SLP RESOURCES BERHAD

(Registration No. 200401025355 (663862 - H))

Adaptive Strategies against challenges

to Achieve Victory

Annual Report 2020

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Adaptive Strategies against challenges

to Achieve Victory

SLP Resources Berhad ensures each moves to be strategic yet agile, turning hardship into opportunity. We continuously seek for innovative solutions, satisfying the ever-changing needs of market to move towards greater vision. SLP Resources Berhad will achieve victorious with its dedication towards innovation and agile adaptability, securing the checkmate with its excellent strategy beyond expectation.

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 packaging 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 three (3) 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

Core Value

- Trustworthiness
- Caring
- Innovative
- Commitment
- Flexibility to change

Our group structure as at 31 December 2020:

SLP RESOURCES BERHAD
(Registration No. 200401025355 (663862 - H))
(Incorporated in Malaysia)

100%

- Sinliplas Holding Sdn Bhd
- SLP Green Tech Sdn Bhd
- SLP Polymers Sdn Bhd
- Sinliplas Sdn Bhd (under member's voluntary winding-up on 16 February 2021)

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)
resigned w.e.f 1 March 2021

Chan Wah Chong
(Independent Non-Executive Director)

Law Cheng Lock
(Independent Non-Executive Director)

Audit Committee

Mary Geraldine Phipps
Chairman

Leow Chan Khiang
Member (resigned w.e.f 1 March 2021)

Chan Wah Chong
Member

Law Cheng Lock
Member

Nomination Committee

Mary Geraldine Phipps
Chairman

Leow Chan Khiang
Member (resigned w.e.f 1 March 2021)

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
(SSM PC No. 201918000494)
(MAICSA 0818580)

External Auditors

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 George Town,
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
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 George Town,
Penang, Malaysia
Telephone No. : 604 - 228 0511
Facsimile No. : 604 - 228 0518

Head Office/ Management Office

P.T.1, Lot 57-A,
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

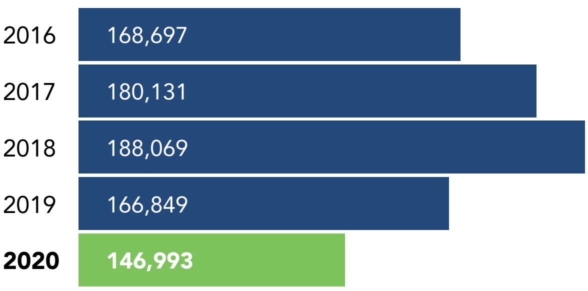
Khaw Seang Chuan, Kelvin
Group Managing Director
Email : kelvin@sinliplas.com.my

Financial Highlights

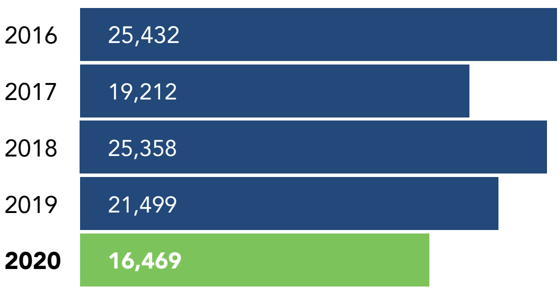
31 December	2016	2017	2018	2019	2020
Key Operating Results:					
Revenue (RM'000)	168,697	180,131	188,069	166,849	**146,993**
Profit before tax (RM'000)	29,270	24,399	28,453	25,298	**22,485**
Profit after tax (RM'000)	25,432	19,212	25,358	21,499	**16,469**
Total comprehensive income attributable to equity owners of the Company (RM'000)	28,553	11,648	27,243	20,452	**14,921**
Other Key Financial Data:					
Total assets (RM'000)	154,629	194,162	209,143	211,589	**216,431**
Total liabilities (RM'000)	23,392	25,856	27,856	27,283	**34,637**
No of ordinary shares in issue ('000)	247,333	316,960	316,960	316,960	**316,960**
Equity attributable to owners of the Company (RM'000)	131,237	168,306	181,287	184,306	**181,794**
Financial ratio:					
Revenue growth (%)	(2.2)	6.8	4.4	(11.3)	**(11.9)**
Profit before tax margin (%)	17.3	13.5	15.1	15.2	**15.3**
Profit after tax margin (%)	15.1	10.7	13.5	12.9	**11.2**
Return on equity (%)	19.4	11.4	14.0	11.7	**9.1**
Shares Information:					
Earnings per share (sen)	8.57 *	6.24	8.00	6.78	**5.20**
Net dividend per share (sen)	4.50	4.50	4.50	5.50	**5.50**
Dividend as % of Net Profit (%)	43.8	74.2	56.2	81.1	**105.9**
Net assets per share (sen)	53.06	53.10	57.20	58.15	**57.36**

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

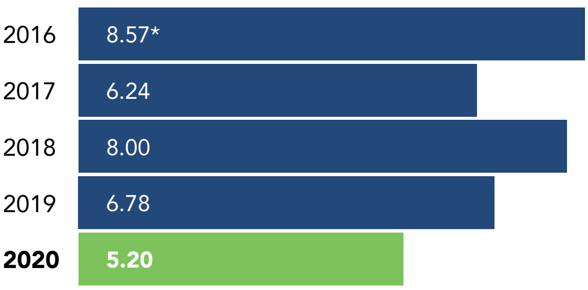
REVENUE (RM'000)



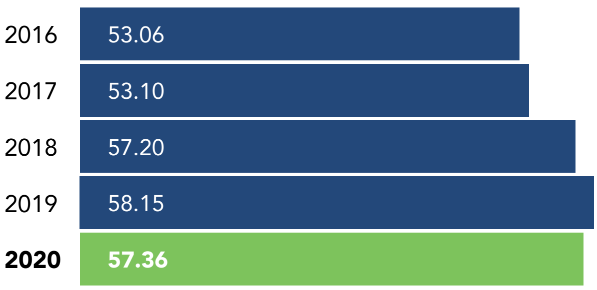
PROFIT AFTER TAX (RM'000)



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

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 2020 is disclosed in the Corporate Governance Overview Statement of this Annual Report.

Khaw Khoon Tee
Malaysian / Aged 71
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 9 April 2021)	• 13 years and 5 months
Date of Last Re-election	• 25 May 2018
Board Committees	• Nil
Board Meetings Attended in the Financial Year	• Four (4) out of four (4) 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 51
Group 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 9 April 2021)	• 13 years and 5 months
Date of Last Re-election	• 24 June 2020
Board Committees	• Nil
Board Meetings Attended in the Financial Year	• Four (4) out of four (4) 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 has more than 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 49
Executive Director

Gender	• Female
Date of Appointment	• 26 October 2007
Length of Service (as at 9 April 2021)	• 13 years and 5 months
Date of Last Re-election	• 31 May 2019
Board Committees	• Nil
Board Meetings attended in the Financial Year	• Four (4) out of four (4) 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 Appointments 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 47
Executive Director

Gender	• Female
Date of Appointment	• 1 July 2010
Length of Service (as at 9 April 2021)	• 10 years and 9 months
Date of Last Re-election	• 25 May 2018
Board Committees	• Nil
Board Meetings attended in the Financial Year	• Four (4) out of four (4) 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:
She has more than 30 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.

Profile of Directors (Cont'd)

Mary Geraldine Phipps
Malaysian / Aged 72
Senior Independent Non-Executive Director

Gender	• Female
Date of Appointment	• 26 October 2007
Length of Service (as at 9 April 2021)	• 13 years 5 months
Date of Last Re-election	• 31 May 2019
Board Committees	• Chairman of Audit and Risk Management Committee and Nomination Committee. Member of Remuneration Committee.
Board Meetings Attended in the Financial Year	• Four (4) out of four (4) 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.

Chan Wah Chong
Malaysian / Aged 57
Independent Non-Executive Director

Gender	• Male
Date of Appointment	• 1 July 2009
Length of Service (as at 9 April 2021)	• 11 years 9 months
Date of Last Re-election	• 31 May 2019
Board Committees	• Chairman of Remuneration Committee, Member of Audit and Risk Management Committee and Nomination Committee
Board Meetings Attended in the Financial Year	• Four (4) out of four (4) meetings
Academic Qualification(s)	• Certified Public Accountant
Present Directorship(s)	• Listed entity: Lii Hen Industries Berhad Listed entity in Thailand: Tropical Canning (Thailand) Public Company Limited

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

Law Cheng Lock

Malaysian / Aged 62

Independent Non-Executive Director

Gender	• Male
Date of Appointment	• 7 August 2014
Length of Service (as at 9 April 2021)	• 6 years 8 months
Date of Last Re-election	• 24 June 2020
Board Committees	• Member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee
Board Meetings Attended in the Financial Year	• Four (4) out of four (4) 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

Chan Ban Hei

Malaysian / Aged 51
Operations General Manager

Gender	• Male
Date of Appointment	• 30 May 2018
Academic Qualification(s)	• Bachelor of Engineering and Diploma in Management

Past Appointments and Working Experience:
He started his career as an Engineer in 1995 after graduated from University of Science, Malaysia. He worked in various manufacturing companies for 23 years as Production/Industrial Engineer, Production Manager, Plant Manager before joining SLP.

He joined SLP as a Planning and Technical Manager in year 2018. Subsequently, he was promoted as Operations General Manager in year 2019 to oversee Group's operations.

Saw Sue Ning

Malaysian / Aged 33
Account 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:
In year 2011, she was attached with an audit firm involved with external audit. Then, she left the audit firm and started working in manufacturing industry. In year 2018, she joined SLP as Account Manager overseeing the accounting and financial reporting of the Group. She is a member of the Malaysian Institute of Accountants.

Note:
All the Key Senior Management have not been convicted with any offences other than traffic offences in the past 10 years.

Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am honoured to present SLP Resources Berhad's ("SLP") Annual Report for the financial year ended 31 December 2020 ("FY2020").

FINANCIAL PERFORMANCE

For FY2020, the Group recorded lower revenue of RM147.0 million, a decrease of RM19.8 million or 11.9% from RM166.8 million recorded in FY2019. In tandem with lower revenue in FY2020, the Group's profit before tax (PBT) reduced by RM2.8 million from RM25.3 million to RM22.5 million. With lower PBT, the Group's profit after tax recorded in FY2020 was RM16.5 million, a decrease of RM5 million from RM21.5 million in FY2019. Export sales contributed RM68.7 million or 46.7% of group revenue in FY2020 when compared to RM99.8 million or 59.8% of group revenue in FY2019.

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 FY2020, the Company has declared four (4) single tier interim dividends totalling to 5.5 sen with total payout amount of RM17.4 million which was approximately 105.9% of the Group's net profit. The dividends declared have 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 always work towards complying the corporate governance best practices as a crucial step towards achieving continuous growth. We are committed to implementing business strategies that correspond with the Group's vision and deemed to be value-accretive in nature in order to protect and maximise shareholders' value. Our measures to uphold and improve the corporate governance on a group-wide basis are emphasised in the Corporate Governance Overview Statement in this Annual Report.

SUSTAINABILITY

The Group strives to provide customers with the best value proposition for a durable and loyal relationship. 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 drive the group's success in achieving sustainability across all aspects of 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 integrating sustainability into the organisation to achieve excellence and value creation for its business operations. The Group always strives to satisfy its shareholders, stakeholders and community at large in fulfilling its social responsibilities as a good corporate citizen.

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

PROSPECTS AND STRATEGIES

Malaysia's Economic Outlook

The World Bank expects Malaysia's economy to return to positive growth this year, along with other economies globally that are rolling out vaccination programmes. World Bank analysts project that most countries will execute and complete their vaccine deployment in 2021 to boost economic recovery, international trade, and commodity prices. Global economic growth is projected to be 4.0 percent this year.

As for Malaysia, the projected economic growth in 2021 ranges between 5.6 percent and 6.7 percent. World Bank notes that China serves as the driver of the economic growth projected for the Asian economies. However, any delay in carrying out the vaccination programme and another round of movement control order will slow down economic recovery progress in Malaysia.

East Asia Economic Outlook

The East Asia and Asia Pacific regional economy grew about 0.9% last year. Covid-19 pandemic impacted the region unevenly. In China and Vietnam, where the health authorities controlled the spread of the virus, their GDP is estimated to have expanded by 2% and 2.8% respectively.

The resumption of production and exports, with additional boosts from stimulus-fuelled public investment, supported the growth in China and Vietnam. The rest of the region encountered hindrances to growth. The economies that experienced drastic slowdown included the Philippines, Malaysia, and Thailand.

As restrictions have been lifted to allow economic activity to return to normal, exports have started to recover.

Although the pandemic have slowed in much of East Asia and Pacific, Indonesia, the Philippines, Malaysia and Myanmar are still reporting high number of Covid-19 cases. World Bank projects a 7.4% growth for the region, led by a rebound in China. An effective rollout of the vaccination programme will also influence the pace of economic recovery in the region.

For SLP, we will concentrate on our core business and offer innovative and cost effective flexible plastic packaging products to our customers to sustain the group's performance and returns to shareholders over the long term.

APPRECIATION

On behalf of the Board, I sincerely thank the Group's management and employees for their dedication, team spirit and hard work in achieving sustainable financial results in FY2020.

The Board and I would like to take this opportunity to thank Mr Leow Chan Khiang, who had recently resigned, for having served as a non-independent non-executive director for 13 years. Mr Leow has left for better opportunities, and we would like to wish him all the best in his future endeavours.

Finally, we expressed our utmost gratitude to our stakeholders, including customers, shareholders, suppliers and other business associates, for their long-standing support, cooperation and assistance.
Thank you.

Khaw Khoon Tee
Executive Chairman

Group Managing Director's Message and Management Discussion and Analysis

DEAR VALUED SHAREHOLDERS,

A year after its eruption in Wuhan, China, Covid-19 continues to deny millions of people worldwide the opportunity of making a decent living. To date, more than 110 million have been affected, and over two million people have died. Hailed as the most extraordinary public crisis ever, Covid-19 has compelled almost all the countries on the globe to pull a brake on their economic and commercial activities, triggering a worldwide recession. However, with the recent launch of the global vaccination programme, we can see a silver lining on the horizon ahead.

In Malaysia, the government aims to vaccinate 80% of the population by early year 2022.

Meanwhile, Standard Chartered (StanChart) expects Malaysia's gross domestic product ("GDP") growth to rebound to 7.5 percent in 2021 from an estimated -5.8 percent in 2020. According to StanChart, Malaysia's economic recovery will be partly driven by the continued operations of the economy amidst targeted movement restrictions to contain the spread of Covid-19 and no global synchronised lockdown.

Kenanga Investment Bank Bhd's projects that the country's GDP growth will chart a positive turnaround in year 2021 on a broad-based improvement across its demand components comprising consumption, investment, government purchases, net exports, and partly due to a low base effect. Its research team highlighted that year 2021 marks a pivotal point in the global economy after grappling with the unprecedented Covid-19 pandemic throughout the preceding year.

Bank Negara Malaysia (BNM) has maintained the overnight policy rate (OPR) at 1.75%, as it sees continued recovery in the global economy. However, downside risks abound due to the insurmountable challenges brought by the pandemic.

Another positive sign is the gradual recovery of crude Brent oil price from its lowest level around USD20/barrel in March 2020. The cost of crude Brent oil is now around USD70/barrel, almost similar to pre-Covid-19 time. The resin price has also increased correspondingly, prompting SLP to revise the selling price of its products.

The flexible packaging material outlook looks bright ahead. Valued at US$99.5 billion in the year 2017, the flexible packaging material market size in the Asia Pacific is expected to reach a value of US$131.487 billion by the year 2023, at a 4.76% CAGR over the 2018-2023 period, according to Mordor Intelligence, leading global research and advisory firm.

The markets in China and India drive flexible packaging material consumption in Asia-Pacific, a preferred choice of consumers and producers because of the advantages over rigid packaging. The reduced weight of flexible packaging scores well with the manufacturers and retailers; the lighter material brings down shipping and warehousing costs while simultaneously creating more space on store shelves.

The rise of single-person households and the growing popularity of take-away food, especially in light of the pandemic, influence the increasing popularity of flexible packaging in the region. Industry players are now producing more small-size flexible packaging products to meet single-person households' needs and the take-away food industries. For instance, Japanese beverage manufacturers have widened their selections of smaller pack sizes to attract new consumers.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SLP Resources Berhad ("SLP" or "the Company") and its three (3) subsidiaries (herein collectively referred to as "the Group") manufacture and sell flexible plastic packaging and its related products. SLP's three wholly-owned subsidiaries are Sinliplas Holding Sdn Bhd, SLP Green Tech Sdn Bhd and SLP Polymers Sdn Bhd. Employing 334 employees in Kulim, SLP operates in production facilities measuring 387,000 square feet.

