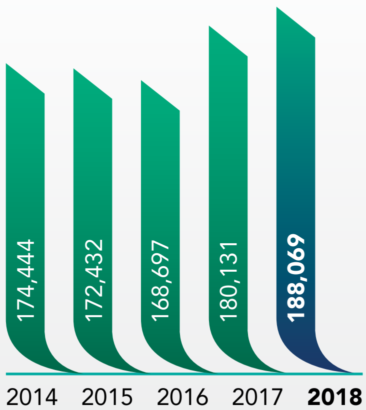
Khaw Seang Chuan, Kelvin
Group Managing Director
Email : kelvin@sinliplas.com.my

FINANCIAL HIGHLIGHTS

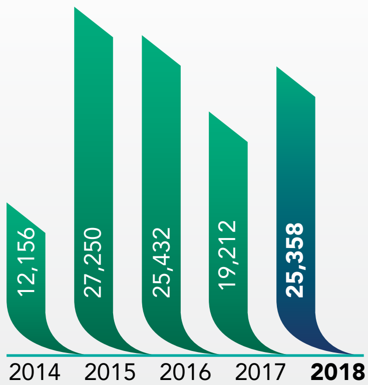
31 December	2014	2015	2016	2017	2018
Key Operating Results:					
Revenue (RM'000)	174,444	172,432	168,697	180,131	**188,069**
Profit before tax (RM'000)	14,973	34,841	29,270	24,399	**28,453**
Profit after tax (RM'000)	12,156	27,250	25,432	19,212	**25,358**
Total comprehensive income attributable to equity owners of the Company (RM'000)	12,127	27,286	28,553	11,648	**27,243**
Other Key Financial Data:					
Total assets (RM'000)	120,458	140,941	154,629	194,162	**209,143**
Total liabilities (RM'000)	24,037	27,127	23,392	25,856	**27,856**
No of ordinary shares in issue ('000)	247,333	247,333	247,333	316,960	**316,960**
Equity attributable to owners of the Company (RM'000)	96,421	113,814	131,237	168,306	**181,287**
Financial ratio:					
Revenue growth (%)	7.8	(1.1)	(2.2)	6.8	**4.4**
Profit before tax margin (%)	8.6	20.2	17.3	13.5	**15.1**
Profit after tax margin (%)	7.0	15.8	15.1	10.7	**13.5**
Return on equity (%)	12.6	24.0	19.4	11.4	**14.0**
Shares Information:					
Earnings per share (sen)	4.10*	9.18*	8.57*	6.24	**8.00**
Net dividend per share (sen)	2.00	4.50	4.50	4.50	**4.50**
Dividend as % of Net Profit (%)	40.8	40.8	43.8	74.2	**56.2**
Net assets per share (sen)	38.99	46.02	53.06	53.10	**57.20**

* Adjusted for bonus issue of 1 share for every 5 shares in 2017

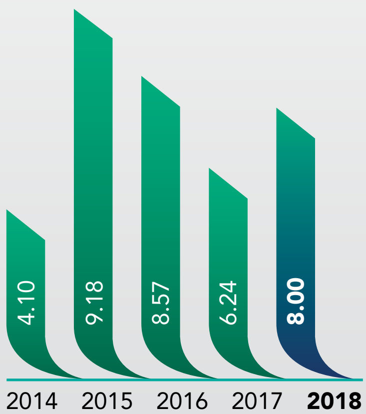
REVENUE (RM'000)



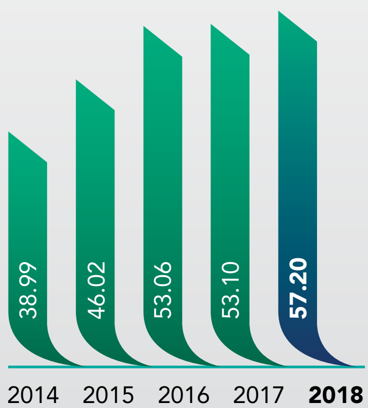
PROFIT AFTER TAX (RM'000)



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 2018 is disclosed in the Corporate Governance Overview Statement of this Annual Report.

Khaw Khoon Tee
Malaysian / Aged 69
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 27 March 2019)	•	11 years and 5 months
Date of Last Re-election	•	25 May 2018
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 49
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 27 March 2019)	•	11 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 development, and management of the Group.

Khaw Choon Hoong, Jasmine
Malaysian / Aged 47
Executive Director

Gender	• Female
Date of Appointment	• 26 October 2007
Length of Service (as at 27 March 2019)	• 11 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 45
Executive Director

Gender	• Female
Date of Appointment	• 1 July 2010
Length of Service (as at 27 March 2019)	• 8 years and 8 months
Date of Last Re-election	• 25 May 2018
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 70

Senior Independent Non-Executive Director

Gender	• Female
Date of Appointment	• 26 October 2007
Length of Service (as at 27 March 2019)	• 11 years 5 months
Date of Last Re-election	• 25 May 2018
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

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 53

Non-Independent Non-Executive Director

Gender	• Male
Date of Appointment	• 26 October 2007
Length of Service (as at 28 March 2019)	• 11 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 4. Sanbumi Holdings Berhad Other public company: Nil
Present Directorship(s)	• He holds directorship positions in a few private limited companies involving in financial services and food business

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.

Gender	• Male
Date of Appointment	• 1 July 2009
Length of Service (as at 27 March 2019)	• 9 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.

Gender	• Male
Date of Appointment	• 7 August 2014
Length of Service (as at 27 March 2019)	• 4 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.

PROFILE OF KEY SENIOR MANAGEMENT

Ooi Teong Soon
Malaysian / Aged 55
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 at 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 of Association, Northern Branch ("MPMA Northern Branch") from 2006 to 2014. He is currently heading the overall operations and marketing activities of the Group.

Saw Sue Ning
Malaysian / Aged 31
Accounts Manager

Gender	• Female
Date of Appointment	• 25 June 2018
Academic Qualification(s)	• Bachelor of Accounting & Chartered Associations of Certified Accountants, United Kingdom

Past Appointment and Working Experience:
After her graduation in 2011, she worked in an audit firm for four years. In 2014, she left the audit firm and joined a manufacturing company as an Accountant. In 2018, she left the manufacturing company and joined SLP as an Accounts Manager overseeing the accounting and financial reporting of the Group. She is a member of the Malaysian Institute of Accountants.

Dear Shareholders,

On behalf of the Board of Directors, I am honoured to present SLP Resources Berhad's Annual Report for the financial year ended 31 December 2018 ("FY2018"). While FY2018 presented another year of challenging business environments, SLP continued its resilience and achieving its expectations, braving frontiers while reaching out to customers and stakeholders.

FINANCIAL PERFORMANCE

For FY2018, the Group achieved a new record revenue of RM188.1 million, an increase of RM8.0 million or 4.4% from RM180.1 million recorded in FY2017. With this new record revenue, the Group's profit before tax increased to RM28.4 million, an increase of 16.6% from RM24.4 million in FY2017. In tandem with higher revenue and higher profit before tax, the Group's net profit increased to RM25.3 million, representing an impressive increase of 31.8% from RM19.2 million achieved in FY2017. Export sales contributed RM108.3 million or 57.6% of group revenue in FY2018 when compared to RM107.3 million or 59.5% of group revenue in FY2017.

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 the Group's net profit over the past ten (10) years. For FY2018, the Group has declared three (3) single tier interim dividends totalling 4.5 sen with total payout amount of RM14.3 million. This represents approximately 56.2% of the Group's net profit and has exceeded the Group's commitment to pay out at least 40.0% of its annual net profit to reward our shareholders for the trust and faith they have placed with the Company.

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.

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.

A detailed report on our sustainability-related initiatives is available within this Annual Report.

PROSPECTS AND STRATEGIES

The global flexible plastic packaging market is expected to exceed USD130.05 billion by year 2022 at a CAGR of 5% during the period of 2017-2022. Asia Pacific is anticipated to account for the largest market share, primarily driven by the dominant position of Asia Pacific region in plastic production, high investment for setting up flexible packaging production plants and growth in the food and beverage market. Countries in the Asia Pacific region accounted for approximately 50% of the world plastic production in 2015. High plastic production is the result of the high demand for plastics from fast moving consumer goods, food and beverages, pharmaceutical and other sectors.

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 as 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 in achieving sustainable financial results in FY2018. 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 FY2018 and outlook for the FY2019.

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 a total workforce of 374 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 Japan 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 focus 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 FY2018, the Group recorded revenue of RM188.1 million. This represents an increase of 4.4% from RM180.1 million recorded in preceding FY2017. This was driven by higher sales volumes from both the Malaysian and other international markets.

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

	FY2018 RM'000		FY2017 RM'000		Increase/ (Decrease) RM'000	%
Countries						
Malaysia	79,725	42.4%	72,861	40.5%	6,864	9.4
Japan	71,642	38.1%	68,714	38.1%	2,928	4.3
Australia	14,858	7.9%	16,166	9.0%	(1,308)	(8.1)
European countries	7,861	4.2%	9,974	5.5%	(2,113)	(21.2)
Other countries	13,983	7.4%	12,416	6.9%	1,567	12.6
Total	**188,069**	**100%**	**180,131**	**100%**	**7,938**	**4.4**

In term of revenue contribution, sales to Malaysian markets contributed 42.4%, up 9.4% from last year. The increase in volume to Malaysian markets was principally attributed to higher demand for flexible plastic packaging products and industrial films.

For international markets, Japan continued to be the Group's leading export market with sales of RM71.6 million or 38.1% of total revenue in FY2018. The Group's major products sold to Japanese markets comprise flexible plastic packaging bags for retail and kitchen bags for household use.

Australia is another major export market of the Group's fashion and carrier bags with revenue contribution of 7.9% in FY2018. European countries namely Denmark and United Kingdom contributed 4.2% of total revenue in FY2018. The Group's major products exported to European countries are plastic packaging films for dairy products. Major products exported by the Group to other countries in FY2018 comprised plastic packaging bags and films for household, industrial and retail use. Other countries namely Thailand, Singapore and New Zealand contributed 7.4% of total revenue in FY2018 as compared 6.9% in FY2017.

