



SLP RESOURCES BERHAD

(Registration No. 200401025355 (663862 - H))



Skilled **Balancing**

Annual Report 2021

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Skilled Balancing

SLP Resources Berhad is skilled in preserving the balance of safety and business progression. Not only do we create a safe and healthy working environment by prioritizing safety, we'll also be more resilient when faced with difficulties and able to achieve growth regardless of the challenges that we face. Growing and progressing despite facing challenging times will present SLP Resources Berhad as a company that is unhindered by any difficulties faced.



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 four (4) wholly-owned subsidiaries are involved in manufacturing and sale of plastic packaging products and plastic related goods, and trading of polymer products such as resin. One (1) of the four (4) wholly-owned subsidiaries is in the process of voluntary winding up.



Our Vision

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

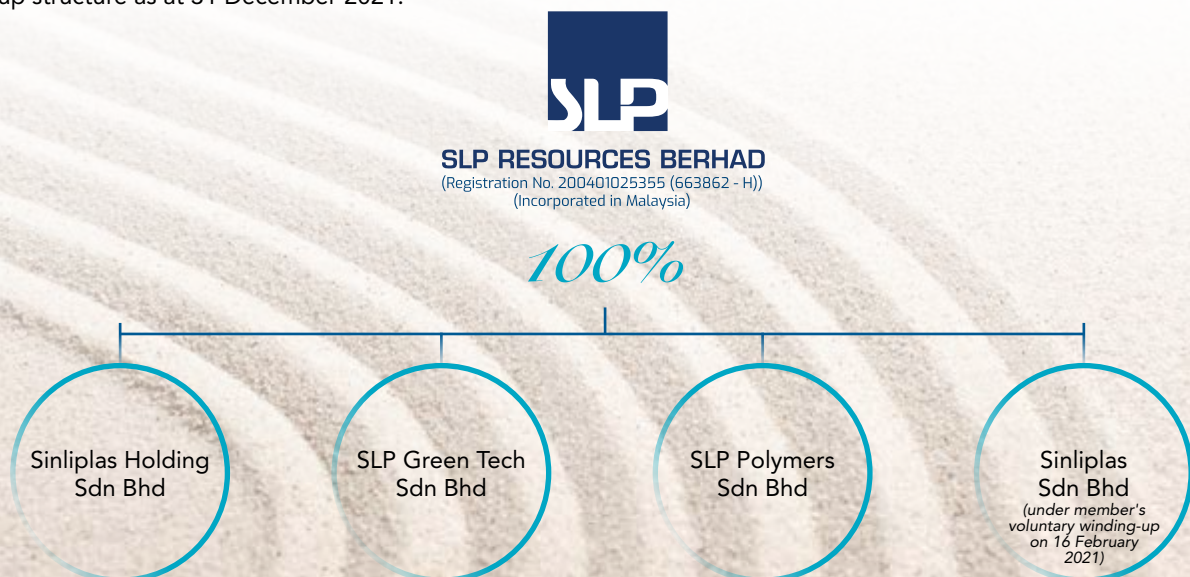
Our Mission

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 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)

CHAN WAH CHONG
(Independent Non-Executive Director)

LAW CHENG LOCK
(Independent Non-Executive Director)

Audit Committee

Mary Geraldine Phipps
(Chairman)

Chan Wah Chong
(Member)

Law Cheng Lock
(Member)

Nomination Committee

Law Cheng Lock
(Chairman)

Mary Geraldine Phipps
(Member)

Chan Wah Chong
(Member)

Remuneration Committee

Chan Wah Chong
(Chairman)

Mary Geraldine Phipps
(Member)

Law Cheng Lock
(Member)

Company Secretary

Ch'ng Lay Hoon
(SSM PC NO : 201908000494)
(MAICSA 0818580)

External Auditors

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

Internal Auditors

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

Principal Bankers

Hong Leong Bank Berhad
Malayan Banking Berhad
Citibank Berhad

Registrar

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

Registered Office

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

Head Office/ Management Office

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

Stock Exchange Listing

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

Investor Relations

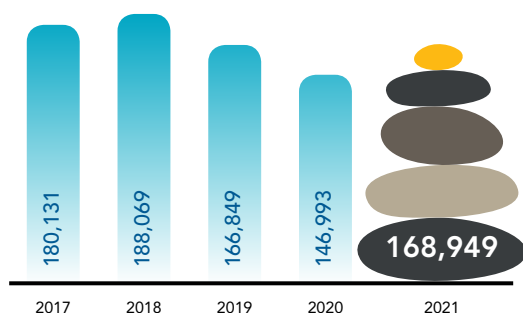
Khaw Seang Chuan, Kelvin
Group Managing Director
Email: kelvin@sinliplas.com.my