The Group is known for its quality thin-gauged flexible plastic packaging products sold to customers in Malaysia and other parts of the world. The essential products of the Group include kitchen bags, garbage bags, VFFS films, fashion bags, patch handle bags, industrial bags, cooking oil VFFS films and quality films for healthcare packaging.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

For the year 2021, through organic growth business plans, the Group will cautiously continue to invest, grow, and enhance the competitive edge of its flexible plastic packaging products, its core business. The Group collaborates with its customers to provide innovative ideas, expertise and support solutions for their specific requirement. The Group's approach has successfully expanded its high value-added flexible plastic packaging products for use beyond the food and beverage industries. SLP also supplies to the personal care, home care, health care and industrial sectors. In the personal care industry, the Group's high-quality flexible plastic packaging products are used for diapers and other medical care products. These high value-added flexible plastic packaging products have strong market potential with high barriers to entry.

SLP will continue introducing a new range of flexible plastic packaging products for the personal and health care segments to grow their revenue contribution.

Financial Performance Review

Revenue

For the FY2020, the Group recorded revenue of RM147.0 million, a decrease of 11.9% from RM166.8 million recorded in FY2019, which was due to lower sales and sales volume in export markets.

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

	FY2020 RM'000		FY2019 RM'000		Increase/ (Decrease) RM'000	%
Countries						
Malaysia	78,313	53.3%	67,059	40.2%	11,254	16.8
Japan	54,664	37.2%	69,425	41.6%	(14,761)	(21.3)
Australia	7,771	5.3%	13,175	7.9%	(5,404)	(41.0)
European countries	133	0.1%	6,277	3.8%	(6,144)	(97.9)
Other countries	6,112	4.1%	10,913	6.5%	(4,801)	(44.0)
Total	**146,993**	**100%**	**166,849**	**100%**	**(19,856)**	**(11.9)**

In FY2020, domestic sales contributed 53.3% of the total revenue, a 16.8% increase compared to FY2019's performance. The management has undertaken a timely shift of market approach as it was foreseeable that the pandemic and lockdown measures would impact export demands. The Group's essential products sold to domestic markets comprise plastic resins for other plastic converters, flexible plastic packaging bags, films for packaging food, medical, and industrial products.

Flexible plastic packaging sold to Japan is for industrial and household use. Export to Japan experienced a significant drop in value in FY2020 due to a slump in demand from specific industries in Japan due to the Covid-19 outbreak. As such, sales contributed from the Japan market was lower than the local market in FY2020. However, Japan remains the primary market for SLP in the overseas business segment.

Australia, another key customer of the Group's fashion and carrier bags, contributed 5.3% or RM7.8 million of total sales in FY2020. The reduction in sales to Australia was due to the control measures imposed to contain the Covid-19 virus.

In FY2020, SLP also exported to other countries such as New Zealand and Singapore plastic packaging bags and films for household, industrial and retail use. New Zealand and Singapore markets contributed 3.6% to the FY2020 revenue as compared to 4% in FY2019.

Gross Profit

	FY2020	FY2019	Increase/ (Decrease)
Gross Profit (RM'000)	28,479	32,249	(3,770)
Gross Profit margin	19.4%	19.3%	0.1%

In tandem with lower revenue recorded in FY2020, the Group recorded a lower gross profit of RM28.5 million, a decrease from RM32.2 million recorded in FY2019. However, the gross margin in FY2020, which is 19.4%, was relatively stable as compared with FY2019, attributable to lower average purchase price of raw materials, particularly the cost of plastic resins.

Profit Before Tax

	FY2020	FY2019	Increase/ (Decrease)
Profit Before Tax (RM'000)	22,485	25,298	(2,813)
Profit Before Tax margin	15.3%	15.2%	0.1%

Notwithstanding with lower revenue recorded in FY2020, the Group posted a marginal improvement in profit before tax margin to 15.3% from 15.2% in FY2019, attributable to lower average purchase price of raw materials, particularly the cost of plastic resins.

	FY2020	FY2019	Increase/ (Decrease)
Other operating income (RM'000)	2,325	1,647	678
Other operating expenses (RM'000)	8,320	8,598	(278)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Financial Performance Review (Cont'd)

Profit Before Tax (Cont'd)

For FY2020, the Group's other operating income improved by RM0.7 million whilst other operating expenses decreased slightly by RM0.3 million as compared to FY2019.

The increase in other operating income was due to the government grant received amounting to RM0.4 million (included herein as explained in Note 18 – Profit before tax of the audited Financial Statements).

The Group's other operating expenses comprised mainly administrative, selling and marketing expenses. For FY2020, other operating expenses decreased slightly as compared to FY2019 due to decrease in business travel expenses, resulting from the Movement Control Order (MCO).

Profit After Tax

	FY2020	FY2019	Increase/ (Decrease)
Profit After Tax (RM'000)	16,469	21,499	(5,030)
Profit After Tax margin	11.2%	12.9%	(1.7%)

With lower profit before tax, the Group recorded a reduced after-tax profit of RM16.5 million in FY2020, a decrease of RM5 million from RM21.5 million in FY2019. The Group's profit after tax margin of 11.2% in FY2020 was lower when compared to 12.9% in FY2019 due to the absence of reinvestment allowance incentive as there were no major expansion expenditures in the current financial year ended 31 December 2020 (as explained in Note 20 – Tax expense of the Audited Financial Statements).

FINANCIAL POSITION

An analysis of financial position is presented below:

Total Assets

As of 31 December 2020, the Group's total assets stood at RM216.4 million, improved from RM211.6 million as at 31 December 2019.

As of 31 December 2020 the Group reported property, plant and equipment ("PPE") and Right-of-Use Assets ("ROU") of RM75.4 million when compared to RM82.1 million as at 31 December 2019.

As part of the Group's continuing expansion program, the Group invested in approximately RM1.2 million in FY2020, mainly to install new production machinery, funded by cash generated from operations. Please refer to Note 3 – Property, Plant and Equipment of the Audited Financial Statements for further details on this item.

As of 31 December 2020 and 2019, the Group's inventories stood at RM36.4 million and RM29.5 million respectively, representing 16.8% and 13.9% of total assets. The increase in inventories was due to the increased purchase of resins as the management anticipated an upward trend in resin price.

As of 31 December 2020 and 2019, the Group reported cash and cash equivalents of RM74.4 million and RM74.2 million respectively, representing 34.4% and 35.1% of total assets.

As of 31 December 2020 and 2019, the Group's receivables stood at RM29.7 million and RM24.3 million respectively, representing 13.7% and 11.5% of total assets.

The increase in trade and other receivables in FY2020 was mainly due to increased trade receivables by RM5.2 million to RM28.5 million from RM23.3 million in FY2019 as the Group shifted its sales to the local market, which has higher turnover period than the overseas market.

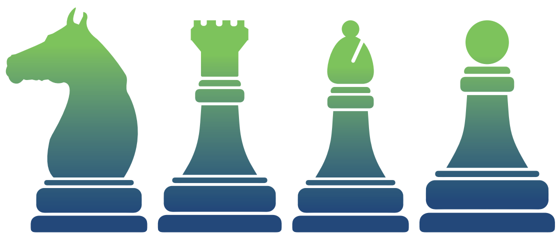
Total Liabilities

As of 31 December 2020 and 2019, the Group total liabilities stood at RM34.6 million and RM27.3 million respectively. Trade and other payables were the significant total liabilities that account for 72.8% and 71.7% as of 31 December 2020 and 2019.

An increase in trade payables was due to the rise in inventory purchase, namely plastic resins, as the management anticipated an upward trend in resin price.

Shareholders' equity

As of 31 December 2020 and 2019, the Group shareholders' equity stood at RM181.8 million and RM184.3 million respectively. The decrease in shareholders' equity is attributed to the Group's declared dividends that exceeded its profits in FY2020. Please refer to "Consolidated Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.



LIQUIDITY

The Group generated RM17.7 million from operating activities in FY2020 as compared to RM45.8 million in FY2019. Operating activities such as higher cash flows tied up in inventories and receivables accounted for the Group's lower net operating cash flows generated in FY2020.

The last component in the cash flow statement is cash flows used in financing activities mainly used to pay dividends to the Company's shareholders, which amounted to RM17.4 million.

As of 31 December 2020, the Group's net changes in cash and cash equivalents stood at RM0.2 million. After adding RM74.2 million of cash and cash equivalents brought forward from FY2019, the Group's liquidity as of 31 December 2020 stood at RM74.4 million.

This healthy monetary position provides the Group with a solid financial base to expand in the future.

After conducting a financial stress test, we find that the Group's cash and cash equivalents can sustain its daily operating cost for more than two years at the most extreme scenario with zero revenue.

OUTLOOK, RISKS AND STRATEGIES

Stringent environmental regulations present an opportunity for the Group's flexible plastic packaging business. Strict legislations to mitigate the threat to the environment and consumers has increased the demand for bioplastics and other environmentally-friendly packaging solutions.

Over the years, aside from 100% recyclable Polyolefin materials (PE), SLP has also introduced and commercialised its own New Polyethylene ("NPE") and Oriented Polyethylene ("OPE") flexible packaging solutions to compete in the market. So far, these new products have generated a healthy response from the market. We will continue producing flexible plastic packaging products that are recyclable and sustainable for the environment.

Besides stringent environmental regulations, the Group has identified foreign currency exchange fluctuations, especially in USD, rising in resin's prices, and increased labour costs as significant risks.

Since a significant amount of the Group's revenue is transacted in USD, there is a risk that the fluctuations of foreign currency exchange rates in the RM to USD will affect the revenue, earnings, and liquidity.

From time to time, we hedge our USD sales proceeds through foreign currency forward contracts to minimise exposure of the foreign currency exchange risk.

Hedging is make whenever we see forward contracts have potential benefits to the Group.

The on-going trade war tension between the United States and China is another risk and reward factor affecting the Group's business performance.

High labour costs, such as an upward adjustment in minimum wages, will continue affecting the Group's operating costs. The Group continues to implement several mitigation strategies to convert manual operations to automated processes to reduce labour dependence. Digitalisation is another investment the Group has invested in enhancing real-time and precise manufacturing reporting.

In FY2020, the Group failed to attain its targeted results because of the pandemic and the global lockdown measures that paralysed international trade, commercial, and industrial activities. Despite a rapid shift to the local market, the Group managed to ship 14,200 tonnes of flexible plastic packaging products with an estimated value of RM7,500/tonne instead.

The shortage of containers and high logistic charges also delayed our export shipment to the overseas customers.

Fluctuations in the foreign currency exchange market and rising resin prices in the second half of FY2020 made decision-making even more difficult.

In FY2020, the Group did not allocate a substantial budget for capital expenditure as we conserved our cash to persevere through the health crisis.

Despite the government's new standard operational procedures (SOPs), SLP managed to get audited successfully and completed the Covid-19 testing for our foreign workforce ahead of the government's timeline.

Moving ahead, we see improved prospects for the Group.

The price of crude oil per barrel has rebounded to around US$70 per barrel compared to US$20 per barrel a year ago. Resin price is around US$1,300 per tonne compared to US$1,000 early this year and US$850 per tonne a year ago same period.

Group Managing Director's Message and Management Discussion and Analysis (Cont'd)

OUTLOOK, RISKS AND STRATEGIES (CONT'D)

The Group expects resin's price to rise further in the short term, as Texas icy weather conditions in February 2021 have disrupted oil production, creating a supply shortage worldwide.

Another critical factor is the shortage of freight containers and high freight cost, keeping prices holding firm.

We expect resin prices to stabilise in the long-term because US resin producers can produce at least another 12 million tonnes of polyethene resin by the year 2022.

According to the Ohio-based research house Smithers, the worldwide consumption of flexible packaging will reach a projected 31.5 million tonnes in the year 2021, which follows a 5.5% drop in overall value in the year 2020, as several end-uses dropped demand in response to the global pandemic.

Smithers forecasts that demand will resume normalcy in 2021 as lockdown (shelter-in-place) orders are lifted and international trade flows resume.

Flexible packaging is projected to grow on a compound annual growth rate ("CAGR") of 3.4% by volume that will see total consumption reach 37.5 million tonnes in the year 2026.

The impact of a post-Covid-19 recession will differ from country to country.

Their duration will depend on the success of national virus control and vaccination programmes and government stimulus spending effectiveness.

According to Smithers, the recovery has already begun in China and elsewhere in Asia, and these regions represent the most significant growth opportunities for flexible packaging suppliers through to year 2026.

SLP is well-positioned in the food and beverage ("F&B") sector. Flexible packaging demands from F&B sector represents 75% of all flexible packaging demand worldwide which is very resilient in times of economic downturn.

The Group is undertaking new projects in FY2021, namely medical pouches, tacky mats and door handle refills. The Group anticipate positive contributions to its overall performances once they are kick-off in due course.

Before the implementation of Corporate Liability on Corruption, Section 17A of the MACC Act 2009 on the effective date of 1 Jun 2020, the Group had initiated the following actions for the readiness of the Act compliance:

1. All directors and critical management personnel have attended related seminars and training since year 2019,
2. The Group set up its Anti-Bribery and Corruption ("ABC") team on 20 Jan 2020, tasked to implement its ABC policy, Adequate Procedures, Framework, Communications and among others, with all stakeholders,
3. ABC team have hosted 13 meetings before the effective date, 1 Jun 2020.

DIVIDEND PAYOUT

In FY2020, the Company declared four (4) interim single-tier dividends totalling 5.5 sen per share, which works out to a total amount of RM17.4 million, giving a dividend payout ratio of 105.9% of the Company's net profit in FY2020.

The payment has exceeded the Group's dividend payout ratio policy of 40% based on the net profit 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 our dedicated management team's contributions, which have worked tirelessly to help the Group attain its goals and, finally, our Board of Directors for their invaluable counsel and guidance.

Thank you.

Khaw Seang Chuan
Group 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 2020 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 2020 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 2020.

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 (including the Chairman) and three (3) Independent Non-Executive Directors. 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
Chan Wah Chong	Member/Independent Non-Executive Director
Law Cheng Lock	Member/Independent Non-Executive Director
Leow Chan Khiang (1)	Member/Non-Independent Non-Executive Director

Note: 1. Resigned as Non-Independent Non-Executive Director and member of ARMC on 1 March 2021.

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

The ARMC's Report for the financial year ended 31 December 2020 is on pages 47 to 49 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 Group Managing Director

The roles and responsibilities of the Chairman and Group 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 Group 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.

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)

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

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

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

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 Group and the Company 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 Group and the Company.

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.

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

I. BOARD RESPONSIBILITIES (Cont'd)

3. GOOD BUSINESS CONDUCT AND CORPORATE CULTURE (Cont'd)

3.1 Code of Ethics and Code of Conduct (Cont'd)

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

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

3.2 Whistleblowing Policy

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

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.

3.3 Anti-Bribery & Corruption Policy

On 13 May 2020, the Anti-Bribery & Corruption ("ABC") Policy was approved by the Board and published in Company's website pursuant to section 17A of the Malaysian Anti-Corruption Commission Act 2009. The ABC policy is applicable to all the Group's employees, directors, customers, suppliers and business associates. The Group is committed to zero corruption as the Group conducts business in ethical way.

Further details of the ABC 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 and three (3) Independent Non-Executive Directors.

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.

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

II. BOARD COMPOSITION (Cont'd)

4. BOARD'S OBJECTIVITY (Cont'd)

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 thirteen (13) and twelve (12) 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 has not in any way interfered with their objective and independent judgement in carrying out their roles as members of the Board and Committees.

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 and Chan Wah Chong who have served the Board as Senior Independent Non-Executive Director and Independent Non-Executive Director respectively 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 Company's Constitution. The NC perform 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 42.9%, comprising three (3) women Directors out of a total of seven (7) Directors. This is in line with the gender diversity recommended by MCCG. The Company received a recognition from 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.

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

II. BOARD COMPOSITION (Cont'd)

4. BOARD'S OBJECTIVITY (Cont'd)

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 (1)	Member/Non-Independent Non-Executive Director
Chan Wah Chong	Member/Independent Non-Executive Director
Law Cheng Lock	Member/Independent Non-Executive Director

Note: 1. Resigned as Non-Independent Non-Executive Director and member of NC on 1 March 2021.

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.

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

II. BOARD COMPOSITION (Cont'd)

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 Company's Constitution 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 (1/3), shall retire from office at each AGM. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

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

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

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

i. The re-election of Khaw Khoon Tee and Khaw Choon Choon who are due to retire and being eligible for re-election pursuant to Clause 88 of the Company's Constitution ; and
ii. Continuation in office 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 four (4) 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.