Gross Profit

	FY2018	FY2017	Increase
Gross Profit (RM'000)	33,597	31,067	2,530
Gross Profit margin (%)	17.9%	17.2%	

FINANCIAL PERFORMANCE REVIEW (Cont'd)

Gross Profit (Cont'd)

The Group's gross profit margin for FY2018 was 17.9%, slightly improved by 0.7% compared with 17.2% achieved in FY2017. This was attributed to greater economies of scale brought by higher production output in line with expansion in production capacities via investment in new machinery. Softening of raw material costs brought by lower average prices of plastic resins has also to a certain extent contributed to higher gross profit margin in FY2018.

Profit Before Tax

	FY2018	FY2017	Increase
Profit Before Tax (RM'000)	28,453	24,399	4,054
Profit Before Tax margin (%)	15.1%	13.5%	

The Group's profit before tax ("PBT") for FY2018 was RM28.40 million, an increase RM4.1 million when compared to RM24.4 million in FY2017. The increase in PBT and PBT margin was in tandem with higher gross profit margin achieved due to reasons as explained above. Tight control on other operating expenses has also led to higher profit before tax margin.

	FY2018	FY2017	Increase/ (Decrease)
Other operating income (RM'000)	3,241	2,802	439
Other operating expenses (RM'000)	8,385	9,470	(1,085)

For FY2018, the Group's other operating income increased by RM0.4 million while other operating expenses decreased by RM1.1 million when compared with FY2017. Gain on foreign exchange and interest income, which constituted the largest portion of other operating income, stood at RM0.5 million and RM1.5 million (FY2017: RM0.2 million and RM1.0 million) respectively.

The Group's other operating expenses comprised mainly administrative, selling and marketing expenses. For FY2018, the Group recorded lower operating expenses when compared to the same in FY2017.

Profit After Tax

	FY2018	FY2017	Increase
Profit After Tax (RM'000)	25,358	19,212	6,146
Profit After Tax margin (%)	13.5%	10.7%	

In tandem with higher profit before tax, the Group recorded higher profit after tax of RM25.4 million in FY2018, an increase of RM6.0 million from RM19.2 million in FY2017. Lower tax expense of the Group has also resulted in higher profit after tax in FY2018. With additional investment in new machinery by the Group's wholly-owned subsidiary, Sinliplas Holding Sdn Bhd in FY2018, the Group's has recognised deferred tax asset amounting to RM2.4 million on unutilised Investment Tax Allowances (ITA) and unutilised Reinvestment Allowances (RA) as it is probable that its future taxable profit will be available against which these unutilised allowances can be utilised. This has resulted in the overall lower tax expense of RM3.1 million when compared to RM5.2 million in FY2017.

FINANCIAL POSITION

An analysis of financial position is presented below:

Total Assets

As of 31 December 2018 and 2017, the Group had total assets of RM209.1 million and RM194.2 million respectively.

As of 31 December 2018 and 2017, the Group reported property, plant and equipment ("PPE") of RM79.6 million and RM62.1 million respectively, representing 38.1% and 32.0% of total assets. As part of the Group's continuing expansion process, the Group invested in capital expenditure of approximately RM21.6 million in FY2018, mainly for the installation of new production machineries which was partly funded by cash proceeds raised from private placement of SLP shares undertaken by the Company in FY2017. Please refer to Note 3 – Property, Plant and Equipment of the Audited Financial Statements for further details on this item.

As of 31 December 2018 and 2017, the Group's inventories stood at RM41.5 million and RM27.1 million respectively, representing 19.9% and 14.0% of total assets. The higher inventories in FY2018 was mainly due to stock-up of raw materials namely plastic resins in anticipation of future price increases.

As of 31 December 2018 and 2017, the Group reported cash and cash equivalents of RM54.2 million and RM64.8 million respectively, representing 25.9% and 33.4% of total assets. The lower amounts of cash and cash equivalents as at 31 December 2018 was largely due investment in capital expenditure amounting to RM21.6 million when compared with RM8.6 million of capital expenditure incurred in FY2017. The stock-up of raw materials namely plastic resins as explained above has also resulted in additional cash being temporarily tied up in these inventories.

FINANCIAL POSITION (Cont'd)

Total Assets (Cont'd)

As of 31 December 2018 and 2017, the Group's receivables stood at RM32.0 million and RM39.4 million respectively, representing 15.3% and 20.3% of total assets. The decrease in trade and other receivables in FY2018 was largely due to decrease in trade receivables by RM3.4 million from to RM27.1 million from RM30.5 million in FY2017. Lower amount of advance payments to suppliers for the purchase of plant and machinery and raw materials has also resulted in lower receivables of the Group in FY2018.

Total Liabilities

As of 31 December 2018 and 2017, the Group's total liabilities stood at RM27.9 million and RM25.9 million, respectively. The increase in total liabilities was due largely to the increase in trade payables by RM 3.6 million from RM 10.4 in FY2017 in line with higher amount of purchases of raw materials at 4th quarter 2018. Trade and other payables are the major components of total liabilities of the Group accounting for 73.6% and 66.5% as 31 December 2018 and 2017 respectively.

Shareholders' equity

As of 31 December 2018 and 2017, the Group shareholders' equity stood at RM181.3 million and RM168.3 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. Please refer to "Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.

Liquidity

In tandem with higher Group's profit, the Group generated higher net cash flows from operating activities of RM24.0 million in FY2018 when compared to RM16.7 million in FY2017. Net cash flows used in investing activities in FY2018 was RM20.1 million, mainly comprising acquisitions of PPE. The last component of cash flows statement is cash flow used in financing activities mainly comprising payment of dividends to shareholders of the Company which amounted to RM14.3 million.

As at 31 December 2018, the Group's net changes in cash and cash equivalents stood at deficit of RM10.4 million. When adding the cash and cash equivalents of RM64.8 million brought forward from FY2017, the Group's liquidity as of 31 December 2018 stood at RM54.2 million. This healthy liquidity position would provide the Group with a strong financial base to future expansion plans.

OUTLOOKS, RISKS AND STRATEGIES

The key factor attributed to the growth of the global flexible plastic packaging market is the cost-effectiveness and increased shelf-life of the product. Packaging manufacturers are steadily searching for less expensive substitute material for packaging to minimize the rising costs and raw materials and price volatility, which subsequently leads to the high production costs, which in turn, reduces the profit margin for them.

Flexible plastic packaging is considered as the right choice for safe, durable, contamination-free food and beverage packaging. Flexible packaging provides numerous advantages over any other type of packaging. The benefit associated with the flexible packaging to ensure the safety of the packaged product includes - easy detection of spoilage and preventing substances to avoid spoilage, increased barrier protection, recyclability, high standard of health, safety and sustainability. It also helps to reduce the overall supply chain costs, as it requires less materials than traditional rigid packaging.

Stringent environmental regulations are the major factors hindering the flexible plastic packaging market. Strict legislations are designed to mitigate the adverse effect on health and environment of consumers and workers. The indiscriminate disposal of plastic has become a major threat to the environment. Rising prevalence of stringent regulation has increased the demand for environment-friendly material such as bioplastics. This is expected to hinder the market growth of flexible plastic packaging market. There are a number of eco-labels and government regulation to reduce the impact of harmful products on the environment.

OUTLOOKS, RISKS AND STRATEGIES (Cont'd)

The Group does not expect any significant changes in its principal geographical areas of sales distribution and product group contributions in FY2019. However, factors other than stringent environmental regulations that will play a hand in determining our performance in FY2019 include fluctuations in USD, fluctuations in prices of plastic resins, our core raw material and increase in labour costs. Uncertainties of on-going trade war tensions between United State of America and Republic of China is also another major risk factor that could affect the business and performance of the Group.

The Group's policy of creating plastic packaging with recyclability and more sustainable for the environment would remain as one of our key priorities to meet the stringent environmental regulations as 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.

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

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 so as 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 will 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 endeavours to encourage positive performances and improved 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

In FY2018, the Company declared three (3) interim single-tier dividends totaling 4.5 sen per share. This works out to a total amount of RM14.3 million, giving a dividend payout ratio of 56.2% of the Group's net profit in FY2018. This 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 have worked tirelessly to help the Group in attaining its goals and finally to our 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 2018 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 2018 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 2018.

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 and the Group'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.

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

I BOARD RESPONSIBILITIES (Cont'd)

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

1.1 Strategic Aims, Values and Standards (Cont'd)

Audit and Risk Management Committee (ARMC) (Cont'd)

The ARMC's Report for the financial year ended 31 December 2018 is on pages 38 to 40 of this Annual report.

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 Ch'ng 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 shareholders' 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.

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)

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.

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.

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

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.

The Whistleblowing Policy is designed to encourage employees or external parties to report 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-Independent 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 and Chan Wah Chong have served the Board as Independent Non-Executive Directors for approximate eleven (11) and (10) years respectively. The Board believes that although both the aforementioned directors have served more than 9 years on the Board, they remain unbiased, objective and independent in expressing their opinions and in participating in decision making of the Board. The length of their services on the Board have not in any way interfered with their objective and independent judgement in carrying out their roles as members 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. The Company was given the recognisation 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*

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

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.

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 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.

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 Choon Hoong, Mary Geraldine Phipps and Chan Wah Chong 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 and Chan Wah Chong whose tenure of service as an Independent Directors have each exceeded a cumulative term of nine (9) years, as they possess the necessary qualities to discharge their roles and functions as Independent Directors.

The profiles of these Directors are set out on pages 5 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 2018 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 anyone Director wishes to accept a new directorship, the Chairman will be informed beforehand 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 Understanding the Tax Landscape in Malaysia	3 August 2018
Khaw Seang Chuan	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018
Khaw Choon Hoong	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018
	E-commerce: Everyone can sell online	24 January 2018
Khaw Choon Choon	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018
Mary Geraldine Phipps	Corporate Liability Bill by Broadroom	7 June 2018
	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018
	MIA International Accountants Conference 2018	9 & 10 October 2018
	KPMG Penang Tax Summit 2018	22 November 2018
Leow Chan Khiang	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018
	GST Abolishment and SST Implementation	24 September 2018
	KPMG Penang Tax Summit 2018	22 November 2018
	The New Malaysian Code on Corporate Governance	29 November 2018
Chan Wah Chong	Sustainability Reporting by Mr Lee Min On	20 March 2018
	Special tax refund for doctors- 8 Things Accountants Should Do in 60 days by MIA	28 July 2018
	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018
Law Cheng Lock	In-house training on Understanding the Tax Landscape in Malaysia	3 August 2018

III 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 in ensuring the Group offers fair compensation and is able to attract and retain talent who can add value to the Group. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.