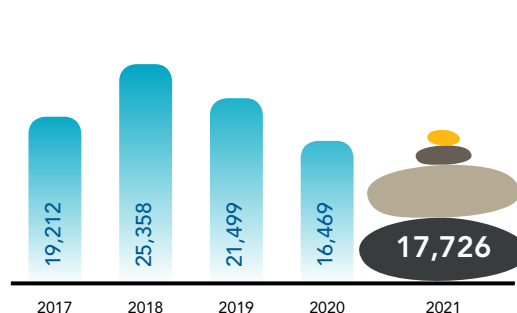
FINANCIAL HIGHLIGHTS

31 December	2017	2018	2019	2020	2021
Key Operating Results:					
Revenue (RM'000)	180,131	188,069	166,849	146,993	168,949
Profit before tax (RM'000)	24,399	28,453	25,298	22,485	23,300
Profit after tax (RM'000)	19,212	25,358	21,499	16,469	17,726
Total comprehensive income attributable to equity owners of the Company (RM'000)	11,648	27,243	20,452	14,921	20,949
Other Key Financial Data:					
Total assets (RM'000)	194,162	209,143	211,589	216,431	216,608
Total liabilities (RM'000)	25,856	27,856	27,283	34,637	31,297
No of ordinary shares in issue ('000)	316,960	316,960	316,960	316,960	316,960
Equity attributable to owners of the Company (RM'000)	168,306	181,287	184,306	181,794	185,310
Financial ratio:					
Revenue growth (%)	6.8	4.4	(11.3)	(11.9)	14.9
Profit before tax margin (%)	13.5	15.1	15.2	15.3	13.8
Profit after tax margin (%)	10.7	13.5	12.9	11.2	10.5
Return on equity (%)	11.4	14.0	11.7	9.1	9.6
Shares Information:					
Earnings per share (sen)	6.24	8.00	6.78	5.20	5.59
Net dividend per share (sen)	4.50	4.50	5.50	5.50	5.50
Dividend as % of Net Profit (%)	74.2	56.2	81.1	105.9	98.3
Net assets per share (sen)	53.10	57.20	58.15	57.36	58.46

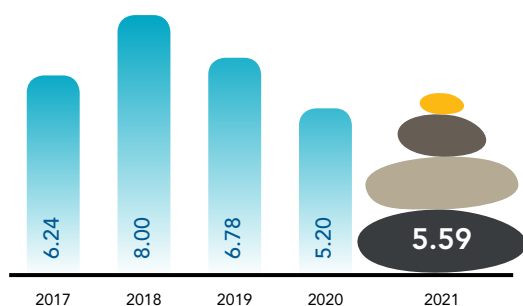
Revenue
(RM'000)



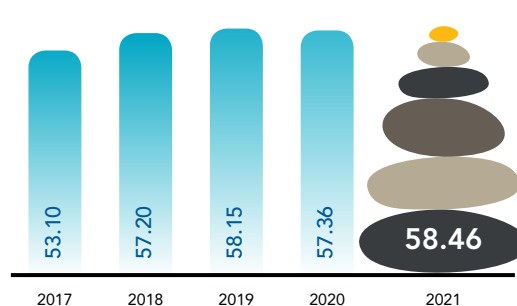
Profit After Tax
(RM'000)



Earnings Per Share ("EPS")
(Sen)



Net Assets Per Share
(Sen)



PROFILE OF DIRECTORS



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 2021 is disclosed in the Corporate Governance Overview Statement of this Annual Report.

PROFILE OF DIRECTORS (CONT'D)

KHAW KHOON TEE

Nationality : Malaysian

Aged : 72

Executive Chairman



KHAW SEANG CHUAN, KELVIN

Nationality : Malaysian

Aged : 52

Group Managing Director



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 11 April 2022)	• 14 years and 5 months
Date of Last Re-election	• 24 June 2021
Board Committees	• Nil
Board Meetings Attended in the Financial Year	• Eight (8) out of eight (8) 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.