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

Directors	Number of Meetings Attended	Total Number of Meetings
Khaw Khoon Tee	4	4
Khaw Seang Chuan	4	4
Khaw Choon Hoong	4	4
Khaw Choon Choon	4	4
Leow Chan Khiang	4	4
Mary Geraldine Phipps	4	4
Chan Wah Chong	4	4
Law Cheng Lock	4	4

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2020 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:

Name of Director	Course Title	Date
Khaw Khoon Tee	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On	6 January 2020
Khaw Seang Chuan	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On Webinar - Crises-proofing the Annual General Meeting by KPMG Webinar - Section 17A MACC Act 2009: A New Horizon in Malaysian Corporate Accountability by KPMG Webinar - Captains Forum Session 1 Financial Resilience by KPMG	6 January 2020 30 April 2020 12 June 2020 25 September 2020
Khaw Choon Hoong	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On	6 January 2020
Khaw Choon Choon	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On	6 January 2020
Mary Geraldine Phipps	Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries by Boardroom Captains' Forum: Transformation towards recovery by KPMG 2020 (Australian) Federal Budget Virtual Breakfast by KPMG Melbourne	26 August 2020 22 September 2020 7 October 2020

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
Leow Chan Khiang	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On Related/Recurrent Related Part Transactions, and General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act, 2009 by Tricor Knowledge House Sdn Bhd ACI Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience by KPMG Tax and Business Summit by KPMG	6 January 2020 7 January 2020 12 November 2020 18 & 19 November 2020
Chan Wah Chong	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On Corporate Liability Under Section 17A of MACC Act2009 focusing on Corruption Risk Assessment by Lee Min On Webinar - Analytics & Big Data for Accountants by MICPA Webinar - Leverage Free Analytics Tools for Your Accounting Tasks by MICPA Webinar – Effective Leadership under Market Turbulence by City University of Hong Kong Webinar – The Value Reporting Foundation – A game changing merger to simplify the corporate reporting landscape by MICPA	6 January 2020 4 August 2020 18 November 2020 2 December 2020 9 December 2020 17 December 2020
Law Cheng Lock	In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019 by Lee Min On	6 January 2020

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

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.

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 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 2020 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	-	-	4	-	-	4
Khaw Seang Chuan	-	-	-	-	-	-
Khaw Choon Hoong	-	-	-	-	-	-
Khaw Choon Choon	-	-	-	-	-	-
Non-Executive Directors:						
Mary Geraldine Phipps	36	-	4	-	-	40
Chan Wah Chong	24	-	4	-	-	28
Law Cheng Lock	20	-	4	-	-	24
Leow Chan Khiang	29	-	4	-	-	33
Total	109	-	20	-	-	129

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 2020 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	386	4	-	17	450
Khaw Seang Chuan	-	384	-	-	49	433
Khaw Choon Hoong	-	320	-	-	42	362
Khaw Choon Choon	-	295	-	2	39	336
Non-Executive Directors:						
Mary Geraldine Phipps	36	-	4	-	-	40
Chan Wah Chong	24	-	4	-	-	28
Law Cheng Lock	20	-	4	-	-	24
Leow Chan Khiang	29	-	4	-	-	33
Total	152	1,385	20	2	147	1,706

7.2 Aggregate remuneration paid to senior management for the financial year ended 31 December 2020 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	-
100,001 to 150,000	1
150,001 to 200,000	1
200,001 to 250,000	1
250,001 to 300,000	-
300,001 to 350,000	1
350,001 to 400,000	1
400,001 to 450,000	2
450,001 to 500,000	-

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 including a resigned General Manager 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 47 to 49 for further information.

At the 15th AGM held on 24 June 2020, Messrs KPMG PLT was re-appointed as external auditors of the Group. The scope of the external auditors is ascertained by the ARMC, with at least twice-a-year meeting held between the ARMC and the external auditors. Further information is found in the ARMC Report at pages 47 to 49 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 2020.

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 and Sustainability 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 and Sustainability Working Committee and ARMC in discharging their responsibilities in accordance with the Terms of Reference and has further obtained assurance from the Group Managing Director and the 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 Group 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 Group 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
2017	27 April 2018	25 May 2018	28 days
2018	26 April 2019	31 May 2019	36 days
2019	27 May 2020	24 June 2020	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 9 April 2021.

Sustainability Statement

INTRODUCTION

The Board of Directors ("Board") is pleased to present this Sustainability Statement ("Statement") which narrates our sustainability efforts for the financial year ended 31 December 2020. This Statement sets out what the Board considers as material sustainability risks and opportunities, focuses on economic, environmental and social implications (collectively known as "Material Sustainability Matters" or "MSMs") that the Group is exposed to, and arising from the Group's business operations. This Statement also provides contexts as to how such MSMs are managed to achieve our strategic objectives and ensuring our business is carried out in a sustainable and responsible manner.

SCOPE

This Statement covers all our operations and entities, which are located in Kulim, Kedah. SLP's three (3) wholly-owned subsidiaries are Sinliplas Holding Sdn Bhd, SLP Green Tech Sdn Bhd and SLP Polymers Sdn Bhd, which in total employ 334 employees.

We have prepared this Statement in accordance with the Paragraph 29, Part A of Appendix 9C of Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and has considered the Sustainability Reporting Guide 2nd Edition and its accompanying Toolkits published by Bursa.

The Group also recognises and supports the United Nations' ("UN") 2030 Agenda for Sustainable Development, i.e. the Sustainable Development Goals ("SDG"). As such, this Statement will also reflect how the Group's MSMs are aligned to and how the Group contributes to the SDG's targets.

To increase the accuracy and integrity of our disclosures, this Statement has been reviewed by the Audit and Risk Management Committee ("ARMC").

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group places high emphasis on business sustainability and has embedded accountability for business sustainability in setting out its governance structure. Governing bodies of the Group in overseeing and managing sustainability matters are summarised as follows:

Board of Directors	The Board is ultimately responsible for sustainability practices and performances. The Board oversees sustainability matters by ensuring sustainability is integrated into the strategic direction of the Group and driving the Group's sustainability practices.
Audit and Risk Management Committee	The ARMC, a Board Committee comprises a majority Independent Directors, is responsible for assisting the Board with: • monitoring and overseeing all sustainable strategies and initiatives of the Group, including the incorporation of sustainability considerations into the Group's businesses; • overseeing the management of economic, environmental and social risks and opportunities; • reviewing the progress of sustainability initiatives; and • ensuring the effectiveness of the process in identifying, assessing, managing and reporting MSMs.
Risk Management and Sustainability Working Committee	The Group's Risk Management and Sustainability Working Committee ("RMSWC"), a committee led by our Group Managing Director and comprises the Executive Directors and the Heads of Departments ("HOD") meets at least twice a year. The RMSWC is tasked with assisting the ARMC by: • conducting annual stakeholder engagement assessment to identify key stakeholders and MSMs; • discussing, reviewing and monitoring the MSMs; and • overseeing the implementation of the sustainability initiatives by respective HODs.
Head of Departments/ Business unit	The respective HODs, under the direction of the RMSWC, are responsible for the implementation of the sustainability initiatives. They are tasked to undertake actions as and when necessary to address sustainability concerns and report accordingly to the RMSWC.

STAKEHOLDER ENGAGEMENT

The Board believes that maintaining effective communication with our stakeholders is vital to the continuous success and business sustainability of the Group. Hence, we regularly engage our stakeholders to develop a deeper understanding of their interests and concerns so that we can address their interests and concerns to the best of our ability.

The RMSWC, during the financial year, reviewed the stakeholder assessment. The table below summarises our key stakeholders, the areas of concerns, and the methods and frequency of engagement:

Stakeholders	Areas of Concern	Methods of Engagement[1]	Frequency of Engagement
Employees	• Business performance and direction • Career development • Learning and development • Employee welfare and benefits • Employee wellness • Health and safety	• Meetings and communications via email circulations • Performance appraisals • Forums, training and workshops • Employee events including festive celebrations and gathering	• Regular • Annual • Ad-hoc • Ad-hoc
Customers	• Product quality and safety • Product innovation • Customers' privacy • Production capacity • Customer service	• Customer satisfaction surveys and feedbacks • Customer service platforms including phone calls and emails • Face-to-face meetings • Free product samples and site visits	• Annual • Ad-hoc • Regular • Ad-hoc
Shareholders/ Investors	• Profitability • Dividend • Shareholders' value • Corporate governance	• Annual General Meeting • Company website • Announcements to Bursa Securities • Annual report, circulars, notices and press releases • Meetings and briefings • Engagement surveys	• Annual • Ad-hoc • Ad-hoc/ Quarterly • Annual/Ad-hoc • Quarterly • Annual
Regulators and Government Authorities	• Adherence to law and regulations • Certifications/Awards • Industry best practices and updates	• Compliance and certification exercises such as ISO, BRC, etc. • Periodic site visits and audits • Company representation at briefings and trainings	• Ad-hoc • Regular • Ad-hoc
Suppliers, service providers and sub-contractors	• Product and service quality • Timely delivery of products/ services • Payment terms and timeliness • Technical trainings	• Meetings with the management • Evaluations and performance reviews • Supplier selection through prequalification • Site visits	• Regular • Ad-hoc/Annual • Ad-hoc • Ad-hoc
Local Community, Industry Associations, Academia and Non-Governmental Organisations ("NGOs")	• Company reputation and branding • Corporate social responsibility • Best management practices and industry-related research	• Participations in technical working groups or associations such as Malaysian Plastics Manufacturers Association • Community outreach and social programmes • Educational site visits	• Ad-hoc • Ad-hoc • Ad-hoc

Note[1]: Due to Covid-19, the Movement Control Order and Standard Operating Procedures were implemented during the financial year. Face-to-face meetings have been reduced and were done over virtual meeting platforms where required.

The Board, via the RMSWC, is continuously working towards improving the engagement with stakeholders and thus also improving the MSMs identification process. Moving forward, the Group will consider the need to enhance existing methods of engagement, such as through the implementation of Employee Satisfaction Survey and Supplier Feedback Form, to ensure stakeholders' feedbacks and concerns are better received, reviewed and addressed.

MATERIAL SUSTAINABILITY MATTERS

During the financial year, the RMSWC performed a materiality assessment exercise to assess the Group's economic, environmental and social ("EES") risks and opportunities. The steps involved in the materiality assessment exercise are summarised as below:

Prioritisation

- Perspectives and interests of internal & external stakeholders;
- Factors that may affect our financial stability & economic growth; and
- Significance of the EES impact

Identification

Identify sustainability issues across our Group by convening the response internally from the Group's Senior Management

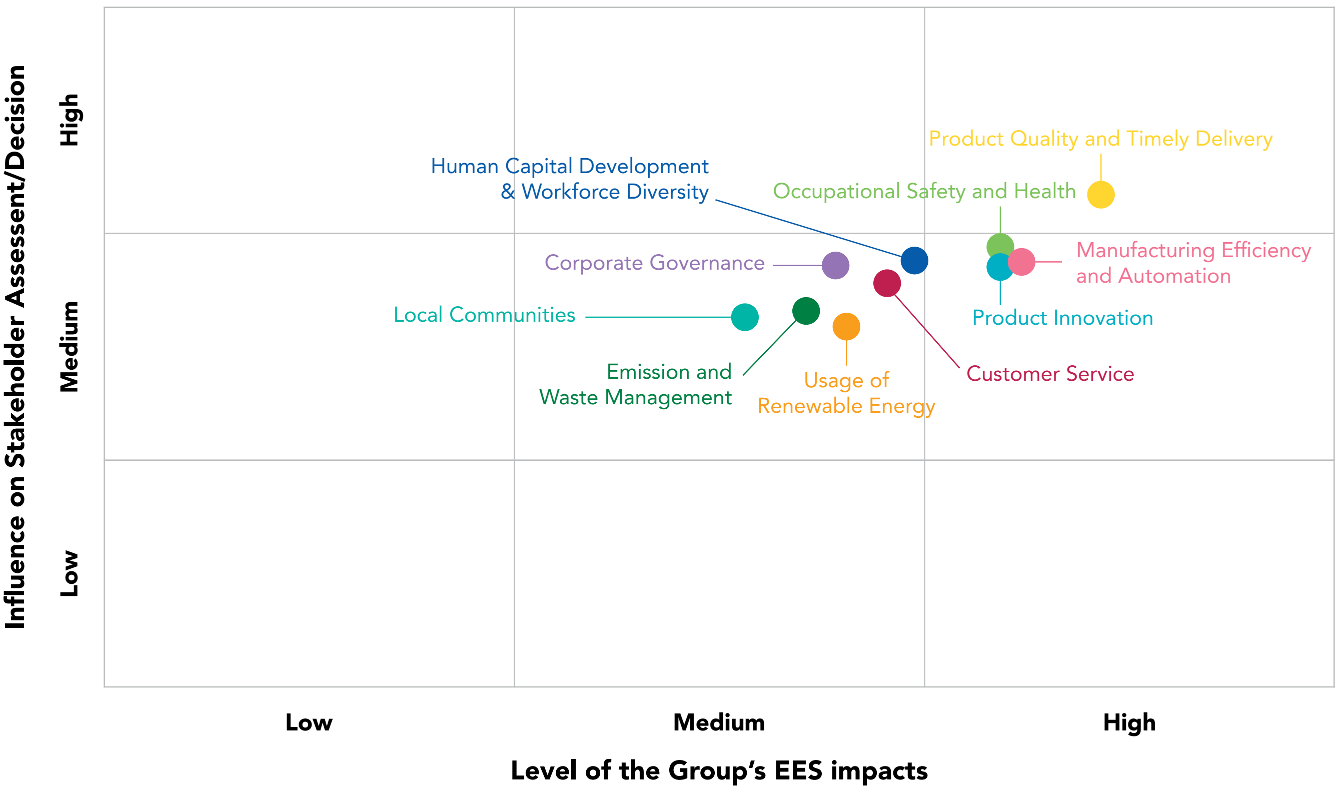
Identification

Identify sustainability through the constant and ongoing engagement with our external stakeholders

Identification

Sustainability issues observed and raised by stakeholders on the conduct of our business operations

Based on our materiality assessment exercise, the RMSWC has identified ten (10) key material sustainability matters which are relevant to our business operations and stakeholders. These matters were then plotted on a matrix that depicts the influence on stakeholder assessments/decisions and the level of the Group's EES impacts as a whole:



Product Quality and Timely Delivery, and Customer Service

As emphasised 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' expectations. To achieve this, we work closely with our customers and help them to focus on what matters the most to them, primarily include product quality and design, costing and pricing targets, and production scheduling and quality control requirements.

Safety and quality of our products are our utmost priority. The Management of the Group communicates regularly with our customers to understand their requirements in order to provide quality and safer polybags and polyfilms. This applies 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 and successful renewal of internationally accredited food safety management system, i.e. ISO22000 and the BRC/IoP Global Standard for Packaging and Packaging Materials.

To ensure consistent quality for each of our shipments to the customers, our quality control ("QC") department carries out quality inspections on the incoming raw materials as well as the products we manufactured. The QC department is guided by a set of stringent criteria on raw materials and manufactured goods' product quality, failing which the raw materials are rejected back to the suppliers, or products are reworked or scrapped. Each month, the QC personnel submits the Product Quality Summary Report for the Management's review on top of the regular on-field inspection by the Management.

In addition to the above, the Group has also carried out regular internal production line audits and external audits by independent auditors, as well as ongoing customer audits to ensure the quality of our products meets expectations and complies with all relevant requirements.

Each year, the Group will administer a Customers' Satisfaction Survey for all our customers to better understand their perceptions and opinions. The survey covers two (2) major aspects, namely Product Quality which touches on quality and safety, and Customer Service which focuses on delivery, technical support and cost management. The Customers' Satisfaction Survey utilises a scoring system with 5.0 being the highest score for each criterion. The survey results for the past three (3) financial years are as follows:

Customer Evaluation on	**FY 2018**	**FY 2019**	**FY 2020**	**Target**
Product Quality	3.38	4.00 (↑ 18%)	4.24 (↑ 6%)	≥ 3.5
Customer Service	3.18	3.91 (↑ 23%)	4.09 (↑ 5%)	≥ 3.5
Average score	**3.28**	**3.96 (↑21%)**	**4.15 (↑5%)**	≥ 3.5

We view feedback from our customers seriously, where the survey results are reported during the monthly Management Review meetings, during which issues are deliberated and improvement plans, where necessary, are formulated for onward implementation. As a result, we have exceeded our internally established target score of 3.5 and managed to achieve consistent improvement in our customers' satisfaction level, as evidenced in our Customers' Satisfaction Survey results. Notable commendations from our customers are the printing quality of our products, as well as our delivery services that use well-maintained containers to ensure goods are intact during the delivery process.

Besides the annual Customers' Satisfaction Survey, the Group also actively monitors and manages customer complaints received. Complaints received, especially product quality-related are promptly investigated and reported to the Management to ensure necessary corrective actions are carried out and to avoid any similar issues from occurring in the future. Complaints pertaining to product quality for the past three (3) financial years are tabled as follows:

	FY 2018	**FY 2019**	**FY 2020**	**Target**
% of complaints received out of total delivery (product quality-related)	1.8%	2.1%	**1.9%**	-
Average monthly complaints received on product quality	13.6	14.8	**12.4**	≤ 10
Average response time	Less than 7 working days	Less than 7 working days	**Less than 7 working days**	Less than 7 working days

The Group has established a target to receive 10 or lesser product quality-related complaints each month and is working to achieve this target. We will also continue to ensure that all complaints received are responded and acted upon within seven (7) working days.