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*

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

III REMUNERATION (Cont'd)

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

6.2 Remuneration Committee (Cont'd)

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 that the Chairman's remuneration is to be decided, he shall 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 2018 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:						
Khaw Khoon Tee	-	-	5	-	-	5
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)

III 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 2018 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	391	5	3	23	465
Khaw Seang Chuan	-	391	-	4	45	440
Khaw Choon Hoong	-	325	-	1	38	364
Khaw Choon Choon	-	300	-	4	35	339
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**	**1,407**	**25**	**12**	**141**	**1,737**

7.2 Aggregate remuneration paid to senior management for the financial year ended 31 December 2018 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	-
200,001 to 250,000	1
251,001 to 300,000	-
300,001 to 350,000	1
350,001 to 400,000	1
400,001 to 450,000	1
450,001 to 500,000	1

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.

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 38 to 40 for further information.

At the 13th AGM held on 25 May 2018, 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 38 to 40 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 2018.

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 WITHSTAKEHOLDERS

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
2015	29 April 2016	1 June 2016	33 days
2016	27 April 2017	26 May 2017	29 days
2017	27 April 2018	25 May 2018	28 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 27 March 2019.

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.

This Sustainability Statement ("Statement") covers the operations of SLP and its four (4) wholly-owned subsidiary companies situated in Malaysia for the financial year ended 31 December 2018. The Group's principal activities comprise the manufacture and sale of plastic packaging products and plastic related goods, and trading of polymer products such as resins.

This Statement is prepared on a best effort basis. The Group through its Risk Management and Sustainability Working 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.

The Board acknowledges that the overriding concern should be our ability to not only develop, but to also sustain the impetus of our sustainability practices at all times and at all levels of operations. The Board understands that any plans put in place or to be put in place to drive the Group's sustainability practices have to be realistic and achievable. On this score, inculcating a sustainability mindset and culture from the ground level up by first building the foundation necessary to drive this initiative on a holistic basis is of utmost important.

In preparing this Statement, the Board has considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa Securities.

OUR COMMITMENT TO SUSTAINABILITY

As part of good governance practices, the Group's Sustainability Committee ("Committee") was established on 15 December 2017 to drive the sustainability efforts of the Group. The Committee reports to the Board of Directors of SLP ("Board") and its primary role is to identify the Group's sustainability direction and to ensure effective implementation of sustainability initiatives across the Group's operations.

On 16 August 2018, the Group has further enhanced its management organisation by embedding sustainability into its risk management system where sustainability is treated as one of the key discussion points at its risk management and sustainability working committee meetings. This risk management and sustainability working committee is now tasked with responsibilities that include the establishment of a sustainability framework, review of the adequacy of sustainability processes, ensuring effectiveness in identification, management and reporting of Material Sustainability Matters of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group.

The Group's 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 ISO22000 and BRC/IoP Global Standard for Packaging and Packaging Materials.

OUR COMMITMENT TO SUSTAINABILITY (Cont'd)

I ECONOMIC (Cont'd)

CUSTOMERS' SATISFACTION (Cont'd)

The Group places high emphasis on ensuring effective communication with our customers and regularly conduct 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 compromise its versatility and durability and therefore contribute 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 SAVING MEASURES

To reduce energy consumption, we have taken various initiatives including the installation of LED lighting in our production floor.

II SOCIAL

HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE WELFARE

We believe employees are 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 the support systems which include career discussions, performance appraisals, assignment plans, transfer and promotion plans. We also mentoring to 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.

In terms of employee engagement and development, the Group places great emphasis on gender equality at the workplace. FY2018, the Company has three (3) female representatives out of total seven (8) directors on board and the Group has 18% of female employees out of total workforce of 374 employees.

OUR COMMITMENT TO SUSTAINABILITY (Cont'd)

II SOCIAL (Cont'd)

HUMAN CAPITAL DEVELOPMENT AND EMPLOYEE WELFARE (Cont'd)

As part of the Group's human capital retention programme, our Group Managing Director has proposed to the Board an Employee Loyalty Programme which includes inter-alia staggered increases in the Group contribution to employee provident funds ("EPF") for its employees in accordance to their seniority and years of service. In addition to this, our Group's Managing Director has also proposed to the Board medical check up and hospitalisation insurance scheme for the Group's employees and directors. Such insurance scheme would also extend the coverage of insurance to their spouse. Details of this employee retention programme will be reported in the forthcoming financial years after its implementation in FY2019.

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 provide 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 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 2018:

Date	Training description
23.02.18	Training on Fire prevention Organised by Bomba
19.07.18	Training on Environmental Mainstreaming In Scheduled in Waste Management by KASPEN
03.09.18	SAFETY FIRST. OSH Strategies for SMES by MPMA & PERKESO
08.12.18	Training on Emegency Response Team (ERT) Training

There was no major fatality suffered by the Group during FY2018.

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. The Group is one of the main sponsors for the UPSR workshop organised by The Star. The UPSR workshop is aim to providing exam guidance to needy students.

In addition, the Group also sponsored for blood donation programme. The employees are participated in the Blood Donation Programme. We understand donor and community are benefit from the blood donation activity. Through this sponsorship, the Group is promoting the importance of blood donation toward a healthy lifestyle.

OUR COMMITMENT TO SUSTAINABILITY (Cont'd)

III ENVIRONMENTAL

The Group recognizes 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. The 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 to our customers. Specific to our manufacturing business, we focus on water preservation, natural resources efficiency, air emissions reduction, climate change adaptation and minimise waste.

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.

During the financial year under review, there were no fines and/or penalties levied by authorities for any non-compliances pertaining to regulations in relation to the environment.

REDUCE EMISSION OF GREENHOUSE GASES

The Group has a policy in place which all vehicles including passenger car which waiting for loading or unloading is required to switch off the vehicles engine upon parking.

In FY2018, the Group has installed a renewable energy generation project using solar power at its factory building. This project, with total investment of RM6.0 million, generates electricity from sunlight via the solar PV system. Solar PV System is deemed as "emission free" system because its operations do not emit any carbon dioxide or greenhouse gas. With the implementation of this solar PV system technology, the Group has reduced the impact on the environment while having unlimited electricity generation resources from the sun.

Estimated energy generated from this Solar PV system is as follows:

Plant capacity : 1481.35 KWp
Annual yield: 2,073.89 MWh or 2,073,890.00 KWp
Reduction in greenhouse emission = 2,073,890.00 x 0.694 kgCO2e/KWh
= 1,439,279.66 kgCO2e/KWh
= 1,439.28 tCO2e/year
Equivalent number of trees offset = 7,196 trees/ year

* Tree offset calculation is based on tree planted in the humid topics absorbing an average 22kg (50 pounds) of carbon dioxide annually over 40 years. Each tree will absorb 1 ton of CO2 over its lifetime.

The actual yield results from the solar PV system after its installation in July 2018 is summarised as follows:

Accumulated Total Energy Yield	Accumulated CO2 Avoidance	Accumulated Tree Offset
815,501 KWh	565,958 kg	2,829

OUR COMMITMENT TO SUSTAINABILITY (Cont'd)

IV CORPORATE GOVERNANCE

Corporate Governance & Ethical Behaviour

We believe that good corporate governance and ethical practices is essential to building and maintaining a sustainable business, 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 recognize 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.

There is no incidence of corruption or bribery were reported during the year.

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.

The Group upholds sustainability practices in creating long-term business value and will strive to continue to monitor the sustainability performance of its business. The Board will also consider the need to implement other sustainability practices as appropriate to further create long-term economic, environmental and social value with regard to its business.

DIRECTORS' RESPONSIBILITY STATEMENT

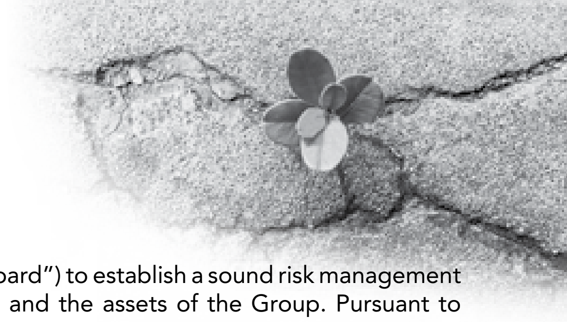
The Board is required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia to issue a statement explaining its responsibility for preparing the annual audited financial statements.

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 cash flows 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 2018 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 27 March 2019.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors ("Board") to establish a sound risk management framework and internal controls system to safeguard shareholders' investments and the assets of the Group. Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of listed issuers is required to include in its Annual Report, a statement on the Group's state of 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, organizational, 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 COMMITTEE'S ROLE

The Risk Management Committee ("RMC") is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. 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, during the financial year under review and up to date of this statement.

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 organization 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.

The main components of the Group's risk governance and structure consists of the Board, the Audit Committee and the RMC. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the RMC on a periodical basis. The summary of the accountabilities for the Board, the Audit Committee and the RMC 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;
- 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 Committee
- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group;
- 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 Committee
- Oversees the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organization;
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Board and Audit Committee 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 Audit Committee.

The Audit Committee has full and direct access to the internal auditors and the Audit Committee 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 Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

INTERNAL AUDIT FUNCTION (Cont'd)

Based on the internal auditors' reports for the financial year ended 31 December 2018, 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 27 March 2019.

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
Chan Wah Chong	Member, Independent Non-Executive Director
Law Cheng Lock	Member, Independent Non-Executive Director
Leow Chan Khiang	Member, Non-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 2018, 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
Chan Wah Chong	5/5
Law Cheng Lock	5/5
Leow Chan Khiang	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 2018, the activities undertaken by the Committee included the following:

Financial reporting

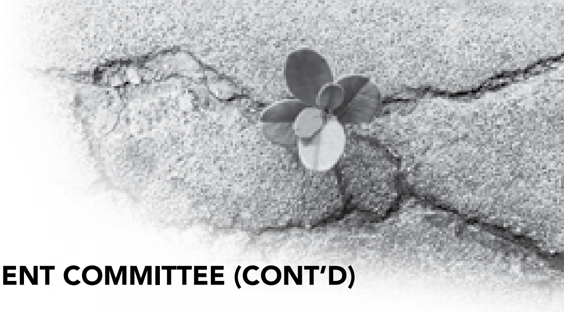
(i) Reviewed the quarterly unaudited financial results and the annual audited financial statements for the financial year ended 31 December 2018 of the Company and the Group prior to recommending them for approval by the Board of Directors;

(ii) Management had reported to the ARMC that except for the transactions as disclosed under Note 26 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

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



4. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

During the financial year ended 31 December 2018, the activities undertaken by the Committee included the following: (Cont'd)

Risk management and assessment

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 2018;
(ii) Reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2018;
(iii) Reviewed with the external auditors the results of the annual audit and Management letter together with Management's response to the findings of the external auditors for the financial year ended 31 December 2018; 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 FY2018 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 2018.

5. TRAINING

During the financial year ended 31 December 2018, 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:

- Understanding the Tax Landscape in Malaysia
- MIA International Accountants Conference 2018
- KPMG Penang Tax Summit 2018
- GST Abolishment and SST Implementation
- The New Malaysian Code on Corporate Governance
- Sustainability Reporting
- Special tax refund for doctors- 8 Things Accountants Should Do in 60 days

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 35 to 37 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 2018 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:

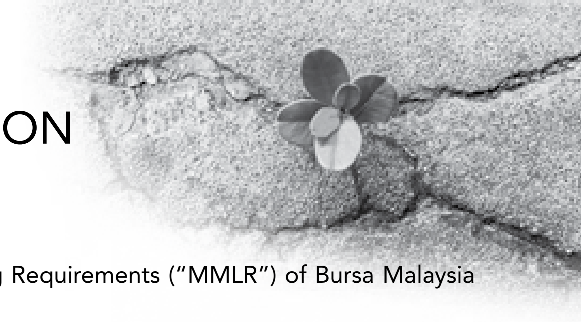
- the system of internal control continues to operate satisfactorily and effectively;
- assets and resources are safeguarded;
- integrity of records and information is protected;
- internal policies, procedures and standards are adhered to; and
- applicable rules and regulations are complied with.

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 RM24,668.

This report is made in accordance with a resolution of the Board of Directors dated 27 March 2019.



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 27 March 2019 are as follows:-

Purpose	Intended utilisation (RM'000)	Variations (RM'000)	After the variations (RM'000)	Actual utilisation (RM'000)	Intended Time frame for utilisation from 19 July 2017	Extended Time frame for utilisation from 19 July 2017	Balance after the variations (RM'000)	%
i. Acquisition of 2 units of high performance blown film lines and a 10-colour new printing line	20,000	7,000	27,000	(20,202)	Within 24 months	No Change	6,798	25.2%
ii. Construction of a new single storey warehouse	7,000	(7,000)	-	-	Within 24 months	-	-	-
iii. Working capital	10,840	-	10,840	(5,008)	Within 12 months	Within 24 months	5,832	53.8%
iv. Estimated expenses	800	-	800	(800)	Within 1month	-	-	-
Total	**38,640**	**-**	**38,640**	**(26,010)**			**12,630**	

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 2018 are as follows:

Type of Fees	Company (RM)	Group (RM)
Audit Fees	28,000	113,000
Non-Audit Fees		
- KPMG PLT	3,000	3,000
- Local affiliate of KPMG PLT Malaysia	2,500	29,800

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 RM24,668.

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.

7. Recurrent Related Party Transactions of Revenue Nature

Details of the recurrent related party transactions of revenue nature have been duly disclosed in Note 26 of the Notes to the Financial Statements for the financial year ended 31 December 2018.

The Company is proposing to seek a renewal shareholders' mandate at its forthcoming Annual General Meeting pursuant to paragraph 10.09 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements for recurrent related party transactions of a revenue or trading nature. Details of the proposal are being disclosed in the Circular to Shareholders dated 26 April 2019.

FINANCIAL **STATEMENTS**

DIRECTORS' REPORT
for the year ended 31 December 2018

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 2018.

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	25,358,411	13,777,690

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 2017 as reported in the Directors' Report of that year:

- A second interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 3 November 2017 and paid on 5 January 2018; and
- A third interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 23 February 2018 and paid on 6 April 2018.

ii) In respect of the financial year ended 31 December 2018:

- A first interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 3 August 2018 and paid on 5 October 2018; and
- A second interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 2 November 2018 and paid on 4 January 2019;

Subsequent to the financial year, the Company declared a third interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 in respect of the financial year ended 31 December 2018 on 22 February 2019 and payable on 5 April 2019.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2018.

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 1.1.2018	Bought	(Sold)	At 31.12.2018
Khaw Khoon Tee				
Interest in the Company:				
- own	31,404,478	-	-	31,404,478
- others #	2,757,998	-	-	2,757,998
Deemed interest in the Company:				
- own	121,719,999	2,838,400	-	124,558,399
Khaw Seang Chuan				
Interest in the Company:				
- own	46,360,684	1,058,200	-	47,418,884
- others #	212,799	20,000	-	232,799
Deemed interest in the Company:				
- own	121,719,999	2,838,400	-	124,558,399

Directors' interests in shares (Cont'd)

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: (Cont'd)

	Number of ordinary shares			
	At 1.1.2018	Bought	(Sold)	At 31.12.2018
Khaw Choon Hoong				
Interest in the Company:				
- own	1,953,499	1,000,000	-	2,953,499
Deemed interest in the Company:				
- own	121,719,999	2,838,400	-	124,558,399
Khaw Choon Choon				
Interest in the Company:				
- own	1,696,999	-	-	1,696,999
Leow Chan Khiang				
Interest in the Company:				
- own	79,999	-	-	79,999
Mary Geraldine Phipps				
Interest in the Company:				
- own	55,999	-	-	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 interests 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 2018 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 17 and 18 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 26 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

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of insurance effected for Directors and Officers of the Group and of the Company was RM8,119.

There were no indemnity given to or insurance effected for the auditors of the Company.

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 2018 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.

Subsequent event

Details of such event 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 17 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: 27 March 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Assets					
Property, plant and equipment	3	**79,622,994**	62,070,094	**-**	-
Intangible assets	4	**22,235**	22,235	**-**	-
Investment in subsidiaries	5	**-**	-	**82,938,021**	78,985,373
Other investments	6	**185,800**	257,281	**-**	-
Total non-current assets		**79,831,029**	62,349,610	**82,938,021**	78,985,373
Inventories	7	**41,536,733**	27,127,875	**-**	-
Trade and other receivables	8	**31,990,046**	39,379,280	**9,004,950**	4,004,700
Current tax assets		**1,537,234**	534,207	**8,845**	5,408
Derivative financial assets	9	**-**	12,123	**-**	-
Cash and cash equivalents	10	**54,247,704**	64,758,944	**31,515,463**	40,939,914
Total current assets		**129,311,717**	131,812,429	**40,529,258**	44,950,022
Total assets		**209,142,746**	194,162,039	**123,467,279**	123,935,395
Equity					
Share capital	11	**113,680,000**	113,680,000	**113,680,000**	113,680,000
Reserves	12	**67,606,672**	54,626,418	**4,955,733**	5,441,240
Total equity attributable to owners of the Company		**181,286,672**	168,306,418	**118,635,733**	119,121,240
Liabilities					
Deferred tax liabilities	13	**6,363,000**	7,448,000	**-**	-
Total non-current liabilities		**6,363,000**	7,448,000	**-**	-
Current tax liabilities		**991,500**	1,207,303	**-**	-
Trade and other payables	14	**20,501,574**	17,200,318	**4,831,546**	4,814,155
Total current liabilities		**21,493,074**	18,407,621	**4,831,546**	4,814,155
Total liabilities		**27,856,074**	25,855,621	**4,831,546**	4,814,155
Total equity and liabilities		**209,142,746**	194,162,039	**123,467,279**	123,935,395

The notes on pages 57 to 107 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	15	**188,068,634**	180,131,451	**19,000,000**	28,000,000
Changes in work-in-progress and manufactured inventories		**826,524**	(1,480,434)	**-**	-
Raw materials and consumables used		**(134,212,768)**	(128,203,274)	**-**	-
Employee benefits expenses	16	**(11,125,915)**	(10,880,495)	**(5,000)**	(5,000)
Depreciation	3	**(5,517,831)**	(4,703,367)	**-**	-
Other expenses		**(12,826,837)**	(13,266,879)	**(6,377,077)**	(1,111,625)
Other income		**1,755,603**	1,815,869	**-**	-
Results from operating activities		**26,967,410**	23,412,871	**12,617,923**	26,883,375
Finance income	17.1	**1,485,331**	985,741	**1,160,942**	802,196
Profit before tax	17	**28,452,741**	24,398,612	**13,778,865**	27,685,571
Tax expense	19	**(3,094,330)**	(5,186,998)	**(1,175)**	(13,594)
Profit for the year attributable to owners of the Company		**25,358,411**	19,211,614	**13,777,690**	27,671,977

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (Cont'd)

for the year ended 31 December 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other comprehensive income/(expense), net of tax					
Item that will not be reclassified subsequently to profit or loss					
- Net change in fair value of equity instruments designated at fair value through other comprehensive income	20	**(73,780)**	-	**-**	-
		(73,780)	-	**-**	-
Items that are or may be reclassified subsequently to profit or loss					
- Fair value of available-for-sale financial assets		**-**	14,400	**-**	-
- Foreign currency translation differences		**1,958,820**	(7,577,553)	**-**	-
	20	**1,958,820**	(7,563,153)	**-**	-
Total other comprehensive income/(expense) for the year, net of tax		**1,885,040**	(7,563,153)	**-**	-
Total comprehensive income for the year attributable to owners of the Company		**27,243,451**	11,648,461	**13,777,690**	27,671,977
Basic earnings per ordinary share (sen)	21	**8.00**	6.24	**-**	-

The notes on pages 57 to 107 are an integral part of these financial statements.