Product Quality and Timely Delivery, and Customer Service (Cont'd)

To ensure timely delivery of products to our customers, the Group practices the following:

- Uses a resource planning system to perform materials budgeting, taking into consideration our suppliers' lead time, to reduce the risk of human error and material shortage;
- Holds production meetings weekly to update on the production schedule and customer feedback; and
- Regularly updates manufacturing and logistics status to customers to ensure customers' expectations are well-managed.

The percentage of late delivery of products to our customers for the past three (3) financial years are as follows:

	FY 2018	FY 2019	FY 2020	Target
% of late delivery cases over total delivery	1.33%	1.01%	**0.59%**	≤ 1%

Late deliveries were constantly being reduced and during the financial year under review, the Group managed to achieve its target of 1% and below of late deliveries (over total deliveries), despite various logistic challenges during the various phases of Movement Control Order ("MCO").

Product Innovation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.5: Substantially reduce waste generation

The Group continues to research, develop and introduce new range of product offerings that cater to the market demands. Over the years, we have expanded our manufacturing capabilities from Blown Film Lines, Flexo Printing Press, Slitting Rewinder and other Converting Lines which has enabled us to co-develop new products with our customers. As such, the Group was able to expand beyond the food & beverages ("F&B") industries and venture into the personal care, home care, health care and industrial sectors.

The most significant ongoing initiatives undertaken by the Group is the continuous effort to minimise the environmental impact of our product, from production to consumption. We use raw materials that allow the reprocessing of any clear scraps that have been produced in our manufacturing process. This results in minimal wastage which reduces the impact on the environment as well as our cost of production.

Newly developed resins, enhanced machinery technologies coupled with polymer precise processing parameters have allowed down-gauging of the Group's plastic packaging products. Through down-gauging, the plastic packaging produced becomes lighter in weight without compromising its versatility and durability and therefore contributes to energy and resource savings in strategic sectors like retails and healthcare.

During the financial year under review, the Group has successfully introduced its own Oriented Polyethylene ("OPE") flexible packaging solutions to fulfil the growing market demand for flexible plastic packaging. Conventional plastic packaging used in many of today's fast moving consumer goods is manufactured through a mixture of several materials. This type of plastic packaging often cannot be recycled or requires a more complex process and higher recycling cost to separate the different materials. OPE however, is made from a single material, which overcomes the typical disadvantages of conventional plastic packaging in the recycling process.

In line with the Group's policy to produce only recyclable products, all our flexible plastic packaging offerings, including Polyolefin materials ("PE"), New Polyethylene ("NPE") and the newly developed OPE are 100% recyclable.

The Group's emphasis on constantly introducing more environmentally friendly products is essential in reducing the business' environmental impact. This is not only aligned with Target 12.5 of the SDG, where we are encouraged to substantially reduce waste generation through prevention, reduction, recycling and reuse, but is also vital in attracting and retaining existing and potential customers, especially our overseas customer base, many of which uphold the importance of selecting vendors with environmental management systems of international standards.

Manufacturing Efficiency and Automation

Target 9.5: Enhance research and upgrade industrial technologies

Manufacturing efficiency continues to be the focus of the Group to ensure high productivity and low cost per unit of output. Our rates of wastage, as a representation of our manufacturing efficiency, are as follows:

	FY 2018	FY 2019	FY 2020	Target
Wastage rate	10.4%	12.8%	**12.2%**	≤ 10%

The wastage rate in financial years 2019 and 2020 has exceeded the Group's target by more than 2% due to new machinery acquired at the end of year 2018 and end of year 2019. The calibration and trial run period to bring the newly acquired machinery to operate at optimum level has resulted in a higher amount of wastage.

To ensure our wastage rate is under control, the Group has established a wastage reduction team to review the production process. Initiatives implemented include, amongst others, having in place a strict preventive maintenance schedule to reduce machinery breakdown and reducing the frequency of changing to a different production output (as changing to a different production output inevitably creates wastage).

Automation in manufacturing processes has also been a focus area for us in recent years, where we implemented automation in certain production processes, particularly on the plastic sheeting and cutting of flexible plastic packaging products to take over the labour intensive and strenuous manual counting processes. Our current production facilities are also automated to record incoming raw materials and work-in-progress, and provides real-time reporting which allows for better decision making and prompt corrective actions.

The investments in new manufacturing capabilities (e.g. machinery) and automation in the past three (3) years are as follows:

	FY 2018	FY 2019	FY 2020
Total investment (RM'000)	14,397	8,753	**127**

Whilst the Group has made major investment in acquiring new manufacturing capabilities in financial years 2018 and 2019, the Group did not do so in financial year 2020 owing to the uncertain economic impact of the Covid-19 pandemic. During the financial year, the Group focused on upgrading and replacing old machineries with new components, to enhance the output yields and energy efficiencies.

Our constant investment in technologies, automation and product innovation is in line with Target 9.5 of the SDG, where we are encouraged to enhance scientific research, upgrade the technological capabilities of industrial sectors by 2030, encouraging innovation and substantially increasing the number of research and development workers, and research and development spending.

Usage of Renewable Energy

Target 7.2: Increase global percentage of renewable energy

In alignment with the Group's sustainable direction, we are committed to run our business as sustainable as possible. The main energy consumed in our operations is electricity. As such, the Group has in year 2018 invested RM6 million to install solar photovoltaic ("PV") system on its factory building. This initiative is estimated to provide the Group with 2,074 MWh of "emission-free" electricity per year, which translates to a reduction of 1,439 tonnes of carbon dioxide ("CO2") emission per year (equivalent to CO2 absorption by 7,196 trees* per year).

* Trees offset calculation is based on trees planted in the humid tropics absorbing an average of 22kg (50 pounds) of CO2 annually over 40 years. Each tree will absorb 1 tonne of CO2 over its lifetime.

Usage of Renewable Energy (Cont'd)

The actual yield results from the solar PV system are summarised as follows:

	FY 2019	FY 2020
Total energy yield (MWh)	1,868	**1,850**
Energy yield over total consumption	12%	**13%**
Estimated electricity cost-saving (RM)	663,274	**656,736**
Estimated CO2 Avoidance (tonnes)	1,297	**1,284**

The Group has also implemented various other energy-saving initiatives to improve the efficient use of electricity, such as:

Installation of Light Emitting Diodes ("LED") lighting	Constant reminder to switch off the lighting of unoccupied spaces	Increasing the temperature setting of the air-conditioning when the weather gets cold	Equipment purchases prioritise energy efficiency, such as the Group's recent procurement of air compressors that are categorised as green asset

The Group's total electricity consumption, as well as the electricity consumption per output, are shown in the following table:

	FY 2018	FY 2019	FY 2020
Electricity consumed per output	0.91 kWh/kg	0.92 kWh/kg	**0.92 kWh/kg**
Total electricity consumed	15,352 MWh	15,720 MWh	**14,469 MWh**

By installing the solar PV system in the factory, the Group is contributing to Target 7.2 of the SDG, where the target is to substantially increase the share of renewable energy in the global energy mix.

Emission and Waste Management

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.4: Responsible management of chemicals and waste

The World Economic Forum Global Risks Report 2020 has ranked the failure of climate change mitigation and adaptation as the number one long-term risk by impact and number two risk by likelihood. Climate change may significantly impact our economy as well as social and environmental determinants of health such as clean air, safe drinking water and sufficient food. As such, the Group is committed to playing its part in combating climate change.

Amongst the Group's efforts to combat climate change include:

- The Group's policy which requires all vehicles, including trucks and passenger cars, to switch off the engine while waiting;
- As part of the Group's 3R (Reduce, Reuse, Recycle) Programme, the Group has placed four (4) types of dustbins (i.e. for recycling of paper, plastic, cans and bottle) in various locations in the Group's premises for disposal of recyclable garbage. Employees are required to sort the garbage before disposing them into the respective dustbins;
- Organising periodic in-house trainings/workshops/seminars to educate the employees on sustainable practices;
- Ensuring strict compliance with the environmental laws relating to environmental standards, emission standards and noise level management; and
- Practices the segregation of wastes from production into recyclable and non-recyclable waste. The recyclable waste is sent to subcontractor to be reprocessed and converted into materials suitable for our production.

Emission and Waste Management (Cont'd)

We do not use any recycled materials in the production of flexible plastic packaging bags/films for hygiene and F&B-related products due to safety concerns. However, the Group uses up to 80% of recycled materials in the production of our other products, such as fashion bags and shopping bags. The use of recycled materials in our manufacturing process over the past three (3) years is as follows:

	FY 2018	FY 2019	FY 2020
Amount of recyclable materials used in manufacturing	6%	8%	**9%**

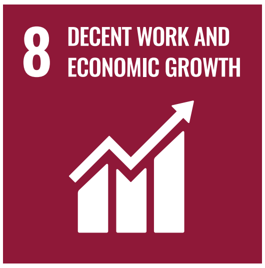
The scheduled waste generated by us, such as chemical waste and sludge ink, are monitored and reported to the relevant Government authorities (e.g. Department of Environment Malaysia) monthly. The Group has also established a treatment process where effluents from production operations are treated and handed over to an outsourced licensed hazardous waste management company for disposal.

Currently, the Group does not monitor the amount of carbon dioxide emission and water consumption as the Group's manufacturing operations do not produce a significant amount of carbon dioxide nor require significant consumption of water.

All our commercial vehicles are certified by 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 in the past three (3) years.

Our initiative in treating effluent and responsible disposal of scheduled waste is in line with Target 12.4 of the SDG that emphasise on the responsible management of chemical and wastes.

Occupational Safety and Health



Target 8.8: Protect labour rights and promote safe working environments

The Group supervises the safe conduct of its operations through the Group's Safety, Health and Environmental Committee ("SHEC"). The SHEC committee meets quarterly and tasked the appointed SHEC team to conduct monthly safety audits to ensure safety actions are taken in complying with the relevant rules and regulations, such as the Occupational Safety and Health Act 1994.

To safeguard our employees and to instil the values and knowledge essential to a safe and healthy workplace, the SHEC Committee organises safety and health-related activities for all categories of employees. Amongst the activities organised during the financial year include training on Standard Operating Procedures ("SOP") during Conditional MCO and safety awareness training (on machinery handling, hazardous materials handling and general safety in the production environment).

At the Group's manufacturing locations, we continue to ensure that our safety equipment and systems are functioning properly and are well-maintained. Safety practices are incorporated into our Procedures and Work Instructions whilst safety signages are set up at designated locations. Our manufacturing plants have been certified by the Director-General of the 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 has also established a Workplace Emergencies and Evacuations and Immediate Action Guideline to guide the response to any potential disasters such as fires and natural disasters.

Over the past three (3) years, the total cases of accidents and loss days were as follows:

	FY 2018	FY 2019	FY 2020
Accident cases	24	30	**14**
Loss days	39.5	43	**37**
Average loss days per accident	1.65	1.43	**2.64**

Occupational Safety and Health (Cont'd)

We have successfully reduced the number of accident cases by more than 50% as compared to the previous financial year. However, there was an isolated accident that resulted in the increased average loss days per accident, although no major injury or fatality was recorded for the financial year under review.

Our focus in providing a safe workplace is aligned with Target 8.8 of the SDG which promotes safe and secure working environments for all workers, including migrant workers.

During the year, there was an outbreak of the Covid-19 coronavirus, in which the Malaysian Government has responded by introducing various phases of MCO, including Conditional MCO and Recovery MCO. During MCO, we have introduced working from home arrangement and alternate team arrangement. To protect the health of our workers, the Group encourages the use of web-based video conferencing tools and mobile applications to conduct meetings and discussions.

The Group has also established in-house SOP to guide business operations, based on Government's SOP and recommendations, including but not limited to:

- require all staff to wear facemask;
- monitor and track body temperature;
- practice physical distancing;
- daily disinfection within the factory and office compound;
- sanitize commercial motor vehicles;
- reminders to frequently wash and sanitise hands;
- training and briefing provided to employees to remind them to follow SOPs; and
- compulsory to check in My Sejahtera when present to the workplace.

We are pleased to report that the Group has not recorded any cases or suspected cases of Covid-19 during the financial year.

Further to safety and health, we also place emphasis on the living condition of our workers. The accommodation that the Group provides for our workers comply with the Workers Minimum Standards of Housing & Amenities Act. Following the new set of regulations effective on 1 September 2020, the relevant authorities have audited the living accommodations we have provided for our foreign workers. The authorities were satisfied with the results.

Human Capital Development and Workforce Diversity

The Group places its employees at the forefront and considers them to be the Group's most important assets, with a particularly strong emphasis being placed on the need to constantly upskill them, treat them fairly and ensure unity amongst the employees.

At the start of each financial year, our Human Resource Department will prepare a training plan to cater for the training needs of the different categories of employees. During the financial year under review, our employees accumulated a total of 2,840 training hours. The Group also adopts a mentoring system where employees are provided with support, coaching and training by their direct manager.

Promoting a harmonious work culture is always a priority for the Group. The Group respects and appreciates diversity in our workforce and does not tolerate discrimination against anyone on the basis of race, religion, gender, etc. As at 31 December 2020, the composition of our workforce is as follows:

By Gender	Male	Female
Executive Directors	2	2
Managerial Position	9	4
Other Office Employees	5	17
Other Factor Employees	263	32

By Age	< 30	30 – 50	> 50
Executive Directors	-	2	2
Managerial Position	1	6	6
Other Employees	176	129	12

Human Capital Development and Workforce Diversity (Cont'd)

Promoting a harmonious work culture is always a priority for the Group. The Group respects and appreciates diversity in our workforce and does not tolerate discrimination against anyone on the basis of race, religion, gender, etc. As at 31 December 2020, the composition of our workforce are as follows: (Cont'd)

By Ethnicity	Malay	Chinese	Indian	Others
Executive Directors	-	4	-	-
Managerial Position	1	12	-	-
Other Employees	68	7	21	221

By Nationality	Malaysian	Non-Malaysian
Executive Directors	4	-
Managerial Position	13	-
Other Employees	96	221

The majority of our workforce is made up of male employees (except for office employees) which is generally the case in the manufacturing industry, as these positions are often labour intensive. For the same reason, our workforce is also made up of mainly younger workers, i.e. 50 years old or below, with more than half being less than 30 years old. As for managerial positions, our managers and leaders are distributed evenly between the more experienced group, i.e. above 50 years old, and the younger and upcoming leaders group, i.e. 50 years old and below.

In terms of employee welfare, the Group initiatives include medical health screening and awareness programme, recognition of long service, increasing EPF contribution rate by the Group based on job grade, hospitalisation insurance coverage and free medical check-up for the Group's employees and their legal spouses.

Local Communities

In the social realm, the Group remained dedicated to fulfilling its role as a responsible corporate citizen by ensuring the creation of sustainable value for the local communities. 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 socially responsible corporate citizens in the community through making cash donations and in-kind, such as the donation of our plastic aprons and hand gloves to the Silver Jubilee Home for the Age in Penang, and cash donations to charitable society to provide food and necessity to the needy.

Corporate Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Target 16.5: Substantially reduce corruption and bribery

The Board continues to place emphasis on the importance of adherence to the principles of good governance practices throughout the Group. One of the Group's key governance-related initiatives launched during the financial year is the rollout of our Anti-Bribery and Corruption programme.

In January 2020, the Group formed an Anti-Bribery and Corruption ("ABC") team to set up and implement the Group's Anti-Bribery and Corruption programme. Thereafter, the ABC team has conducted 13 meetings up until 1 June 2020, when the Section 17A of the Malaysian Anti-Corruption and Commission ("MACC") Act 2009 took effect.

Amongst the anti-bribery and corruption initiatives implemented include:

- establishment of an Anti-Bribery and Corruption Policy to set out the Group's "zero-tolerance" stance against all forms of bribery and corruption practices;
- conduct of corruption risk assessment to identify activities and positions with higher corruption risk exposures;
- all directors and key management personnel, as well as personnel from departments with higher corruption risk exposures, such as purchasing, supply chain and sales and marketing, are required to attend anti-bribery and corruption training/ briefing;
- review of the Group's Whistleblowing Policies and Procedures ("WPP");
- communication of the Group's stance and expectation to all its existing suppliers and business associates via letter requiring their acknowledgement. Up to the date of this Statement, we have obtained written acknowledgement from 77% of our customers and 76% from our suppliers;
- inclusion of anti-bribery and corruption-related terms in the Group's new supplier application form; and
- inclusion of the Group's anti-corruption motto, i.e. "We are committed to Zero Corruption" throughout the Group's various communication tools, including in email signature, corporate website and other relevant documents.

During the financial year under review, there was no incidence of corruption or bribery noted/ reported.

The setting up of adequate procedures to combat bribery and corruption is not only a practice under the MACC Act, but is also in line with Target 16.5 of the SDG on substantially reducing corruption and bribery in all their forms.

Further details of the Group's corporate governance practices are set out in the Corporate Governance Overview Statement of this Annual Report and the Corporate Governance Report 2020.

CONCLUSION

The Group is committed to ensuring that sustainability is incorporated throughout its daily business management and operations. The Group will endeavour to continuously manage and monitor the MSMs disclosed in this Statement, as well as other sustainability risks and opportunities, to enable the sustainable creation and preservation of long-term value to the Group's stakeholders.

The Board has reviewed the existing sustainability practices and will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board continues to monitor the sustainability performance of the Group's operations.

Directors' Responsibility Statement

The Board of Directors 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 their results and cash flows for the financial year then ended.

The Directors consider that, in preparing the financial statements of SLP for the financial year ended 31 December 2020 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 9 April 2021.

Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2017 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 and the importance of a sound system of Risk Management and Internal Controls.

The Board of Directors ("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.

AUDIT AND RISK MANAGEMENT COMMITTEE'S ROLE

The Audit and Risk Management Committee ("ARMC") is accountable to the Board for the implementation of the ongoing processes in identifying, evaluating, monitoring and reporting of risks and internal control. The Group Managing Director and Account Manager have provided the Board the assurance that the Group's risk management and internal control systems (including Corruption Risk Assessment & Adequate Procedures) are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives and strategies, 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' 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 and the ARMC. The structure allows for strategic risk discussions to take place between the Board and the ARMC on a periodical basis. The summary of the accountabilities for the Board and the ARMC 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 and Risk Management 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;
   - 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 ARMC accordingly.

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

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.

CORPORATE LIABILITY

Prior to 01 June 2020, the Group has set up an Anti-Bribery and Corruption ("ABC") team to develop the ABC policy and review existing procedures to enhance controls in order to ensure adequate procedures are in place. The Group's adequate procedures are structured around the T.R.U.S.T. principles, as follows:

T – Top-level Commitment
R – Risk Assessment
U – Undertake Control measures
S – Systematic Review, Monitoring & Enforcement
T – Training & Communication

The Group's ABC policy has been approved by the Board of Directors on 13 May 2020 and published in the Company's website pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The ABC policy is applicable to the employees, directors, customers, suppliers, agents and business associates. The Group is committed to 'Zero Corruption' as the Group conducts business in an ethical way. The Group's stand towards bribery and corruption has been conveyed to the employees and third parties by various means. The 'Human Resources Department' ('HRD') has also conducted an internal training to brief every employee on the Group's ABC policy.

INTERNAL AUDIT FUNCTION

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

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

The ARMC has full and direct access to the internal auditors and the ARMC receives reports on all internal audits performed (including a review on the Adequate Procedures of the Group). This is to establish an internal audit function which is independent of activities it audits. Significant findings and recommendations for improvement are highlighted to Management and the ARMC, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 December 2020, the Board has reasonable assurance that the Group's systems of internal control are generally adequate and appear 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 9 April 2021.

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 [(1)]	Member, *Non-Independent Non-Executive Director*

Note: 1. Resigned as Non-Independent Non-Executive Director and member of ARMC on 1 March 2021.

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 2020, a total of four (4) ARMC meetings were held. The details of attendance of each member of the Committee were as follows:

Directors	Attendance
Mary Geraldine Phipps	4/4
Chan Wah Chong	4/4
Law Cheng Lock	4/4
Leow Chan Khiang	4/4

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 2020, 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 2020 of the Group and of the Company prior to recommending them for approval by the Board of Directors;

(ii) Management had reported to the ARMC that except for the transactions as disclosed under Note 27 of the Audited Financial Statements, there is no other related party transaction entered into by the Group and the Company 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.

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

During the financial year ended 31 December 2020, the activities undertaken by the Committee included the following: (Cont'd)

Annual report

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

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 Group and of the Company for the financial year ended 31 December 2020;
(ii) Reviewed the external auditors' scope of work and the audit plan for the financial year ended 31 December 2020;
(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 2020; 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 plan for FY2020 to ensure adequate scope, coverage of the activities of the Group and of the Company; 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 of Directors for consideration and approval for inclusion in the Company's Annual Report for the financial year ended 31 December 2020.
(ii) Reviewed and proposed the ABC Policy to the Board for approval pursuant to section 17A of the Malaysian Anti-Corruption Commission Act 2009.

5. TRAINING

During the financial year ended 31 December 2020, 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:

- In-house Training on Preparation for Corporate Liability on Corruption Under MACC Act 2019
- Related/Recurrent Related Part Transactions, and General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act, 2009
- Webinar – Crises-proofing the Annual General Meeting
- Webinar – Section 17A MACC Act 2009: A New Horizon in Malaysian Corporate Accountability
- Corporate Liability Under Section 17A of MACC Act 2009 focusing on Corruption Risk Assessment
- Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
- Captains' Forum: Transformation towards recovery
- Webinar – Captains Forum Session 1 Financial Resilience
- 2020 (Australian) Federal Budget Virtual Breakfast
- ACI Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience
- Webinar – Analytics & Big Data for Accountants

5. TRAINING (Cont'd)

During the financial year ended 31 December 2020, 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: (Cont'd)

- Tax and Business Summit
- Webinar – Leverage Free Analytics Tools for Your Accounting Tasks
- Webinar – Effective Leadership under Market Turbulence
- Webinar – The Value Reporting Foundation – A game changing merger to simplify the corporate reporting landscape

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 of Directors, through the ARMC, the system 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 44 to 46 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 2020 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 controls to ensure that the corrective actions were implemented appropriately. During the Board of Directors 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 the internal audit function to an independent professional firm during the financial year amounted to approximately RM26,223.

This report is made in accordance with a resolution of the Board of Directors dated 9 April 2021.

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. 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 for services rendered for the financial year ended 31 December 2020 are as follows:

Type of Fees	Company (RM)	Group (RM)
Audit Fees	29,500	125,000
Non-Audit Fees		
- KPMG PLT	4,000	4,000
- Local affiliate of KPMG PLT	3,600	32,200

3. Employees Share Options Scheme

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

4. 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 RM26,223.

5. 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 25 to 26 of this Annual Report.

6. Recurrent Related Party Transactions of Revenue Nature

Details of the recurrent related party transactions of revenue nature have been duly disclosed in Note 27 of the Notes to the Financial Statements for the financial year ended 31 December 2020.

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 proposals are being disclosed in the Circular to Shareholders dated 28 April 2021.

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Directors' Report

for the year ended 31 December 2020

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 2020.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 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 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	16,469,389	15,987,586

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 2019 as reported in the Directors' Report of that year:

- A third interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 8 November 2019 and paid on 8 January 2020; and
- A fourth interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 26 February 2020 and paid on 10 April 2020.

ii) In respect of the financial year ended 31 December 2020:

- A first interim dividend of 1.0 sen per ordinary share totalling RM3,169,600 declared on 3 May 2020 and paid on 3 July 2020;
- A second interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 2 August 2020 and paid on 8 October 2020; and
- A third interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 8 November 2020 and paid on 6 January 2021.

Subsequent to the financial year, the Company declared a fourth interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 in respect of the financial year ended 31 December 2020 on 26 February 2021 and payable on 13 April 2021.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2020.

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
Mary Geraldine Phipps
Chan Wah Chong
Law Cheng Lock
Leow Chan Khiang (Resigned on 1 March 2021)

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 1.1.2020	**Bought**	**(Sold)**	**At 31.12.2020**
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	127,212,859	1,439,200	-	128,652,059
Khaw Seang Chuan				
Interest in the Company:				
- own	47,787,184	1,589,100	-	49,376,284
- others #	232,799	-	-	232,799
Deemed interest in the Company:				
- own	127,212,859	1,439,200	-	128,652,059

Directors' interests in shares (Cont'd)

	Number of ordinary shares			
	At 1.1.2020	Bought	(Sold)	At 31.12.2020
Khaw Choon Hoong				
Interest in the Company:				
- own	3,329,499	600,000	-	3,929,499
Deemed interest in the Company:				
- own	127,212,859	1,439,200	-	128,652,059
Khaw Choon Choon				
Interest in the Company:				
- own	1,853,199	-	-	1,853,199
- others #	-	50,000	-	50,000
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 2020 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 the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 27 to the financial statements.

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

Issue of shares and debentures

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 premium paid for 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 2020 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.

Event subsequent to year end

The 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 18 to the financial statements.

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

Khaw Khoon Tee
Director

Khaw Seang Chuan
Director

Penang,

Date: 9 April 2021

Statements of Financial Position

as at 31 December 2020

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Assets					
Property, plant and equipment	3	**65,363,751**	71,764,084	**-**	-
Right-of-use assets	4	**10,024,396**	10,363,169	**-**	-
Intangible assets	5	**19,910**	19,910	**-**	-
Investment in subsidiaries	6	**-**	-	**90,226,082**	91,250,417
Other investments	7	**-**	147,000	**-**	-
Total non-current assets		**75,408,057**	82,294,163	**90,226,082**	91,250,417
Inventories	8	**36,377,014**	29,480,558	**-**	-
Trade and other receivables	9	**29,718,753**	24,325,219	**3,003,000**	4,453,000
Current tax assets		**557,935**	1,312,766	**8,564**	5,378
Cash and cash equivalents	10	**74,368,900**	74,175,896	**25,961,798**	24,933,642
Total current assets		**141,022,602**	129,294,439	**28,973,362**	29,392,020
Total assets		**216,430,659**	211,588,602	**119,199,444**	120,642,437
Equity					
Share capital	11	**113,680,000**	113,680,000	**113,680,000**	113,680,000
Reserves	12	**68,114,107**	70,626,006	**683,155**	2,128,366
Total equity attributable to owners of the Company		**181,794,107**	184,306,006	**114,363,155**	115,808,366

Statements of Financial Position (Cont'd)

as at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Liabilities					
Deferred tax liabilities	13	**8,222,000**	7,367,000	**-**	-
Total non-current liabilities		**8,222,000**	7,367,000	**-**	-
Current tax liabilities		**1,154,336**	341,258	**-**	-
Trade and other payables	14	**25,179,472**	19,574,338	**4,836,289**	4,834,071
Derivative financial liabilities	15	**80,744**	-	**-**	-
Total current liabilities		**26,414,552**	19,915,596	**4,836,289**	4,834,071
Total liabilities		**34,636,552**	27,282,596	**4,836,289**	4,834,071
Total equity and liabilities		**216,430,659**	211,588,602	**119,199,444**	120,642,437

The notes on pages 68 to 118 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue	16	**146,992,774**	166,848,912	**16,925,000**	12,900,000
Changes in work-in-progress and manufactured inventories		**1,495,698**	(2,009,142)	**-**	-
Raw materials and consumables used		**(96,821,826)**	(108,494,105)	**-**	-
Employee benefits expenses	17	**(12,762,017)**	(12,532,544)	**(4,000)**	(5,000)
Depreciation of property, plant and equipment	3	**(6,693,326)**	(6,261,805)	**-**	-
Depreciation of right-of-use assets	4	**(153,189)**	(150,995)	**-**	-
(Impairment loss)/Reversal of impairment loss on financial instruments	18	**(25,307)**	9,426	**-**	-
Other expenses		**(11,873,882)**	(13,758,726)	**(1,364,025)**	(355,818)
Other income		**1,391,213**	476,519	**-**	1,312,396
Results from operating activities		**21,550,138**	24,127,540	**15,556,975**	13,851,578

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

for the year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Finance income	18	**934,739**	1,170,387	**431,836**	754,138
Profit before tax	18	**22,484,877**	25,297,927	**15,988,811**	14,605,716
Tax expense	20	**(6,015,488)**	(3,799,066)	**(1,225)**	(286)
Profit for the year attributable to owners of the Company		**16,469,389**	21,498,861	**15,987,586**	14,605,430
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		**4,567**	(38,800)	**-**	-
	21	**4,567**	(38,800)	**-**	-

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

for the year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation differences	21	**(1,553,058)**	(1,007,930)	**-**	-
		(1,553,058)	(1,007,930)	**-**	-
Total other comprehensive (expense)/income for the year, net of tax		**(1,548,491)**	(1,046,730)	**-**	-
Total comprehensive income for the year attributable to owners of the Company		**14,920,898**	20,452,131	**15,987,586**	14,605,430
Basic/Diluted earnings per ordinary share (sen)	22	**5.20**	6.78	**-**	-

The notes on pages 68 to 118 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	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 2019		113,680,000	(2,491,238)	(20,580)	70,118,490	181,286,672
Net change in fair value of equity instruments designated at fair value through other comprehensive income		-	-	(38,800)	-	(38,800)
Foreign currency translation differences		-	(1,007,930)	-	-	(1,007,930)
Total other comprehensive expense for the year		-	(1,007,930)	(38,800)	-	(1,046,730)
Profit for the year		-	-	-	21,498,861	21,498,861
Total comprehensive (expense)/income for the year		-	(1,007,930)	(38,800)	21,498,861	20,452,131
Distributions to owners of the Company						
Dividends to owners of the Company	23	-	-	-	(17,432,797)	(17,432,797)
Total transactions with owners of the Company		-	-	-	(17,432,797)	(17,432,797)
At 31 December 2019		113,680,000	(3,499,168)	(59,380)	74,184,554	184,306,006
		Note 11	Note 12	Note 12	Note 12	

Consolidated Statement of Changes in Equity (Cont'd)

for the year ended 31 December 2020

	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 2020		**113,680,000**	**(3,499,168)**	**(59,380)**	**74,184,554**	**184,306,006**
Net change in fair value of equity instruments designated at fair value through other comprehensive income		**-**	**-**	**4,567**	**-**	**4,567**
Foreign currency translation differences		**-**	**(1,553,058)**	**-**	**-**	**(1,553,058)**
Total other comprehensive (expense)/income for the year		**-**	**(1,553,058)**	**4,567**	**-**	**(1,548,491)**
Profit for the year		**-**	**-**	**-**	**16,469,389**	**16,469,389**
Total comprehensive (expense)/income for the year		**-**	**(1,553,058)**	**4,567**	**16,469,389**	**14,920,898**
Distributions to owners of the Company						
Dividends to owners of the Company	23	**-**	**-**	**-**	**(17,432,797)**	**(17,432,797)**
Total transactions with owners of the Company		**-**	**-**	**-**	**(17,432,797)**	**(17,432,797)**
Transfer upon the disposal of equity investment designated at fair value through other comprehensive income		**-**	**-**	**(50,767)**	**50,767**	**-**
At 31 December 2020		**113,680,000**	**(5,052,226)**	**(105,580)**	**73,271,913**	**181,794,107**
		Note 11	**Note 12**	**Note 12**	**Note 12**	

The notes on pages 68 to 118 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2020

	Note	Share capital RM	*Distributable* Retained earnings RM	Total equity RM
Company				
At 1 January 2019		113,680,000	4,955,733	118,635,733
Profit for the year representing total comprehensive income for the year		-	14,605,430	14,605,430
Distributions to owners of the Company				
Dividends to owners of the Company	23	-	(17,432,797)	(17,432,797)
Total transactions with owners of the Company		-	(17,432,797)	(17,432,797)
At 31 December 2019/1 January 2020		**113,680,000**	**2,128,366**	**115,808,366**
Profit for the year representing total comprehensive income for the year		**-**	**15,987,586**	**15,987,586**
Distributions to owners of the Company				
Dividends to owners of the Company	23	**-**	**(17,432,797)**	**(17,432,797)**
Total transactions with owners of the Company		**-**	**(17,432,797)**	**(17,432,797)**
At 31 December 2020		**113,680,000**	**683,155**	**114,363,155**
		Note 11	**Note 12**	

The notes on pages 68 to 118 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from operating activities					
Profit before tax		**22,484,877**	25,297,927	**15,988,811**	14,605,716
Adjustments for:					
Depreciation of property, plant and equipment	3	**6,693,326**	6,261,805	**-**	-
Depreciation of right-of-use assets	4	**153,189**	150,995	**-**	-
Gain on disposal of plant and equipment	18	**(71,216)**	(19,995)	**-**	-
Impairment loss/ (Reversal of impairment loss) on investment in a subsidiary	18	**-**	-	**1,024,335**	(1,312,396)
Impairment loss/ (Reversal of impairment loss) on trade receivables	18	**25,307**	(9,426)	**-**	-
Impairment loss on intangible assets	18	**-**	2,325	**-**	-
Plant and equipment written off	18	**1**	494	**-**	-
Dividend income	18	**(2,400)**	(5,800)	**(16,925,000)**	(12,900,000)
Finance income	18	**(934,739)**	(1,170,387)	**(431,836)**	(754,138)
Operating profit/(loss) before changes in working capital		**28,348,345**	30,507,938	**(343,690)**	(360,818)

Statements of Cash Flows (Cont'd)

for the year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Changes in working capital:					
Inventories		**(7,239,922)**	11,777,417	**-**	-
Trade and other receivables		**(5,632,480)**	7,522,766	**-**	1,950
Trade and other payables		**5,815,058**	(764,268)	**2,218**	2,525
Cash generated from/(used in) operations		**21,291,001**	49,043,853	**(341,472)**	(356,343)
Dividends received		**-**	-	**18,375,000**	17,450,000
Tax (paid)/refunded		**(3,592,609)**	(3,234,677)	**(4,411)**	3,181
Net cash from operating activities		**17,698,392**	45,809,176	**18,029,117**	17,096,838
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(1,159,798)**	(9,592,570)	**-**	-
Investment in a subsidiary		**-**	-	**-**	(7,000,000)
Proceeds from disposal of other investments		**151,567**	-	**-**	-
Proceeds from disposal of plant and equipment		**78,300**	20,000	**-**	-
Dividend received		**2,400**	5,800	**-**	-
Interest received		**934,739**	1,170,387	**431,836**	754,138
Net cash from/(used in) investing activities		**7,208**	(8,396,383)	**431,836**	(6,245,862)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from financing activity					
Dividends paid to owners of the Company		**(17,432,797)**	(17,432,797)	**(17,432,797)**	(17,432,797)
Net cash used in financing activity		**(17,432,797)**	(17,432,797)	**(17,432,797)**	(17,432,797)
Net increase/(decrease) in cash and cash equivalents		**272,803**	19,979,996	**1,028,156**	(6,581,821)
Effect of foreign exchange rate fluctuations on cash held		**(79,799)**	(51,804)	**-**	-
Cash and cash equivalents at 1 January		**74,175,896**	54,247,704	**24,933,642**	31,515,463
Cash and cash equivalents at 31 December	10	**74,368,900**	74,175,896	**25,961,798**	24,933,642
Cash outflows for leases as a lessee					
Included in net cash from operating activities					
Payment relating to short-term leases	18	**115,080**	119,840	**-**	-
Payment relating to leases of low-value assets	18	**7,153**	4,510	**-**	-
Total cash outflows for leases		**122,233**	124,350	**-**	-

The notes on pages 68 to 118 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 George Town
Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 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 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 9 April 2021.