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

for the year ended 31 December 2018

		← Attributable to owners of the Company →				
		← Non-distributable →			Distributable	
	Note	Share capital RM	Foreign currency translation reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
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 (expense)/income for the year		-	(7,577,553)	14,400	-	(7,563,153)
Profit for the year		-	-	-	19,211,614	19,211,614
Total comprehensive (expense)/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	22	-	-	-	(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	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2018

	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 2018		113,680,000	(4,450,058)	53,200	59,023,276	168,306,418
Net change in fair value of equity instruments designated at fair value through other comprehensive income		-	-	(73,780)	-	(73,780)
Foreign currency translation differences		-	1,958,820	-	-	1,958,820
Total other comprehensive income for the year		-	1,958,820	(73,780)	-	1,885,040
Profit for the year		-	-	-	25,358,411	25,358,411
Total comprehensive income for the year		-	1,958,820	(73,780)	25,358,411	27,243,451
Distributions to owners of the Company						
Dividends to owners of the Company	22	-	-	-	(14,263,197)	(14,263,197)
Total transactions with owners of the Company		-	-	-	(14,263,197)	(14,263,197)
At 31 December 2018		113,680,000	(2,491,238)	(20,580)	70,118,490	181,286,672
		Note 11	Note 12	Note 12	Note 12	

The notes on pages 57 to 107 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Note	Share capital RM	Distributable Retained earnings RM	Total equity RM
Company				
At 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	22	-	(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 2017/1 January 2018		**113,680,000**	**5,441,240**	**119,121,240**
Profit for the year representing total comprehensive income for the year		**-**	**13,777,690**	**13,777,690**
Distributions to owners of the Company				
Dividends to owners of the Company	22	**-**	**(14,263,197)**	**(14,263,197)**
Total transactions with owners of the Company		**-**	**(14,263,197)**	**(14,263,197)**
At 31 December 2018		**113,680,000**	**4,955,733**	**118,635,733**
		Note 11	Note 12	

The notes on pages 57 to 107 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities					
Profit before tax		**28,452,741**	24,398,612	**13,778,865**	27,685,571
Adjustments for:					
Depreciation of property, plant and equipment	3	**5,517,831**	4,703,367	**-**	-
Gain on disposal of plant and equipment	17	**(13,599)**	(77,358)	**-**	-
Impairment loss on investment in a subsidiary	17	**-**	-	**6,047,352**	-
Plant and equipment written off	17	**6**	17	**-**	-
Dividend income	17	**(5,800)**	(4,800)	**(19,000,000)**	(28,000,000)
Finance income	17	**(1,485,331)**	(985,741)	**(1,160,942)**	(802,196)
Operating profit/(loss) before changes in working capital		**32,465,848**	28,034,097	**(334,725)**	(1,116,625)
Changes in working capital:					
Inventories		**(14,078,810)**	1,509,434	**-**	-
Trade and other receivables and other financial assets		**7,806,625**	(10,241,034)	**(250)**	28,300
Trade and other payables		**3,210,689**	1,134,846	**17,391**	8,838
Cash generated from/(used in) operations		**29,404,352**	20,437,343	**(317,584)**	(1,079,487)
Dividends received		**-**	-	**14,000,000**	34,700,000
Tax paid		**(5,386,598)**	(3,757,875)	**(4,612)**	(10,002)
Net cash from operating activities		**24,017,754**	16,679,468	**13,677,804**	33,610,511

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(21,639,519)**	(8,563,549)	**-**	-
Investment in a subsidiary		**-**	-	**(10,000,000)**	(19,999,998)
Proceeds from disposal of plant and equipment		**13,600**	77,358	**-**	-
Dividend received		**5,800**	4,800	**-**	-
Interest received		**1,485,331**	985,741	**1,160,942**	802,196
Net cash used in investing activities		**(20,134,788)**	(7,495,650)	**(8,839,058)**	(19,197,802)
Cash flows from financing activities					
Proceeds from issuance of shares		**-**	38,640,000	**-**	38,640,000
Dividends paid to owners of the Company		**(14,263,197)**	(12,174,395)	**(14,263,197)**	(12,174,395)
Net cash (used in)/from financing activities		**(14,263,197)**	26,465,605	**(14,263,197)**	26,465,605
Net (decrease)/increase in cash and cash equivalents		**(10,380,231)**	35,649,423	**(9,424,451)**	40,878,314
Effect of foreign exchange rate differences		**(131,009)**	40,635	**-**	-
Cash and cash equivalents at 1 January		**64,758,944**	29,068,886	**40,939,914**	61,600
Cash and cash equivalents at 31 December	10	**54,247,704**	64,758,944	**31,515,463**	40,939,914

The notes on pages 57 to 107 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 Georgetown, Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 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 27 March 2019.

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs 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 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 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement**
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2019 for those accounting standard, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019, except for those which are marked with "*" that are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

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

The initial application of the accounting standards, interpretations or amendments 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:

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 has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 January 2019. Based on the preliminary assessment, the Group does not expect the application of MFRS 16 to have a significant financial 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 Group has not finalised the testing and assessment of controls over its new accounting system;
- the new accounting policy is subject to change until the Group presents its first financial statements that include the date of initial application.

(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 currencies

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 SHSB 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.

1. Basis of preparation (Cont'd)

(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.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers and MFRS 9, Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 29.

(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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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 a 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.

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 period, except for those that are measured at fair value which 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 equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, 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.

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

(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 gain 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.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

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

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at 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.

Previous financial year

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (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 assets (Cont'd)

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

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

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

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

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

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

(c) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were 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 were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (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

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) 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 and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial liabilities (Cont'd)

Previous financial year (Cont'd)

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

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

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.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) 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.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(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 transferred, 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(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.

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(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. Freehold land is not depreciated. 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
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.

(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 statements 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.

2. Significant accounting policies (Cont'd)

(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.

(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.

2. Significant accounting policies (Cont'd)

(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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. Significant accounting policies (Cont'd)

(i) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was recognised in profit or loss and was 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 had been recognised in other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was 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 was not reversed through profit or loss.

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

2. Significant accounting policies (Cont'd)

(i) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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.

2. Significant accounting policies (Cont'd)

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(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.

(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.

2. Significant accounting policies (Cont'd)

(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 statements 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").

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.

2. Significant accounting policies (Cont'd)

(r) Contingencies (Cont'd)

(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 measurements

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 value is 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

	Freehold land RM	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 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/ 1 January 2018	-	12,391,547	25,302,837	119,000	92,659,434	1,317,502	2,634,600	89,141	134,514,061
Additions	160,000	-	2,309,437	-	1,344,233	50,375	117,000	17,658,474	21,639,519
Written off	-	-	-	-	-	(19,436)	-	-	(19,436)
Disposals	-	-	-	-	-	(12,600)	(62,160)	-	(74,760)
Reclassifications	-	-	3,936,028	-	13,414,018	-	-	(17,350,046)	-
Effect of movements in exchange rates	6,878	270,946	781,148	-	1,584,082	26,315	14,869	1,255	2,685,493
At 31 December 2018	**166,878**	**12,662,493**	**32,329,450**	**119,000**	**109,001,767**	**1,362,156**	**2,704,309**	**398,824**	**158,744,877**

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

	Freehold land RM	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 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 January 2018	-	1,848,668	4,965,315	22,414	61,976,727	1,190,589	2,440,254	-	72,443,967
Depreciation for the year	-	147,083	608,460	2,380	4,550,662	80,173	129,073	-	5,517,831
Written off	-	-	-	-	-	(19,430)	-	-	(19,430)
Disposals	-	-	-	-	-	(12,599)	(62,160)	-	(74,759)
Effect of movements in exchange rates	-	44,019	123,394	-	1,048,248	24,184	14,429	-	1,254,274
At 31 December 2018	**-**	**2,039,770**	**5,697,169**	**24,794**	**67,575,637**	**1,262,917**	**2,521,596**	**-**	**79,121,883**
Carrying amounts									
At 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/ 1 January 2018	-	10,542,879	20,337,522	96,586	30,682,707	126,913	194,346	89,141	62,070,094
At 31 December 2018	**166,878**	**10,622,723**	**26,632,281**	**94,206**	**41,426,130**	**99,239**	**182,713**	**398,824**	**79,622,994**

4. Intangible assets - Group

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2017/31 December 2017/ 1 January 2018/31 December 2018	19,910	988,302	**1,008,212**
Amortisation and impairment loss			
At 1 January 2017/31 December 2017/ 1 January 2018/31 December 2018	-	(985,977)	**(985,977)**
Carrying amounts			
At 1 January 2017/31 December 2017/ 1 January 2018/31 December 2018	19,910	2,325	**22,235**

Development costs

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

5. Investment in subsidiaries

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost	**82,938,021**	78,985,373

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective ownership interest and voting interest 2018 %	2017 %	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
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

	Note	Shares Unquoted RM	Shares Quoted RM	Total RM
2018				
Non-current				
Fair value through other comprehensive income	6.1	**-**	**185,800**	**185,800**
2017				
Non-current				
Available-for-sale		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

6.1 Equity investments designated at fair value through other comprehensive income

At 1 January 2018, the Group designated the investments shown below as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. In 2017, these investments were classified as available-for-sale.

	Fair value at 31 December 2018 RM	Dividend income recognised during 2018 RM
Petronas Chemicals Group Berhad	**185,800**	**5,800**

7. Inventories - Group

	2018 RM	2017 RM
Raw materials	**29,779,881**	16,197,547
Work-in-progress	**8,262,551**	7,318,830
Manufactured inventories	**3,494,301**	3,611,498
	41,536,733	27,127,875

8. Trade and other receivables

	Note	2018 RM	2017 RM
Group			
Trade			
Trade receivables		**26,704,060**	29,734,681
Amount due from a company controlled by a Director	8.1	**405,308**	752,174
Trade receivables from contracts with customers		**27,109,368**	30,486,855
Non-trade			
Other receivables	8.2	**1,596,668**	1,924,041
Deposits		**58,913**	55,729
Prepayments	8.3	**3,225,097**	6,912,655
		4,880,678	8,892,425
		31,990,046	39,379,280
Company			
Non-trade			
Deposits		**4,950**	4,700
Dividends receivable from subsidiaries		**9,000,000**	4,000,000
		9,004,950	4,004,700

8.1 Amount due from a company controlled by a Director

The trade amount due from a company controlled by a Director is unsecured, interest-free and with credit terms of 60 days.

8.2 Other receivables

Included in other receivables of the Group is goods and services tax ("GST") receivable amounting to RM1,172,715 (2017 : RM918,645).

8.3 Prepayments

Included in prepayments of the Group is advance payments to suppliers amounting to RM3,033,482 (2017 : RM4,745,356) for the purchase of plant and machinery and inventories.

9. Derivative financial assets - Group

	2018		2017	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivatives at fair value through profit or loss				
- Forward exchange contracts	-	-	13,511,000	12,123

Forward exchange contracts were 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 had maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts were rolled over at maturity.

10. Cash and cash equivalents

	Note	2018 RM	2017 RM
Group			
Short term funds	10.1	**27,606,456**	45,994,870
Short term deposits with licensed banks		**2,500,000**	6,600,000
Cash and bank balances		**24,141,248**	12,164,074
		54,247,704	64,758,944
Company			
Short term funds	10.1	**26,404,307**	35,994,712
Short term deposits with a licensed bank		-	4,800,000
Cash and bank balances		**5,111,156**	145,202
		31,515,463	40,939,914

10.1 Short term funds

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

11. Share capital - Group/Company

	2018		2017	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid classified as equity instruments:				
As at 1 January	**113,680,000**	**316,959,999**	61,833,333	247,333,333
Issued for cash under private placement	**-**	**-**	38,640,000	16,800,000
Issued under bonus issue	**-**	**-**	13,206,667	52,826,666
As at 31 December	**113,680,000**	**316,959,999**	113,680,000	316,959,999

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.

12. Reserves

	Note	2018 RM	2017 RM
Group			
Non-distributable			
Fair value reserve	12.1	**(20,580)**	53,200
Foreign currency translation reserve	12.2	**(2,491,238)**	(4,450,058)
Distributable			
Retained earnings		**70,118,490**	59,023,276
		67,606,672	54,626,418
Company			
Distributable			
Retained earnings		**4,955,733**	5,441,240

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

12.1 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income (2017 : available-for-sale financial assets) until the assets are derecognised or impaired.

12. Reserves (Cont'd)

12.2 Foreign currency translation reserve

The translation reserve comprises all 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

Deferred tax liabilities are attributable to the following:

	2018 RM	2017 RM
Property, plant and equipment	**8,101,000**	6,975,000
Reinvestment allowance carry-forwards	**(966,000)**	-
Investment tax allowance carry-forwards	**(1,453,000)**	-
Others	**681,000**	473,000
	6,363,000	7,448,000

Movements in temporary differences during the year are as follows:

	At 1 January 2017 RM	Recognised in profit or loss (Note 19) RM	At 31 December 2017/ 1 January 2018 RM	Recognised in profit or loss (Note 19) RM	At 31 December 2018 RM
Property, plant and equipment	6,323,014	651,986	6,975,000	1,126,000	**8,101,000**
Reinvestment allowance carry-forwards	-	-	-	(966,000)	**(966,000)**
Investment tax allowance carry-forwards	-	-	-	(1,453,000)	**(1,453,000)**
Others	741,661	(268,661)	473,000	208,000	**681,000**
	7,064,675	383,325	7,448,000	(1,085,000)	**6,363,000**

14. Trade and other payables

	Note	2018 RM	2017 RM
Group			
Trade			
Trade payables		**13,966,409**	10,389,802
Non-trade			
Other payables	14.1	**925,142**	1,295,770
Accrued expenses		**855,624**	760,347
Dividend payable		**4,754,399**	4,754,399
		6,535,165	6,810,516
		20,501,574	17,200,318
Company			
Non-trade			
Accrued expenses		**77,147**	59,756
Dividend payable		**4,754,399**	4,754,399
		4,831,546	4,814,155

14.1 Other payables

Included in other payables of the Group are GST payable amounting to RM Nil (2017 : RM13,030).

15. Revenue

	2018 RM	2017 RM
Group		
Revenue from contracts with customers	**188,068,634**	180,131,451

Company

Revenue represents dividend income received from its subsidiaries.

15. Revenue (Cont'd)

15.1 Disaggregation of revenue

	2018 RM	2017 RM
Major products and services lines		
Manufacturing and sale of plastic packaging and its related products	**143,804,348**	138,088,643
Trading of polymer products	**44,264,286**	42,042,808
	188,068,634	180,131,451
Timing and recognition		
At a point in time	**188,068,634**	180,131,451

15.2 Nature of goods

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Manufacturing and sale of plastic packaging and its related products and trading of polymer products	Revenue is recognised when the control over the goods are transferred to the customer	Credit period of 30 to 90 days from invoice date

15.3 Transaction price allocated to the remaining performance obligations

The Group does not have contracts that have a duration of more than one year.

16. Employee benefits expenses - Group

Employee benefits expenses of the Group include contributions to the Employees' Provident Fund of RM510,758 (2017 : RM490,900).

Included in employee benefits expenses of the Group is Executive Directors' remuneration as disclosed in Note 18.

17. Profit before tax

Profit before tax has been arrived at after charging/(crediting):

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Auditors' remuneration				
- Audit fees by KPMG PLT	**113,000**	100,000	**28,000**	23,000
- non-audit fees				
- KPMG PLT	**3,000**	33,000	**3,000**	33,000
- Local affiliate of KPMG PLT	**29,800**	18,800	**2,500**	2,500
Directors' emoluments				
- Directors of the Company				
- fees	**152,000**	152,000	**108,800**	108,800
- remuneration	**1,573,358**	1,457,406	**25,000**	25,000
Rental of premises	**3,600**	3,300	**-**	-
Net loss/(gain) on impairment of financial instruments (Note 27.2)				
- Impairment loss on receivables	**69,204**	-	**-**	-
- Reversal of impairment loss on trade receivables	**-**	(465,000)	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**6,047,352**	-
Plant and equipment written off	**6**	17	**-**	-
Loss on foreign exchange, net	**-**	212,607	**-**	-
Rental income	**(20,000)**	-	**-**	-
Dividend income from:				
- other investments	**(5,800)**	(4,800)	**-**	-
- subsidiaries	**-**	-	**(19,000,000)**	(28,000,000)
Gain on foreign exchange, net	**(548,399)**	-	**-**	-
Finance income (Note 17.1)	**(1,485,331)**	(985,741)	**(1,160,942)**	(802,196)
Gain on disposal of plant and equipment	**(13,599)**	(77,358)	**-**	-

17.1 Finance income represents interest income of financial assets calculated using the effective interest method that are at amortised cost.

18. Key management personnel compensations

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
- fees	**152,000**	152,000	**108,800**	108,800
- remunerations	**1,573,358**	1,457,406	**25,000**	25,000
Total short-term employee benefits	**1,725,358**	1,609,406	**133,800**	133,800

The estimated monetary value of Directors' benefit-in-kind of the Group is RM51,433 (2017 : RM51,725).

19. Tax expense

Recognised in profit or loss

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income tax expense on continuing operations	**3,094,330**	5,186,998	**1,175**	13,594

Major components of income tax expense include:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense				
- Current year	**4,202,269**	4,733,860	**320**	13,723
- Prior year	**(22,939)**	69,813	**855**	(129)
Total current tax recognised in in profit or loss	**4,179,330**	4,803,673	**1,175**	13,594
Deferred tax expense				
- Origination and reversal of temporary differences	**(1,067,000)**	233,325	**-**	-
- (Over)/Under provision in prior year	**(18,000)**	150,000	**-**	-
Total deferred tax recognised in profit or loss	**(1,085,000)**	383,325	**-**	-
Total income tax expense	**3,094,330**	5,186,998	**1,175**	13,594

19. Tax expense (Cont'd)

Reconciliation of tax expense

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit for the year	**25,358,411**	19,211,614	**13,777,690**	27,671,977
Total income tax expense	**3,094,330**	5,186,998	**1,175**	13,594
Profit excluding tax	**28,452,741**	24,398,612	**13,778,865**	27,685,571
Income tax calculated using Malaysian tax rate of 24%	**6,828,658**	5,855,667	**3,306,928**	6,644,537
Non-deductible expenses	**152,129**	440,346	**1,531,695**	268,063
Tax incentives	**(3,516,213)**	(959,645)	**-**	-
Non-taxable income	**(312,298)**	(177,579)	**(4,838,303)**	(6,898,731)
Other items	**(17,007)**	(191,604)	**-**	(146)
(Over)/Under provision in prior year	**(40,939)**	219,813	**855**	(129)
Income tax expense	**3,094,330**	5,186,998	**1,175**	13,594

20. Other comprehensive income/(expense) - Group

	Before tax RM	Tax (expense)/ benefit RM	Net of tax RM
2018			
Item that will not be reclassified subsequently to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income	**(73,780)**	**-**	**(73,780)**
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- Gains arising during the year	**1,958,820**	**-**	**1,958,820**
	1,885,040	**-**	**1,885,040**

20. Other comprehensive income/(expense) - Group (Cont'd)

	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			
- Losses arising during the year	(7,577,553)	-	(7,577,553)
	(7,563,153)	-	(7,563,153)

21. 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 RM25,358,411 (2017 : RM19,211,614) and on the weighted average number of ordinary shares outstanding during the financial year of 316,959,999 (2017 : 307,800,547) calculated as follows:

	2018	2017
Issued ordinary shares at beginning of year	**316,959,999**	247,333,333
Bonus issue in 2017	**-**	52,826,666
Effect of shares issued during the year	**-**	7,640,548
Weighted average number of ordinary shares	**316,959,999**	307,800,547

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.

22. Dividends - Group and Company

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2018			
Third interim 2017 ordinary	**1.50**	**4,754,399**	**6 April 2018**
First interim 2018 ordinary	**1.50**	**4,754,399**	**5 October 2018**
Second interim 2018 ordinary	**1.50**	**4,754,399**	**4 January 2019**
Total amount		**14,263,197**	
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	

After the end of the reporting period, the following dividend was declared:

	Sen per share	Total amount RM	Date of payment
Third interim 2018 ordinary	**1.50**	**4,754,399**	**5 April 2019**

23. 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.