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 standard 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 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The following are accounting standard 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: (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

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

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

The Group and the Company plan to apply the abovementioned accounting standard and amendments, where applicable in the respective financial years when the abovementioned standard or amendments become effective.

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 2023 as it is not applicable to the Group and the Company.

The initial application of the amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(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 other than those disclosed in the following notes:

- Note 8 – inventories; and
- Note 28.4 – measurement of expected credit loss

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date where the Group first adopted MFRS) which are treated as assets and liabilities of the Company. 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

(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.

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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(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)).

Financial liabilities

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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial liabilities (Cont'd)

(a) Fair value through profit or loss (Cont'd)

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.

(iii) Financial guarantee contracts

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

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.

(iv) 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.

(v) 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.

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. 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
Factory buildings	44 - 50
Renovation	50
Plant, machinery and factory equipment	5 - 13
Office furniture and equipment	2 - 10
Motor vehicles	5 - 7

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

2. Significant accounting policies (Cont'd)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(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.

2. Significant accounting policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Research and development (Cont'd)

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.

(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.

2. Significant accounting policies (Cont'd)

(i) Impairment

(i) Financial assets

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)

(ii) Other assets

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

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

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

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

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

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

(j) Equity instruments

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

(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.

2. Significant accounting policies (Cont'd)

(k) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(l) Provisions

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

(m) Revenue and other income

(i) 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 over time 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.

2. Significant accounting policies (Cont'd)

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

(iv) Rental income

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

(v) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(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.

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

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

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

(o) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

2. Significant accounting policies (Cont'd)

(o) Income tax (Cont'd)

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.

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

(q) Operating segments

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

(r) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(s) Fair value 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.

2. Significant accounting policies (Cont'd)

(s) Fair value measurements (Cont'd)

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	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 2019	166,878	32,329,450	119,000	109,001,767	1,362,156	2,704,309	398,824	146,082,384
Additions	-	-	-	8,790,804	63,098	175,742	562,926	9,592,570
Written off	-	-	-	(874,405)	(190,207)	-	-	(1,064,612)
Disposals	-	-	-	(431,865)	-	(106,482)	-	(538,347)
Reclassifications	-	115,376	-	326,508	-	-	(441,884)	-
Effect of movements in exchange rates	(1,735)	(335,941)	-	(807,619)	(10,980)	(2,252)	(4,407)	(1,162,934)
At 31 December 2019/ 1 January 2020	**165,143**	**32,108,885**	**119,000**	**116,005,190**	**1,224,067**	**2,771,317**	**515,459**	**152,909,061**
Additions	**-**	**-**	**-**	**579,780**	**14,630**	**351,340**	**214,048**	**1,159,798**
Written off	**-**	**-**	**-**	**(88,000)**	**(14,180)**	**-**	**-**	**(102,180)**
Disposals	**-**	**-**	**-**	**(9,500)**	**(4,800)**	**(454,808)**	**-**	**(469,108)**
Reclassification	**-**	**-**	**-**	**384,450**	**-**	**-**	**(384,450)**	**-**
Effect of movements in exchange rates	**(3,066)**	**(596,207)**	**-**	**(1,514,137)**	**(19,582)**	**(10,884)**	**(1,667)**	**(2,145,543)**
At 31 December 2020	**162,077**	**31,512,678**	**119,000**	**115,357,783**	**1,200,135**	**2,656,965**	**343,390**	**151,352,028**

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

	Freehold 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 2019	-	5,697,169	24,794	67,575,637	1,262,917	2,521,596	-	77,082,113
Depreciation for the year	-	700,676	2,380	5,390,601	69,998	98,150	-	6,261,805
Written off	-	-	-	(874,328)	(189,790)	-	-	(1,064,118)
Disposals	-	-	-	(431,861)	-	(106,481)	-	(538,342)
Effect of movements in exchange rates	-	(67,953)	-	(516,051)	(10,257)	(2,220)	-	(596,481)
At 31 December 2019/ 1 January 2020	**-**	**6,329,892**	**27,174**	**71,143,998**	**1,132,868**	**2,511,045**	**-**	**81,144,977**
Depreciation for the year	**-**	**712,860**	**30,607**	**5,825,982**	**51,241**	**72,636**	**-**	**6,693,326**
Written off	**-**	**-**	**-**	**(87,999)**	**(14,180)**	**-**	**-**	**(102,179)**
Disposals	**-**	**-**	**-**	**(2,850)**	**(4,368)**	**(454,806)**	**-**	**(462,024)**
Effect of movements in exchange rates	**-**	**(149,375)**	**-**	**(1,105,601)**	**(19,764)**	**(11,083)**	**-**	**(1,285,823)**
At 31 December 2020	**-**	**6,893,377**	**57,781**	**75,773,530**	**1,145,797**	**2,117,792**	**-**	**85,988,277**

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

	Freehold 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
Carrying amounts								
At 1 January 2019	166,878	26,632,281	94,206	41,426,130	99,239	182,713	398,824	69,000,271
At 31 December 2019/ 1 January 2020	**165,143**	**25,778,993**	**91,826**	**44,861,192**	**91,199**	**260,272**	**515,459**	**71,764,084**
At 31 December 2020	**162,077**	**24,619,301**	**61,219**	**39,584,253**	**54,338**	**539,173**	**343,390**	**65,363,751**

4. Right-of-use assets - Group

	Land RM
At 1 January 2019	10,622,723
Depreciation	(150,995)
Effect of movements in exchange rates	(108,559)
At 31 December 2019/1 January 2020	**10,363,169**
Depreciation	**(153,189)**
Effect of movements in exchange rates	**(185,584)**
At 31 December 2020	**10,024,396**

The Group leases land for a period ranging from 75 to 78 years.

4.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	2020 RM	2019 RM
Group		
Less than one year	**36,000**	24,000

5. Intangible assets - Group

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2019/31 December 2019/ 1 January 2020/31 December 2020	**19,910**	**988,302**	**1,008,212**
Amortisation and impairment loss			
At 1 January 2019	-	(985,977)	(985,977)
Impairment loss	-	(2,325)	(2,325)
At 31 December 2019/1 January 2020/31 December 2020	**-**	**(988,302)**	**(988,302)**
Carrying amounts			
At 1 January 2019	19,910	2,325	22,235
At 31 December 2019/1 January 2020/31 December 2020	**19,910**	**-**	**19,910**

5. Intangible assets - Group (Cont'd)

Development costs

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

6. Investment in subsidiaries

	Company	
	2020 RM	**2019 RM**
Cost of investments	**95,985,373**	95,985,373
Less: Impairment loss	**(5,759,291)**	(4,734,956)
	90,226,082	91,250,417

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective ownership interest and voting interest		Principal activities
	2020 %	**2019 %**	
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. SSB ceased its operations during the financial year ended 31 December 2019 and commenced the voluntary winding-up on 16 February 2021.
SLP Green Tech Sdn. Bhd.	**100**	100	Manufacture and sale of specialised plastic film and packaging products.
SLP Polymers Sdn. Bhd.	**100**	100	Trading of polymer products such as resin.

All the subsidiaries are incorporated in Malaysia with same principal place of business.

6.1 Impairment loss

The impairment loss during the year of RM1,024,335 (2019 : reversal of RM1,312,396) is included in other expenses (2019 : other income). The impairment loss made during the financial year ended 31 December 2020 is in relation to dividend income received during the year of RM1,000,000 by Sinliplas Sdn. Bhd. that commenced the voluntary winding-up after the reporting period where its recoverable amount of RM10,586,393 (2019 : RM11,610,728) is determined based on the fair value less cost to sell. The fair value is categorised within Level 2 of the fair value hierarchy. The fair value is categorised within Level 2 of the fair value hierarchy. Level 2 fair value Level 2 fair value is derived using the net assets comparison approach. Net assets of Sinliplas Sdn. Bhd., being the most significant input in this valuation approach, is adjusted for expenses to be incurred prior to finalisation of voluntary winding-up.

7. Other investments - Group

	Note	Shares Quoted RM
2020		
Non-current		
Fair value through other comprehensive income	7.1	-
2019		
Non-current		
Fair value through other comprehensive income	7.1	147,000

7.1 Equity investments designated at fair value through other comprehensive income

The Group designated the investments in 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.

	Fair value at 31 December RM	Dividend income recognised during the year RM
2019		
Petronas Chemicals Group Berhad	147,000	5,800

During the year ended 31 December 2020, the Group disposed the following investment which is carried at fair value through other comprehensive income because it is no longer in line with the Group's strategy:

	Fair value at derecognition RM	Cumulative gain on disposal RM	Dividend recognised in 2020 RM
Petronas Chemicals Group Berhad	151,567	50,767	2,400

8. Inventories - Group

	2020 RM	2019 RM
Raw materials	**25,133,606**	19,732,848
Work-in-progress	**5,314,289**	6,028,927
Manufactured inventories	**5,929,119**	3,718,783
	36,377,014	29,480,558

8.1 Significant judgements and assumptions

In determining the amount of inventories to be written down, the Directors took into consideration the age of the inventories and the likelihood of future consumption.

9. Trade and other receivables

	Note	2020 RM	2019 RM
Group			
Trade			
Amount due from a company controlled by a Director	9.1	**649,661**	406,354
Third parties		**27,865,705**	22,909,724
Trade receivables from contracts with customers		**28,515,366**	23,316,078
Non-trade			
Other receivables	9.2	**867,501**	643,147
Deposits		**60,059**	62,822
Prepayments		**275,827**	303,172
		1,203,387	1,009,141
		29,718,753	24,325,219
Company			
Non-trade			
Deposits		**3,000**	3,000
Dividends receivable from subsidiaries		**3,000,000**	4,450,000
		3,003,000	4,453,000

9. Trade and other receivables (Cont'd)

9.1 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.

9.2 Other receivables

Included in other receivables of the Group is goods and services tax ("GST") receivable amounting to RM Nil (2019 : RM389,200).

10. Cash and cash equivalents

	Note	2020 RM	2019 RM
Group			
Short term funds	10.1	**29,846,177**	29,201,620
Short term deposits with licensed banks		**8,399,528**	20,600,000
Cash and bank balances		**36,123,195**	24,374,276
		74,368,900	74,175,896
Company			
Short term funds	10.1	**20,251,157**	19,827,261
Short term deposits with a licensed bank		**3,600,000**	5,000,000
Cash and bank balances		**2,110,641**	106,381
		25,961,798	24,933,642

10.1 Short term funds

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

11. Share capital - Group/Company

	2020		2019	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments	**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	2020 RM	2019 RM
Group			
Non-distributable			
Fair value reserve	12.1	**(105,580)**	(59,380)
Foreign currency translation reserve	12.2	**(5,052,226)**	(3,499,168)
Distributable			
Retained earnings		**73,271,913**	74,184,554
		68,114,107	70,626,006
Company			
Distributable			
Retained earnings		**683,155**	2,128,366

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 and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

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 where the functional currency is not Ringgit Malaysia.

13. Deferred tax liabilities - Group

Deferred tax liabilities are attributable to the following:

	2020 RM	2019 RM
Property, plant and equipment	**9,483,000**	8,921,000
Investment tax allowance carry-forwards	**(1,245,000)**	(1,391,000)
Reinvestment allowance carry-forwards	**(18,000)**	-
Others	**2,000**	(163,000)
	8,222,000	7,367,000

13. Deferred tax liabilities - Group (Cont'd)

Movements in temporary differences during the year are as follows:

	At 1 January 2019 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2019/ 1 January 2020 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2020 RM
Property, plant and equipment	8,101,000	820,000	8,921,000	562,000	9,483,000
Investment tax allowance carry-forwards	(1,453,000)	62,000	(1,391,000)	146,000	(1,245,000)
Reinvestment allowance carry-forwards	(966,000)	966,000	-	(18,000)	(18,000)
Others	681,000	(844,000)	(163,000)	165,000	2,000
	6,363,000	1,004,000	7,367,000	855,000	8,222,000

14. Trade and other payables

	2020 RM	2019 RM
Group		
Trade		
Trade payables	**18,331,934**	12,949,267
Non-trade		
Other payables	**1,232,124**	951,816
Accrued expenses	**861,015**	918,856
Dividend payable	**4,754,399**	4,754,399
	6,847,538	6,625,071
	25,179,472	19,574,338
Company		
Non-trade		
Accrued expenses	**81,890**	79,672
Dividend payable	**4,754,399**	4,754,399
	4,836,289	4,834,071

15. Derivative financial liabilities - Group

	2020		2019	
	Nominal value RM	Liabilities RM	Nominal value RM	Liabilities RM
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	**19,104,000**	**80,744**	-	-

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

16. Revenue

	2020 RM	2019 RM
Group		
Revenue from contracts with customers	**146,992,774**	166,848,912

Company

Revenue represents dividend income received from its subsidiaries.

16.1 Disaggregation of revenue

	2020 RM	2019 RM
Major products		
Manufacturing and sale of plastic packaging and its related products	**107,979,173**	134,397,269
Trading of polymer products	**39,013,601**	32,451,643
	146,992,774	166,848,912
Timing and recognition		
At a point in time	**146,992,774**	166,848,912

16. Revenue (Cont'd)

16.2 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 is transferred to the customer.	Credit period of 30 to 90 days from invoice date.

The revenue from contracts with customers of the Group is not subject to variable element in the considerations, obligation for returns or refunds and warranty.

16.3 Transaction price allocated to the remaining performance obligations

The Group applies practical expedient exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

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

17. Employee benefits expenses - Group

Employee benefits expenses of the Group include contributions to the Employees' Provident Fund of RM662,387 (2019 : RM652,212).

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

18. Profit before tax

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- Audit fees by KPMG PLT	**125,000**	117,500	**29,500**	27,500
- non-audit fees				
- KPMG PLT	**4,000**	3,500	**4,000**	3,500
- Local affiliate of KPMG PLT	**32,200**	32,200	**3,600**	3,100
Directors' emoluments				
- Directors of the Company				
- fees	**152,000**	152,000	**108,800**	108,800
- remunerations	**1,551,502**	1,631,984	**20,000**	25,000
Material expenses/(income)				
Impairment loss/(Reversal of Impairment loss) on investment in a subsidiary	**-**	-	**1,024,335**	(1,312,396)
Plant and equipment written off	**1**	494	**-**	-
Impairment loss on intangible assets	**-**	2,325	**-**	-
Loss on foreign exchange, net	**177,987**	251,737	**-**	-
Dividend income from:				
- other investments	**(2,400)**	(5,800)	**-**	-
- subsidiaries	**-**	-	**(16,925,000)**	(12,900,000)
Finance income (Note 18.1)	**(934,739)**	(1,170,387)	**(431,836)**	(754,138)
Government grant income (Note 18.2)	**(361,800)**	-	**-**	-
Gain on disposal of plant and equipment	**(71,216)**	(19,995)	**-**	-
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost				
- (Reversal of impairment loss)/ Impairment loss on trade receivables	25,307	(9,426)	-	-
Expenses arising from leases:				
Expenses relating to short-term leases	115,080	119,840	-	-
Expenses relating to leases of low-value assets	7,153	4,510	-	-
Lease income	(54,000)	(48,000)	-	-

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

18.2 The Group received wage subsidy from government to retain local employees during the approved period of economy uncertainty brought by the Covid-19 outbreak.