23. Operating segments - Group (Cont'd)

Geographical segments (Cont'd)

	External revenue RM	Non-current assets RM
Geographical information		
2018		
Malaysia	**79,724,800**	**79,645,229**
Japan	**71,642,270**	**-**
Australia	**14,857,158**	**-**
Europe	**7,861,336**	**-**
Other countries	**13,983,070**	**-**
	188,068,634	**79,645,229**
2017		
Malaysia	72,861,443	62,092,329
Japan	68,714,427	-
Australia	16,166,008	-
Europe	9,973,857	-
Other countries	12,415,716	-
	180,131,451	62,092,329

Major customer

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

	Revenue	
	2018 RM	2017 RM
Customer A	**20,413,363**	21,979,360

24. Commitments - Group

	2018 RM	2017 RM
Property, plant and equipment		
Contracted but not provided for	**6,512,000**	134,000

25. Contingent liabilities, unsecured - Company

Corporate guarantees

The Company has issued corporate guarantees to financial institutions and suppliers for banking and credit facilities granted to its subsidiaries up to a limit of RM113,766,800 (2017 : RM108,906,000) of which RM4,545,040 (2017 : RM8,229,987) were utilised as at the end of the reporting period.

26. 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 18 to the financial statements, are shown below. The balances related to the below transactions are disclosed in Note 8 to the financial statements.

	Group	
	2018 RM	2017 RM
A company controlled by a Director		
Sales	**1,128,296**	994,387

	Company	
	2018 RM	2017 RM
Subsidiaries		
Dividend income	**19,000,000**	28,000,000

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")

27. Financial instruments (Cont'd)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	FVOCI -EIDUIR RM
2018			
Financial assets			
Group			
Other investments	185,800	-	185,800
Trade and other receivables excluding prepayments	28,764,949	28,764,949	-
Cash and cash equivalents	54,247,704	54,247,704	-
	83,198,453	83,012,653	185,800
Company			
Trade and other receivables excluding prepayments	9,004,950	9,004,950	-
Cash and cash equivalents	31,515,463	31,515,463	-
	40,520,413	40,520,413	-
2018			
Financial liabilities			
Group			
Trade and other payables	20,501,574	20,501,574	-
Company			
Trade and other payables	4,831,546	4,831,546	-

27. Financial instruments (Cont'd)

27.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 31 December 2017 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").

	Carrying amount RM	L&R RM	FVTPL-HFT RM	AFS RM
2017				
Financial assets				
Group				
Other investments	257,281	-	-	257,281
Trade and other receivables excluding prepayments	32,466,625	32,466,625	-	-
Derivative financial assets	12,123	-	12,123	-
Cash and cash equivalents	64,758,944	64,758,944	-	-
	97,494,973	97,225,569	12,123	257,281

	Carrying amount RM	L&R RM
2017		
Financial assets		
Company		
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

27. Financial instruments (Cont'd)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	FL RM
2017		
Financial liabilities		
Group		
Trade and other payables	17,200,318	17,200,318
2017		
Financial liabilities		
Company		
Trade and other payables	4,814,155	4,814,155

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss				
- held for trading	**(12,114)**	912,597	**-**	-
Equity instruments designated at fair value through other comprehensive income				
- recognised in profit or loss	**5,800**	-	**-**	-
- recognised in other comprehensive income	**(73,780)**	-	**-**	-
Available-for-sale financial assets				
- recognised in profit or loss	**-**	4,800	**-**	-
- recognised in other comprehensive income	**-**	14,400	**-**	-
Financial assets at amortised cost	**1,693,475**	-	**1,160,942**	-
Loans and receivables	**-**	550,093	**-**	802,196
Financial liabilities at amortised cost	**283,165**	(224,556)	**-**	-
	1,896,546	1,257,334	**1,160,942**	802,196

27. Financial instruments (Cont'd)

27.2 Net gains and losses arising from financial instruments (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net (loss)/gain on impairment of financial instruments				
- financial assets at amortised cost	**(69,204)**	465,000	**-**	-

27.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss 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 the individual characteristics of each customer and investment in debt securities. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

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 are represented by the carrying amounts in the statement of financial position.

27. Financial instruments (Cont'd)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Concentration of credit risk

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

	Group	
	2018 RM	2017 RM
Domestic	**13,388,384**	14,888,535
Japan	**9,585,935**	10,382,888
Australia	**2,332,672**	3,074,616
Europe	**-**	680,986
Others	**1,802,377**	1,459,830
	27,109,368	30,486,855

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 180 days. The Group's debt recovery process is as follows:

a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 180 days past due, the Group will commence a legal proceeding against the customer thereafter.

The Group uses the higher of 180 days past due trade receivables, or the expected credit loss rate calculated by respective companies using an average of past 5 years' impairment losses over the outstanding balances, to measure the expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 180 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between:

(a) economic conditions during the period over which the historic data has been collected,
(b) current conditions and
(c) the Group's view of economic conditions over the expected lives of the receivables.

Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

27. Financial instruments (Cont'd)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018.

	2018		
	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
Not past due	**17,884,940**	**46,282**	**17,838,658**
Past due 1 - 30 days	**7,644,125**	**7,245**	**7,636,880**
Past due 31 - 120 days	**1,637,038**	**3,208**	**1,633,830**
	27,166,103	**56,735**	**27,109,368**
Credit impaired			
More than 180 days past due	**23,719**	**23,719**	**-**
Individually impaired	**548,040**	**548,040**	**-**
	27,737,862	**628,494**	**27,109,368**

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period and historical payment trend of these customers.

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	2018		
	Trade receivables		
	Lifetime ECL RM	Credit impaired RM	Total RM
Group			
Balance at 1 January as per MFRS 139 and MFRS 9*	**-**	**561,017**	**561,017**
Net remeasurement of loss allowance	**56,735**	**10,742**	**67,477**
Balance at 31 December	**56,735**	**571,759**	**628,494**

* There is no financial impact arising from the initial application of MFRS 9 as at 1 January 2018.

27. Financial instruments (Cont'd)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Gross RM	Individual impairment RM	Net RM
Group			
2017			
Not past due	20,433,575	-	20,433,575
Past due 1 - 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

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

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

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from GST receivable. These receivables will be received in future.

As at the end of the reporting period, the maximums exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the allowance for impairment losses of the Group and of the Company amounting to RM1,727 (2017 : RM Nil).

27. Financial instruments (Cont'd)

27.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and suppliers in respect of banking and credit facilities granted to certain subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM4,545,040 (2017: RM8,229,987) representing the outstanding banking and credit facilities of the subsidiaries as at the end of the reporting period. The Company monitors the ability of the subsidiaries to meet the banking and credit facilities' requirements on an individual basis.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank or supplier in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' funds.

The Company determines the probability of default of the guaranteed facilities individually using internal information available.

No allowance for impairment in respect of financial guarantee has been made under MFRS 9 (2017 : MFRS 139).

27.5 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.

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.

27. Financial instruments (Cont'd)

27.5 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							
2018							
Non-derivative financial liabilities							
Trade and other payables	**20,501,574**	**-**	**20,501,574**	**20,501,574**	**-**	**-**	**-**
2017							
Non-derivative financial liabilities							
Trade and other payables	17,200,318	-	17,200,318	17,200,318	-	-	-
	17,200,318		17,200,318	17,200,318	-	-	-
Derivative financial assets							
Forward exchange contracts (gross settled):							
- outflow	-	-	13,511,000	13,511,000	-	-	-
- inflow	(12,123)	-	(13,523,123)	(13,523,123)	-	-	-
	17,188,195		17,188,195	17,188,195	-	-	-

27. Financial instruments (Cont'd)

27.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	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							
2018							
Non-derivative financial liabilities							
Other payables	**4,831,546**	-	**4,831,546**	**4,831,546**	-	-	-
Financial guarantees	-	-	**4,545,040**	**4,545,040**	-	-	-
	4,831,546		**9,376,586**	**9,376,586**	-	-	-
2017							
Non-derivative financial liabilities							
Other payables	4,814,155	-	4,814,155	4,814,155	-	-	-
Financial guarantees	-	-	8,229,987	8,229,987	-	-	-
	4,814,155		13,044,142	13,044,142	-	-	-

27. Financial instruments (Cont'd)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies 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 uses forward exchange contracts to hedge its foreign currency risk where necessary. Most of the forward exchange contracts have maturities 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 are as follows:

	Denominated in		
	RM RM	USD RM	JPY RM
Group			
2018			
Trade receivables	**1,787,451**	**2,519,524**	**-**
Cash and cash equivalents	**2,472,051**	**2,166,722**	**247,499**
Trade and other payables	**(3,320,750)**	**-**	**-**
Net exposure	**938,752**	**4,686,246**	**247,499**
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

27. Financial instruments (Cont'd)

27.6 Market risk (Cont'd)

27.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2017 : 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.

	Profit or loss	
	2018 RM	2017 RM
Group		
RM	**(71,345)**	(1,115,564)
USD	**(356,155)**	(945,501)
JPY	**(18,810)**	(18,610)

A 10% (2017 : 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.

27.6.2 Interest rate risk

The Group's and the Company's investments in fixed rate deposits with licensed banks are exposed to risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate short term funds are exposed to a risk of change in cash flows due to changes in interest rates. 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 presently enjoying competitive interest rates which are reviewed 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 are as follows:

	2018 RM	2017 RM
Group		
Fixed rate instruments		
Financial assets	**2,500,000**	6,600,000
Floating rate instruments		
Financial assets	**27,606,456**	45,994,870

27. Financial instruments (Cont'd)

27.6 Market risk (Cont'd)

27.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2018 RM	2017 RM
Company		
Fixed rate instruments		
Financial assets	-	4,800.000
Floating rate instruments		
Financial assets	**26,404,307**	35,994,712

Interest rate risk sensitivity analysis

(a) *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.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	2018 RM	2017 RM
Group		
Floating rate instruments	**209,809**	349,561
Company		
Floating rate instruments	**200,673**	273,560

27.7 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 statements of financial position.