19. Key management personnel compensations

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

	Group		Company	
	2020 **RM**	**2019** **RM**	**2020** **RM**	**2019** **RM**
Directors of the Company				
- fees	**152,000**	152,000	**108,800**	108,800
- remunerations	**1,551,502**	1,631,984	**20,000**	25,000
Total short-term employee benefits	**1,703,502**	1,783,984	**128,800**	133,800

The estimated monetary value of Directors' benefit-in-kind of the Group is RM1,650 (2019 : RM10,725).

20. Tax expense

Recognised in profit or loss

	Group		Company	
	2020 **RM**	**2019** **RM**	**2020** **RM**	**2019** **RM**
Income tax expense on continuing operations	**6,015,488**	3,799,066	**1,225**	286

20. Tax expense (Cont'd)

Major components of income tax expense include:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Current tax expense				
- Current year	**4,797,838**	2,930,183	**1,225**	286
- Prior year	**362,650**	(135,117)	**-**	-
Total current tax recognised in profit or loss	**5,160,488**	2,795,066	**1,225**	286
Deferred tax expense				
- Origination and reversal of temporary differences	**844,000**	1,367,000	**-**	-
- Under/(Over) provision in prior year	**11,000**	(363,000)	**-**	-
Total deferred tax recognised in profit or loss	**855,000**	1,004,000	**-**	-
Total income tax expense	**6,015,488**	3,799,066	**1,225**	286
Profit for the year	**16,469,389**	21,498,861	**15,987,586**	14,605,430
Total income tax expense	**6,015,488**	3,799,066	**1,225**	286
Profit excluding tax	**22,484,877**	25,297,927	**15,988,811**	14,605,716
Income tax calculated using Malaysian tax rate of 24%	**5,396,370**	6,071,502	**3,837,315**	3,505,372
Non-deductible expenses	**583,619**	105,019	**327,647**	86,594
Tax incentives	**(28,246)**	(1,213,319)	**-**	-
Non-taxable income	**(155,324)**	(384,776)	**(4,163,737)**	(3,591,680)
Other items	**(154,581)**	(281,243)	**-**	-
Under/(Over) provision in prior year	**373,650**	(498,117)	**-**	-
Income tax expense	**6,015,488**	3,799,066	**1,225**	286

21. Other comprehensive income/(expense) - Group

	Before tax RM	Tax (expense)/ benefit RM	Net of tax RM
2020			
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	**4,567**	**-**	**4,567**
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- Loss during the year	**(1,553,058)**	**-**	**(1,553,058)**
	(1,548,491)	**-**	**(1,548,491)**
2019			
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	(38,800)	-	(38,800)
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- Loss during the year	(1,007,930)	-	(1,007,930)
	(1,046,730)	-	(1,046,730)

22. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM16,469,389 (2019 : RM21,498,861) and on the weighted average number of ordinary shares outstanding during the financial year of 316,959,999 (2019 : 316,959,999).

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares.

23. Dividends - Group and Company

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2020			
Fourth interim 2019 ordinary	**1.50**	**4,754,399**	**10 April 2020**
First interim 2020 ordinary	**1.00**	**3,169,600**	**3 July 2020**
Second interim 2020 ordinary	**1.50**	**4,754,399**	**8 October 2020**
Third interim 2020 ordinary	**1.50**	**4,754,399**	**6 January 2021**
Total amount		**17,432,797**	
2019			
Third interim 2018 ordinary	1.50	4,754,399	5 April 2019
First interim 2019 ordinary	1.00	3,169,600	5 July 2019
Second interim 2019 ordinary	1.50	4,754,399	4 October 2019
Third interim 2019 ordinary	1.50	4,754,399	8 January 2020
Total amount		17,432,797	

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

	Sen per share	Total amount RM	Date of payment
Fourth interim 2020 ordinary	**1.50**	**4,754,399**	**13 April 2021**

24. Operating segments - Group

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

Business segments

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

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

Geographical segments

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

24. Operating segments - Group (Cont'd)

	External revenue RM	Non-current assets RM
Geographical information		
2020		
Malaysia	78,312,704	75,408,057
Japan	54,663,847	-
Australia	7,770,995	-
Europe	132,585	-
Other countries	6,112,643	-
	146,992,774	75,408,057
2019		
Malaysia	67,059,484	82,147,163
Japan	69,425,191	-
Australia	13,175,278	-
Europe	6,277,410	-
Other countries	10,911,549	-
	166,848,912	82,147,163

Major customer

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

	Revenue	
	2020 RM	2019 RM
Customer A	**-**	17,599,395

25. Commitments - Group

	2020 RM	2019 RM
Property, plant and equipment		
Contracted but not provided for	**38,000**	10,000

26. 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 RM131,359,784 (2019 : RM115,522,398) of which RM13,631,556 (2019 : RM8,664,813) were utilised as at the end of the reporting period.

27. Related parties

Identity of related parties

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

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

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

Significant related party transactions

The significant related party transactions of the Group and the Company, other than key management personnel compensations as disclosed in Note 19 to the financial statements, are shown below. The balances related to the transactions shown below are disclosed in Note 9 to the financial statements.

	Group	
	2020 RM	2019 RM
A company controlled by a Director		
Sales	**1,181,692**	953,682

	Company	
	2020 RM	2019 RM
Subsidiaries		
Dividend income	**16,925,000**	12,900,000

28. Financial instruments

28.1 Categories of financial instruments

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

(a) Amortised cost ("AC");
(b) Fair value through profit or loss ("FVTPL") - mandatorily required by MFRS 9; and
(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM	FVOCI -EIDUIR RM
2020				
Financial assets				
Group				
Trade and other receivables excluding prepayments and GST receivable	**29,442,926**	**29,442,926**	**-**	**-**
Cash and cash equivalents	**74,368,900**	**74,368,900**	**-**	**-**
	103,811,826	**103,811,826**	**-**	**-**
Company				
Trade and other receivables	**3,003,000**	**3,003,000**	**-**	**-**
Cash and cash equivalents	**25,961,798**	**25,961,798**	**-**	**-**
	28,964,798	**28,964,798**	**-**	**-**
Financial liabilities				
Group				
Trade and other payables	**25,179,472**	**25,179,472**	**-**	**-**
Derivative financial liabilities	**80,744**	**-**	**80,744**	**-**
	25,260,216	**25,179,472**	**80,744**	**-**
Company				
Trade and other payables	**4,836,289**	**4,836,289**	**-**	**-**

28. Financial instruments (Cont'd)

28.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM	FVOCI -EIDUIR RM
2019				
Financial assets				
Group				
Other investments	147,000	-	-	147,000
Trade and other receivables excluding prepayments and GST receivable	23,632,847	23,632,847	-	-
Cash and cash equivalents	74,175,896	74,175,896	-	-
	97,955,743	97,808,743	-	147,000
Company				
Trade and other receivables	4,453,000	4,453,000	-	-
Cash and cash equivalents	24,933,642	24,933,642	-	-
	29,386,642	29,386,642	-	-
Financial liabilities				
Group				
Trade and other payables	19,574,338	19,574,338	-	-
Company				
Trade and other payables	4,834,071	4,834,071	-	-

28. Financial instruments (Cont'd)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss				
- held for trading	**(80,744)**	-	**-**	-
Equity instruments designated at fair value through other comprehensive income				
- recognised in profit or loss	**2,400**	5,800	**-**	-
- recognised in other comprehensive income	**4,567**	(38,800)	**-**	-
Financial assets at amortised cost	**742,647**	1,162,424	**431,836**	754,138
Financial liabilities at amortised cost	**69,542**	(234,348)	**-**	-
	738,412	895,076	**431,836**	754,138

28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss 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 and suppliers for banking and credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

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 statements of financial position.

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	
	2020 RM	**2019 RM**
Domestic	**17,733,269**	12,637,050
Japan	**9,565,595**	7,113,823
Australia	**881,947**	2,613,513
Europe	**-**	497,775
Others	**334,555**	453,917
	28,515,366	23,316,078

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.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

Loss rates are based on actual credit loss experience over the past five 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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2020			
Not past due	**19,259,922**	**52,945**	**19,206,977**
Past due 1 - 30 days	**7,722,649**	**20,216**	**7,702,433**
Past due 31 - 120 days	**1,609,128**	**3,172**	**1,605,956**
	28,591,699	**76,333**	**28,515,366**
Credit impaired			
Individually impaired	**44,660**	**44,660**	**-**
	28,636,359	**120,993**	**28,515,366**
2019			
Not past due	14,858,485	37,805	14,820,680
Past due 1 - 30 days	7,056,275	17,302	7,038,973
Past due 31 - 120 days	1,459,498	3,193	1,456,305
	23,374,258	58,300	23,315,958
Credit impaired			
Individually impaired	559,158	559,038	120
	23,933,416	617,338	23,316,078

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.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

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

	Trade receivables		
	Lifetime ECL RM	Credit impaired RM	Total RM
Group			
Balance at 1 January 2019	56,735	571,759	628,494
Amounts written off	-	(3,457)	(3,457)
Net remeasurement of loss allowance	1,565	(9,264)	(7,699)
Balance at 31 December 2019/1 January 2020	**58,300**	**559,038**	**617,338**
Amounts written off	**-**	**(521,017)**	**(521,017)**
Net remeasurement of loss allowance	**18,668**	**6,639**	**25,307**
Effect of movements in exchange rates	**(635)**	**-**	**(635)**
Balance at 31 December 2020	**76,333**	**44,660**	**120,993**

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

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.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

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.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM13,631,556 (2019 : RM8,664,813) 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.

As at the end of the reporting period the Company did not recognise any loss allowance as it was not material.

28.5 Liquidity risk

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

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

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

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2020							
Non-derivative financial liabilities							
Trade and other payables	**25,179,472**	-	**25,179,472**	**25,179,472**	-	-	-
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	**80,744**	-	**19,184,744**	**19,184,744**	-	-	-
Inflow	**-**	-	**(19,104,000)**	**(19,104,000)**	-	-	-
	25,260,216		**25,260,216**	**25,260,216**	-	-	-
2019							
Non-derivative financial liabilities							
Trade and other payables	19,574,338	-	19,574,338	19,574,338	-	-	-

28. Financial instruments (Cont'd)

28.5 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							
2020							
Non-derivative financial liabilities							
Other payables	**4,836,289**	**-**	**4,836,289**	**4,836,289**	**-**	**-**	**-**
Financial guarantees	**-**	**-**	**13,631,556**	**13,631,556**	**-**	**-**	**-**
	4,836,289		**18,467,845**	**18,467,845**	**-**	**-**	**-**
2019							
Non-derivative financial liabilities							
Other payables	4,834,071	-	4,834,071	4,834,071	-	-	-
Financial guarantees	-	-	8,664,813	8,664,813	-	-	-
	4,834,071		13,498,884	13,498,884	-	-	-

28. Financial instruments (Cont'd)

28.6 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 did not have material exposure to price risk. Price risk was principally arising from the Group's investment in quoted investments.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales 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			
2020			
Trade and other receivables	**689,979**	**2,495,433**	**-**
Cash and cash equivalents	**4,305,112**	**6,838,956**	**239,730**
Forward exchange contracts	**(80,744)**	**-**	**-**
Trade and other payables	**(1,557,705)**	**(8,649,806)**	**-**
Net exposure	**3,356,642**	**684,583**	**239,730**
2019			
Trade and other receivables	966,377	1,354,904	-
Cash and cash equivalents	4,468,131	8,222,361	235,112
Trade and other payables	(4,291,402)	(2,431,411)	-
Net exposure	1,143,106	7,145,854	235,112

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2019 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(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	
	2020 RM	**2019 RM**
Group		
RM	**(255,105)**	(86,876)
USD	**(52,028)**	(543,085)
JPY	**(18,219)**	(17,869)

A 10% (2019 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28.6.2 Interest rate risk

The Group's and the Company's 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.

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.2 Interest rate risk (Cont'd)

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:

	2020 RM	2019 RM
Group		
Fixed rate instruments		
Financial assets	**8,399,528**	20,600,000
Floating rate instruments		
Financial assets	**29,846,177**	29,201,620
Company		
Fixed rate instruments		
Financial assets	**3,600,000**	5,000,000
Floating rate instruments		
Financial assets	**20,251,157**	19,827,261

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.

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.2 Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

(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.

	2020 RM	2019 RM
Group		
Floating rate instruments	**226,831**	221,932
Company		
Floating rate instruments	**153,909**	150,687

28.7 Fair value information

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

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

28. Financial instruments (Cont'd)

28.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group										
2020										
Financial assets										
Quoted shares	-	-	-	-	-	-	-	-	-	-
Financial liabilities										
Forward exchange contract	-	**80,744**	-	**80,744**	-	-	-	-	**80,744**	**80,744**
2019										
Financial assets										
Quoted shares	147,000	-	-	147,000	-	-	-	-	147,000	147,000

28. Financial instruments (Cont'd)

28.7 Fair value information (Cont'd)

Level 2 fair value

Derivatives

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

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 fair values

There has been no transfer between levels the fair values during the financial year (2019 : no transfer in either directions).

29. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratio are as follows:

	2020 RM	2019 RM
Group		
Total loans and borrowings	**-**	-
Lease liabilities	**-**	-
Less: Cash and cash equivalents	**(74,368,900)**	(74,175,896)
Net cash	**(74,368,900)**	(74,175,896)
Total equity	**181,794,107**	184,306,006
Debt-to-equity ratio	**Nil**	Nil

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

30. Event subsequent to the financial year end

On 16 February 2021, a subsidiary, Sinliplas Sdn. Bhd. commenced its voluntary winding-up process.

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 57 to 118 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 2020 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: 9 April 2021

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 57 to 118 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 9 April 2021.

Khaw Khoon Tee

Before me:

Independent Auditors' Report

to the members of SLP Resources Berhad

(Registration No. 200401025355 (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 2020 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 57 to 118.

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 2020, 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' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 8 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 the Group 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 Group.

Key Audit Matters (Cont'd)

How the matter was addressed in our audit

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

- Evaluated the design and implementation of key controls over the Group's process in identifying and writing down slow moving and obsolete inventories;
- Attended inventory count at year end and observed whether there were any slow moving or obsolete inventories;
- Determined that the inventories were carried at the lower of cost and net realisable value by comparing the selling prices subsequent to financial year end with the cost of selected inventories, or checking to the market price of trading inventories for those without sales subsequent to the financial year end; and
- Assessed, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing brackets and identified slow moving and obsolete inventories based on the age of the inventories with consideration of consumption as well as latest sales.

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.