27. Financial instruments (Cont'd)

27.7 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 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2018										
Financial assets										
Quoted shares	**185,800**	**-**	**-**	**185,800**	**-**	**-**	**-**	**-**	**185,800**	**185,800**
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

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.

27. Financial instruments (Cont'd)

27.7 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).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

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 (2017 : no transfer in either directions).

28. 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.

29. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of MFRS 15 and MFRS 9 on cumulative effect method and retrospectively with transitional exemptions as allowed by the standards respectively. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

29.1 There are no impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's and the Company's financial statements.

29.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

29. Significant changes in accounting policies

29.2 Accounting for financial instruments (Cont'd)

a. Transition (Cont'd)

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held; and

- the designation of certain investments in equity instruments not held for trading as at FVOCI.

iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost.

(ii) Reclassification from AFS to FVOCI

Investments in quoted and unquoted shares are investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

(iii) Remeasurement of financial guarantees

Financial guarantees are remeasured on transition to MFRS 9 (see Note 27.4).

30. Subsequent event

On 1 January 2019, a subsidiary of the Company, Sinliplas Sdn. Bhd. had decided to cease its business operation where its operation is transferred to another subsidiary of the Company, SLP Green Tech Sdn. Bhd.

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 49 to 107 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 2018 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: 27 March 2019

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 49 to 107 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 George Town in the State of Penang on 27 March 2019.

....

Khaw Khoon Tee

Before me:

Goh Suan Bee
Commissioner For Oaths
Pulau Pinang

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 2018 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 49 to 107.

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 2018, 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.

Key Audit Matters (Cont'd)

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

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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

to the Members of SLP Resources Berhad

(Company No. 663862 - H) (Incorporated in Malaysia)

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

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

Lim Su Ling
Approval Number : 03098/12/2019 J
Chartered Accountant

Penang

Date: 27 March 2019

SHAREHOLDINGS STATISTIC
as at 2 April 2019

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

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct					
	Own	%	Others	%	Indirect	%
Khoon Tee & Family Sdn Bhd	127,212,859	40.14	-	-	-	-
Khaw Khoon Tee	31,404,478	9.91	2,757,998 (i)	0.87	127,211,859 (ii)	40.14
Khaw Seang Chuan	47,418,884	14.96	232,799 (i)	0.07	127,211,859 (ii)	40.14
Khaw Choon Hoong	2,953,499	0.93	-	-	127,211,859 (ii)	40.14

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

Name	Direct					
	Own	%	Others	%	Indirect	%
Khaw Khoon Tee	31,404,478	9.91	2,757,998 (i)	0.87	127,212,859 (ii)	40.14
Khaw Seang Chuan	47,418,478	14.96	232,799 (i)	0.07	127,212,859 (ii)	40.14
Khaw Choon Hoong	2,953,499	0.93	-	-	127,212,859 (ii)	40.14
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 OF SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
93	less than 100	3,246	0.00
488	100 - 1,000 shares	164,017	0.05
432	1,001 - 10,000 shares	1,933,679	0.61
228	10,001 - 100,000 shares	7,291,027	2.30
104	100,001 to less than 5% of issued shares	101,531,809	32.04
3	5% and above of issued shares	206,036,221	65.00
1,348	**TOTAL**	316,959,999	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1.	KHOON TEE & FAMILY SDN. BHD.	127,212,859	40.14
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.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	9,194,100	2.90
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	8,041,520	2.54
8.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	4,579,680	1.44
9.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANAN) (AFFIN AM B EQ)	4,021,880	1.27
10.	LAU SU LIN	3,372,319	1.06
11.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDEND FUND (PHEIM)	3,280,000	1.03
12.	CHUAH CHIN KOK	3,223,399	1.02
13.	KHAW CHOON HOONG	2,953,499	0.93
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	2,185,200	0.69
15.	KHAW CHOON CHOON	1,696,999	0.54
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (8059095)	1,584,000	0.50
17.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB SMALL CAP OPPORTUNITY UNIT TRUST	1,500,000	0.47
18.	LEMBAGA TABUNG HAJI	1,423,200	0.45
19.	KHAW SEANG GHEE	1,378,999	0.44
20.	KHAW SEANG SENG	1,378,999	0.44
21.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB GROWTH AND INCOME FOCUS TRUST	1,349,000	0.43
22.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MANULIFE INSURANCE BERHAD (MANAGED FUND)	1,257,240	0.40
23.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	1,241,900	0.39
24.	YEOH SEW JIN	1,215,240	0.38
25.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD –MAYBANK SMALLCAP TRUST FUND	1,211,300	0.38
26.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB PRIVATE FUND - SERIES 3	1,204,440	0.38
27.	ONG SAW KEOK	1,198,519	0.38
28.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB SMART TREASURE FUND	1,179,460	0.37
29.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT – ML FLEXI FUND (250283)	1,137,240	0.36
30.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB KIDSAVE TRUST	1,122,960	0.35
	TOTAL :	**279,728,754**	**88.26**

LIST OF PROPERTIES
held by the Group

Location	Description/ Existing use	Tenure	Age of building	Land area/ Built up area (Sq. ft)	Carrying value RM'000 As at 31-Dec-18	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 - 24 years	471,082/ 387,320	33,525	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	1,926	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	911	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	893	2009/-
Lot No. 7372, Seksyen 38 HS(M) 15987, Tempat Paya Besar Bandar Kulim, Daerah Kulim Kedah	Vacant Residential Land	Freehold land	Not applicable	4,973/ Not applicable	167	2018/-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th 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, 31 May 2019 at 10.30 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2018 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) Madam Khaw Choon Hoong (Resolution 1)
   (b) Madam Mary Geraldine Phipps (Resolution 2)
   (c) Mr. Chan Wah Chong (Resolution 3)

3. To approve the Directors' Fees of up to RM200,000 for the financial year ending 31 December 2019. (Resolution 4)

4 To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM25,000, from 1 June 2019 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 2019 and to authorize 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 modifications, 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 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 26 April 2019 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 authorized by this resolution." (Resolution 8)

SPECIAL BUSINESS:- (Cont'd)

8. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**
"Subject to the passing of Resolution 2, 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. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**
"Subject to the passing of Resolution 3, to retain the Mr. Chan Wah Chong, who has served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of the Code." (Resolution 10)

To consider and if thought fit, to pass (with or without modifications), the following as a **Special Resolution** of the Company:-

10. **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY**
"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 26 April 2019 be and is hereby adopted as the Company's Constitution AND THAT the Directors of the Company be and are hereby authorised to assent tot any modifications, variation and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effects to the foregoing." (Resolution 11)

11. 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 Thirteen 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 24 May 2019. Only a depositor whose name appears on the Record of Depositors as at 24 May 2019 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
26 April 2019

NOTES:

Appointment of Proxy

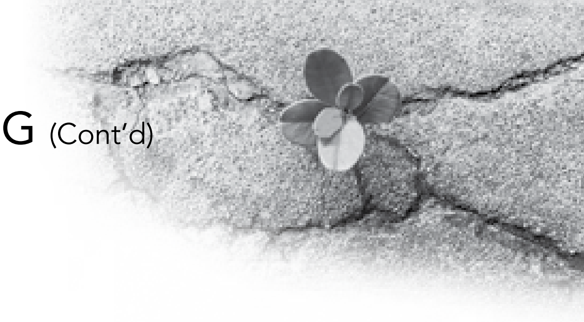
A member entitled to attend, speak and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend, speak and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be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

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 utilization 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 26 April 2019 which is despatched together with the Notice of the 14th AGM of the Company.

Resolution 9 & 10
The Board of Directors via the Nominating Committee assessed the independence of Madam Mary Geraldine Phipps and Mr. Chan Wah Chong, who have served on the Board as Independent Non-Executive Directors 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 and Mr. Chan Wah Chong, based on the following justifications:-

(a) They have 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 directors for more than nine (9) years has enabled them to contribute positively during deliberations/discussions at meetings as they are familiar with the operations of the Company and possess tremendous knowledge of the Company's operations;
(c) They have the caliber, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
(d) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors and carried out their fiduciary duties in the interest of the Company and minority shareholders.

Resolution 11
The proposed adoption of new Constitution of the Company are mainly for the following purposes:-

(a) To provide clarity and consistency with the amendments that arise from the Act effective 31 January 2017; and
(b) To ensure compliance with the amended Bursa Securities' Main Market Listing Requirements which was issued on 29 November 2017.

In view of the substantial amount of Proposed Amendments to the Constitution, the Board proposed that the existing Constitution be revoked in its entirety by the replacement thereof with the Proposed New Constitution as set out in Appendix II of the Circular to Shareholders dated 26 April 2019.

The shareholders' approval is sought by the Company to revoke the existing Constitution by the replacement thereof with the proposed new Constitution as per Appendix II of the Circular to Shareholders dated 26 April 2019 in accordance with Section 36(1) of the Act.

Part B of the Circular to Shareholders dated 26 April 2019 on the proposed New Constitution of the Company, which is circulated together with the Notice of 14th AGM dated 26 April 2019 shall take effect once the proposed Resolution 11 (Special Resolution) has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or proxy at the 14th AGM.

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 14th AGM.

2) The proposed Ordinary Resolution 7 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 25 May 2018.

   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 are disclosed in Additional Compliance Information on page 41 of the Annual Report.

PROXY FORM

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, 31 May 2019 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 Madam Khaw Choon Hoong as Director		
2.	To re-elect Madam Mary Geraldine Phipps as Director		
3.	To re-elect Mr. Chan Wah Chong as Director		
4.	To approve payment of Directors' fees for year ending 31 December 2019		
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		
10.	Continuing in Office as Independent Non-Executive Director for Mr. Chan Wah Chong		
11.	To approve the adoption of a new Constitution		

(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 ______________ 2019

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 authorized 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 authorized 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 Georgetown, 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 Thirteen 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 24 May 2019. Only a depositor whose name appears on the Record of Depositors as at 25 May 2019 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 Georgetown, Penang,Malaysia

FOLD HERE

SLP RESOURCES BERHAD (663862-H)

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Kulim Industrial Estate, 09000 Kulim, Kedah, Malaysia.
Tel: +604 489 1858 Fax: +604 489 1857 Email: info@sinliplas.com.my

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