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, actions taken to eliminate treats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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: 03098/12/2021 J
Chartered Accountant

Penang

Date: 9 April 2021

Shareholdings Statistic

as at 1 April 2021

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	128,652,059	40.59	-	-	-	-
Khaw Khoon Tee	31,404,478	9.91	2,757,998 (i)	0.87	128,652,059 (ii)	40.59
Khaw Seang Chuan	49,801,284	15.71	232,799 (i)	0.07	128,652,059 (ii)	40.59
Khaw Choon Hoong	3,929,499	1.24	-	-	128,652,059 (ii)	40.59

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	128,652,059 (ii)	40.59
Khaw Seang Chuan	49,801,284	15.71	232,799 (i)	0.07	128,652,059 (ii)	40.59
Khaw Choon Hoong	3,929,499	1.24	-	-	128,652,059 (ii)	40.59
Khaw Choon Choon	1,853,199	0.58	50,000 (i)	0.02	-	-
Mary Geraldine Phipps	55,999	0.02	-	-	-	-
Chan Wah Chong	-	-	-	-	-	-
Law Cheng Lock	-	-	-	-	-	-

Note:

(i) *Shares held in the name of the spouse and/or children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 197(1)(a) of the Companies Act 2016*

(ii) *Deemed interested by virtue of his/her shareholding in Khoon Tee & Family Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016*

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
106	less than 100 shares	4,058	0.00
611	100 - 1,000 shares	265,059	0.08
1,126	1,001 - 10,000 shares	5,632,365	1.78
582	10,001 - 100,000 shares	17,855,367	5.63
100	100,001 to less than 5% of issued shares	83,345,329	26.30
3	5% and above of issued shares	209,857,821	66.21
2,528	TOTAL	316,959,999	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1.	KHOON TEE & FAMILY SDN. BHD.	128,652,059	40.59
2.	KHAW SEANG CHUAN	49,801,284	15.71
3.	KHAW KHOON TEE	21,164,145	6.68
4.	CHEW SHEAU CHING	12,486,240	3.94
5.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	11,176,800	3.53
6.	KHAW KHOON TEE	10,240,333	3.23
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	5,021,880	1.58
8.	KHAW CHOON HOONG	3,929,499	1.24
9.	LAU SU LIN	3,372,319	1.06
10.	HSBC NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	3,303,500	1.04
11.	CHUAH CHIN KOK	3,223,399	1.02
12.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDEND FUND BOARD	3,070,620	0.97
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	2,185,200	0.69
14.	LIM KUAN GIN	2,000,000	0.63
15.	KHAW CHOON CHOON	1,853,199	0.58
16.	YEOH SEW JIN	1,409,740	0.44
17.	KHAW SEANG GHEE	1,378,999	0.44
18.	KHAW SEANG SENG	1,378,999	0.44
19.	ONG SAW KEOK	1,252,519	0.40
20.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB PRIVATE FUND – SERIES 3	1,204,440	0.38
21.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND	1,062,300	0.34
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ENG @ TAN AING (MY0225)	1,015,100	0.32
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAI CHENG KUAN (8070081)	1,000,000	0.32
24.	LAU SU LIN	975,140	0.31
25.	TAN KIM LENG @ TAN KHENG LEANG	943,040	0.30
26.	CHUAH HOO JIN	922,220	0.29
27.	JAPACK'S, INC.	840,000	0.26
28.	MASUDA TOSHIO	840,000	0.26
29.	CHUAH HOO JIN	727,840	0.23
30.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB KIDSAVE TURST	597,960	0.19
	TOTAL :	**277,028,774**	**87.41**

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-20	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 - 25 years	471,082/ 387,320	31,127	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	1,816	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	859	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	842	2009/-
Lot No. 7372, Seksyen 38 HS(M) 15987, Tempat Paya Besar, Bandar Kulim, Daerah Kulim, Kedah Darul Aman.	Vacant Residential Land	Freehold land	Not applicable	4,973/ Not applicable	162	2018/-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting ("AGM") of the Company will be held as a fully virtual general meeting at broadcast venue at the Conference Room, P.T. 1, Lot 57A, Lorong Perusahaan 5, Kulim Industrial Estate, 09000 Kulim, Kedah on Friday, 11 June 2021 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2020 and Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire pursuant to Article 88 of the Company's Constitution:
   (a) Mr. Khaw Khoon Tee (Resolution 1)
   (b) Madam Khaw Choon Choon (Resolution 2)

3. To approve the Directors' Fees of up to RM200,000 for the financial year ending 31 December 2021. (Resolution 3)

4 To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM25,000, from 12 June 2021 until the next AGM of the Company. (Resolution 4)

5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorize the Board of Directors to determine their remuneration. (Resolution 5)

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 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 6)

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 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 28 April 2021 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,

SPECIAL BUSINESS:- (Cont'd)

7. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Cont'd)**

   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 7)

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

   "To retain the Madam Mary Geraldine Phipps, who has served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Practice 4.2 of Malaysian Code on Corporate Governance ("the Code")." (Resolution 8)

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

   "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 9)

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

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this 16th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 2 June 2021. Only a depositor whose name appears on the Record of Depositors as at 2 June 2021 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
(SSM PC No.: 20198000494)
(MAICSA 0818580)
Company Secretary

Penang
28 April 2021

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.

NOTES: (Cont'd)

Appointment of Proxy (Cont'd)

To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12-A, 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 6

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 per centum (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 7

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 28 April 2021.

Resolution 8 & 9

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.

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 16th AGM.
2) The proposed Ordinary Resolution 6 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 24 June 2020.

SLP RESOURCES BERHAD
(Registration No. 200401025355 (663862 - H))
(Incorporated in Malaysia)

Proxy Form

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 Sixteenth Annual General Meeting of the Company, to be held as a fully virtual meeting at the broadcast venue at the Conference Room, P.T. 1, Lot 57A, Lorong Perusahaan 5, Kulim Industrial Estate, 09000 Kulim, Kedah, on **Friday, 11 June 2021 at 11.00 a.m.** and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	**For**	**Against**
1.	To re-elect Mr. Khaw Khoon Tee as Director		
2.	To re-elect Madam Khaw Choon Choon as Director		
3.	To approve payment of Directors' fees for year ending 31 December 2021		
4.	To approve payment of benefits payable to Non-Executive Directors		
5.	To re-appoint Auditors		
6.	To empower Directors to issue and allot shares pursuant to Section 75 & 76 of the Companies Act 2016		
7.	Shareholders' Mandate on Recurrent Related Party Transactions		
8.	Continuing in Office as Independent Non-Executive Director for Madam Mary Geraldine Phipps		
9.	Continuing in Office as Independent Non-Executive Director for Mr. Chan Wah Chong		

(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 ___________ 2021

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

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%**

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 12-A, 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 16th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 2 June 2021. Only a depositor whose name appears on the Record of Depositors as at 2 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
6. *Members'/proxies' login to the virtual meeting will commence at 10.30 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the meeting.*

Fold here

STAMP HERE

THE COMPANY SECRETARY
SLP Resources Berhad
(Registration No. 200401025355 (663862-H))

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

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SLP RESOURCES BERHAD
(Registration No. 200401025355 (663862-H))

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

www.sinliplas.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	7248
COMPANY NAME	**:**	SLP RESOURCES BERHAD
FINANCIAL YEAR	**:**	December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	Our Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group. The matters reserved for the collective decision of the Board include the annual business plan and budget, dividend policy, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, disposals of significant fixed assets and the acquisition or disposal of companies within the Group. Such key matters are listed in item 4 of the Company's Board Charter which is published on the Company's website at www.sinliplas.com.my. In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees which operate within defined Terms of Reference ("TOR") as stipulated in their respective Committee Charters. The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary. The Board Committees include: a) the Audit and Risk Management Committee ("ARMC"); b) Nomination Committee ("NC"); and c) Remuneration Committee ("RC"). The responsibilities delegated to the respective Board Committees are set out in item 5 of the Board Charter and the delegated power of each Committee as approved by the Board are set out in the respective Committee Charters which are published on the Company's website at www.sinliplas.com.my.

<table>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">Our Chairman, Khaw Khoon Tee, holds an executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group.

Our Chairman is committed to good corporate governance practices. The roles and responsibilities of the Chairman of our Board are:

a) providing leadership for the board so that the board can perform its responsibilities effectively;
b) setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
c) leading board meetings and discussions;
d) encouraging active participation and allowing dissenting views to be freely expressed;
e) managing the interface between board and management;
f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
g) leading the board in establishing and monitoring good corporate governance practices in the company.

The detailed roles and responsibilities of our Chairman which has been approved by the Board are listed in item 6 of the Company's Board Charter.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	Our Chairman, Khaw Khoon Tee and our Group Managing Director ("MD"), Khaw Seang Chuan, both holding separate position and their respective roles and responsibilities are governed by the Company's Board Charter. The roles and responsibilities of the Chairman and MD are made clearly distinct to further enhance the existing balance of power and authority. Our MD oversees the day-to-day management and running of the Group and the implementation of the Board's decisions and policies. Our MD's duties and responsibilities which have been approved by our Board are listed in item 6 of the Board Charter.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application :	Applied	
Explanation on application of the practice :	The role of our Company Secretary is currently held by Miss Ch'ng Lay Hoon. Her roles and responsibilities include, but are not limited to the following:- (a) manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications; (b) advise the board on its roles and responsibilities; (c) facilitate the orientation of new directors and assist in director training and development; (d) advise the board on corporate disclosures and compliance with company and securities regulations and listing requirements; (e) manage processes pertaining to the annual shareholder meeting; (f) monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and (g) serve as a focal point for stakeholders' communication and engagement on corporate governance issues. Our Company Secretary has the requisite credentials, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016 and undertake continuous professional development.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">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.

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

Full Board minutes of each Board meeting are kept at the registered office of the Company and are available for inspection by any Director during office hours.

The minutes of meetings shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on particular matter.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Company's Board Charter was adopted by the Board on 28 April 2014 and 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.

The Board Charter is published on the Company's website at www.sinliplas.com.my.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has established the Corporate Code of Conduct ("Code") on 28 April 2014 and published it on the Company's website. It would be periodically reviewed and updated in accordance with the needs of the Company. The Code sets out the standards which the Directors, officers and employees (together "Personnel") of SLP and its subsidiaries are expected to comply in relation to the affairs of SLP's businesses when dealing with each other, shareholders and the broader community. The Code is intended to focus on the Board and Management on areas of ethical risk, provide guidance to personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability. The Code includes, inter alia, matters relating to conflicts of interest, proper use of the Company's assets and properties as well as knowledge and information and prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering. The Code is published on the Company's website at www.sinliplas.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied	
Explanation on application of the practice :	The Board has formalised Whistle Blowing Policies and Procedures ("WBPP") on 24 April 2014 and published it on the Company's Website. This WBPP promotes an environment of integrity and ethical behaviour within the Group and are applicable to all employees of the Group. This WBPP provides an avenue for employees 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") has been identified by the Board as the person 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 Company. The guardian's role is to appoint fair and independent (internal or external) investigative officers of the Company 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 WPP also includes provisions of confidentiality to safeguard the identity of the Whistle Blower.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	Our Board has four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") that requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.	
	The Board is supportive of objective and independent deliberation review and decision making within the Company and/ or the Group. 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 free from any business or other relationship with the Non-Independent Directors, would affect their exercise on unfettered and independent judgement.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application :	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice :	Annual Shareholders' approval were obtained for Mary Geraldine Phipps who served the Board as Senior Independent Non-Executive Director and Chan Wah Chong as Independent Non-Executive Director of the Company for a cumulative term of approximately thirteen (13) and twelve (12) years respectively since the public listing date of the Company on Bursa Securities. During their tenure, Mary Geraldine Phipps and Chan Wah Chong have continued to exercise their independence and carried out their professional duties in the best interest of the Company and shareholders.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3- Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not adopted
Explanation on adoption of the practice	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background.

The Board pursues diversity in both the Board level and Senior Management.

The Board recognises a diverse Board in the Company and/ or the Group could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decision making.

Please refer to the Annual Report, Profile of Directors and the Senior Management Team on pages 5 to 9 and 10 to 10 respectively for further information</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Board does not have a specific policy on setting targets on the number of women representatives on the Board of the Company.	
	However, the Company has three (3) women Directors out of a total of eight (8) Directors on the Board since 2008. With such number of women representation on the Board, the Company has been recognised by the Ministry of Women, Family and Community Development for achieving the target of at least 30% women on Board in Public Listed Companies in conjunction with Hari Wanita 2016.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Company has established polices in identifying candidates for appointment of directors in its NC Charter.

In making the recommendations, 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.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Board recognises the need for Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations. The NC is chaired by a Senior INED. This is in line with the TOR in the NC Charter.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application :	Applied
Explanation on application of the practice :	The NC reviews annually the required mix of skills and experience of the Board, including core competencies which non-executive directors should bring to the Board and assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director. The evaluation process is led by the Chairman of the NC and supported by the Company Secretary annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board committees. The assessment by all Directors are summarised and disclosed at the NC's meeting and reported at a Board meeting by the Chairman of the NC. For the financial year ended 31 December 2020, the NC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NC was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	

Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration/ fees of the Non-Executive Directors were based on recommendation made by MD to the NC and subject to the approval of the Board. Each individual Director concerned is abstained from discussion on his/ her own remuneration/ fees.	
		The Executive Chairman, MD and other Executive Directors' remuneration packages are structured to link rewards to corporate and individual performance. Performance is measured against the key result areas ("KPIs") achieved by the Group and individual achievement against targets set at the beginning of each year. The Senior Management who reports directly to the Executive Directors are evaluated annually by the Executive Directors premised on annual measures and targets set. The Group's remuneration policies and procedures however were not made available on the Company's website as the Board is of the opinion that such policies and procedures are not necessarily for public knowledge.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Company's Terms of Reference of Remuneration Committee are provided in the RC Charter which is available on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<table>
<tr><td>Application</td><td>:</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2">The detailed disclosure on named basis for the remuneration of individual director are set out in paragraph 7 of the Corporate Governance Overview Statement at pages 27 to 28 of the Company's Annual Report 2020.</td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td>:</td><td></td><td></td></tr>
</table>

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The detailed remuneration on a named basis of top four (4) Senior Management who also are Executive Directors have been disclosed in the CG Overview Statement in the Annual Report 2020.	
		The Board considered the information of the remuneration of the other Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. Hence, the Company had disclosed their remuneration components in bands width of RM50,000 but not on named basis in the Annual Report 2020.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application :	Applied	
Explanation on application of the practice :	Mary Geraldine Phipps, a Senior Independent Non- Executive Director of the Company is the Chairman of the ARMC whilst Khaw Khoon Tee is the Chairman of the Board.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application :	Applied	
Explanation on application of the practice :	None of the members of the Board were former key audit partners. Hence, no member of the ARMC appointed was a former key audit partner. The Group will observe a cooling- off period of at least two (2) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The ARMC assessed the performance, competency and professionalism demonstrated by the external auditors during the year.

The ARMC obtained the assurance on the independence from the external auditors and recommended the audit fees payable to the Board for approval.

The ARMC considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non- audit related services.

The non- audit fees paid to the member firms of external auditors in the financial year ended 31 December 2020 amounted to RM4,000.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Not adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not all members of the Company's Audit Committee are financially literate but they are able to understand matters under the purview of the Audit Committee and possess the necessary skills to discharge their duties effectively.	
		The qualification and experience of the individual ARMC members are disclosed in the Board of Directors' Profile on pages 5 to 9 of the Company's Annual Report.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application :	Applied
Explanation on application of the practice :	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. The Group's internal audit function has been outsourced to an independent professional service firm to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. The Board has reviewed the risk management and internal control system in accordance with the guidelines for directors on risk management and internal control, the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies. The Board has obtained assurance from the MD of the Group and a Senior Management (who is in charge of Financial and Corporate Affairs) that the system of risk management and internal control being instituted throughout the Group are adequate and effective in all material aspects
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	

Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application :	Applied	
Explanation on application of the practice :	The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2020.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not adopted.
Explanation on adoption of the practice	:	

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Group’s independent Internal Audit function is performed by the external independent consulting firm (“Internal Auditors”). The Internal Auditors has direct access to both the ARMC and the Chairman of the ARMC, and reports to the ARMC on all matters of internal control and audit.

Details of the internal audit function are set out in the SORMIC and ARMC Report in the Company’s Annual Report 2020.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2
The board should disclose–
- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application :	Applied	
Explanation on application of the practice :	The Group outsources its internal audit functions to an independent professional service firm, JWC Consulting Sdn Bhd ("JWC") which provides our ARMC and our Board with reasonable assurance on the adequacy and integrity of the system of internal controls. JWC is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors. The responsibilities of JWC include developing the annual audit plan, execution and reporting the audit results for the Group to ARMC. For such purposes, JWC prepares a detailed Annual Audit Plan in consultation with the Management for submission to the ARMC for approval. Subsequently, JWC carries out all activities to conduct the audits in accordance with the audit plan and thereafter reports its findings to ARMC. Further details on the Internal Audit function are available in the ARMC Report and Statement on Risk Management and Internal Control in the Annual Report 2020.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application :	Applied	
Explanation on application of the practice :	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 the Listing Requirements. 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. Our MD is the designated spokesperson for all matters relating to the Group and dedicated personnel are tasked to prepare and verify material information guided by the Company's Corporate Disclosure Policy 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 background and products, financial performance and corporate information. Shareholders can at any time seek clarification or raise queries via emails or telecommunication of the Company.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<table>
<tr><td>Application :</td><td colspan="2">Choose an item.</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	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. Such Notices of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. The Company's past Notice of AGMs are summarised as follows:
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Financial Year Ended 31 December	Date of Issue	Date of AGM	No of Days
2017	27 April 2018	25 May 2018	28 days
2018	26 April 2019	31 May 2019	36 days
2019	27 May 2020	24 June 2020	28 days

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application :	Applied	
Explanation on application of the practice :	All Directors attended the 15th Annual General Meeting which was held virtually at broadcast venue on 24 June 2020. In compliance with the Guidance Note on Conduct of General Meeting (first revision) issued on 14 May 2020, only essential individuals which are Chairman, MD and company secretary are physically presented at the broadcast venue. The other directors attended the AGM remotely. At the 15th AGM, shareholders are encouraged to ask question via online platform provided by the Group from the commencement of the AGM. All the questions ask by shareholders were attended accordingly.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied	
Explanation on application of the practice	:	Due to the outbreak of Covid-19 pandemic and to enforcement the movement control order, the 15th AGM was conducted virtually at the broadcast venue at the Conference Room, P.T.1, Lot 57A, Lorong Perusahaan 5, Kulim Industrial Estate, 09000 Kulim kedah. Shareholders are participated the virtual AGM and vote remotely by using the Remote Participation and Voting (RPV) facility by Agmo Studio Sdn Bhd via its Vote2U Online website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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