Gender	• Male
Date of Appointment	• 26 October 2007
Date of Re-designated As Managing Director	• 26 August 2009
Length of Service (as at 11 April 2022)	• 14 years and 5 months
Date of Last Re-election	• 24 June 2020
Board Committees	• Nil
Board Meetings Attended in the Financial Year	• Eight (8) out of eight (8) 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.



PROFILE OF DIRECTORS (CONT'D)

KHAW CHOON HOONG, JASMINE

Nationality : Malaysian

Aged : 50

Executive Director



KHAW CHOON CHOON, JESSY

Nationality : Malaysian

Aged : 48

Executive Director



Gender	• Female
Date of Appointment	• 26 October 2007
Length of Service (as at 11 April 2022)	• 14 years and 5 months
Date of Last Re-election	• 31 May 2019
Board Committees	• Nil
Board Meetings attended in the Financial Year	• Eight (8) out of eight (8) 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.

Gender	• Female
Date of Appointment	• 1 July 2010
Length of Service (as at 11 April 2022)	• 11 years and 9 months
Date of Last Re-election	• 24 June 2021
Board Committees	• Nil
Board Meetings attended in the Financial Year	• Eight (8) out of eight (8) 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

Nationality : Malaysian
Aged : 73
Senior Independent
Non-Executive Director



CHAN WAH CHONG

Nationality : Malaysian
Aged : 58
Independent Non-Executive
Director



Gender	• Female
Date of Appointment	• 26 October 2007
Length of Service (as at 11 April 2022)	• 14 years 5 months
Date of Last Re-election	• 31 May 2019
Board Committees	• Chairman of Audit and Risk Management Committee Member of Remuneration Committee and Nomination Committee.
Board Meetings Attended in the Financial Year	• Eight (8) out of eight (8) 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.

Gender	• Male
Date of Appointment	• 1 July 2009
Length of Service (as at 11 April 2022)	• 12 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	• Eight (8) out of eight (8) 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 Other public company: Nil

Past Appointments and Working Experience:

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



PROFILE OF DIRECTORS (CONT'D)

LAW CHENG LOCK

Nationality : Malaysian

Aged : 63

Independent Non-Executive Director



Gender	• Male
Date of Appointment	• 7 August 2014
Length of Service (as at 11 April 2022)	• 7 years 8 months
Date of Last Re-election	• 24 June 2020
Board Committees	• Chairman of Nomination Committee • Member of Audit and Risk Management Committee and Remuneration Committee
Board Meetings Attended in the Financial Year	• Eight (8) out of eight (8) 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 is a senior lawyer by profession who holds a Bachelor of Laws degree from the University of London and was called to the Malaysian Bar in 1996. He started his legal practise in Penang and is currently based in a law firm in Kulim, Kedah. Having practised law for twenty-five years, he has extensive experience as a conveyancer and his scope of practise also covers aspects of corporate and banking law. He also acts as legal advisor to several charitable organisations and societies.



PROFILE OF KEY SENIOR MANAGEMENT

CHAN BAN HEI

Malaysian / Aged 52
Group 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 until Mar 2021. He was further promoted as Group Operations General Manager in Apr 2021.



SAW SUE NING

Malaysian / Aged 34
Group Accountant

- Gender • Female
- Date of Appointment • 25 June 2018
- Academic Qualification(s) • Bachelor of Accounting and 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. In year 2021, she was promoted as Group Accountant.

She is a member of the Malaysian Institute of Accountants.



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 2021 ("FY2021").



FINANCIAL PERFORMANCE

For FY2021, the Group recorded higher revenue of RM169.0 million, an increase of RM22 million or 14.9% from RM147.0 million recorded in FY2020. In tandem with higher revenue achieved in FY2021, the Group's profit before tax ("PBT") increased by RM0.8 million from RM22.5 to RM23.3 million. Hence, the Group's profit after tax recorded in FY2021 was RM17.7 million, an increase of RM1.2 million or 7.3% from RM16.5 million in FY2020. Export sales contributed RM71.9 million which represented 42.5% of group revenue in FY2021 when compared to RM68.7 million or 46.7% of group revenue in FY2020.

A detailed review of the Group's performance in the year is provided in the Group 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 FY2021, 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 98.3% 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.

CHAIRMAN'S MESSAGE (CONT'D)

GOOD CORPORATE GOVERNANCE

The Board always complies with corporate governance best practices as a crucial step towards achieving continuous growth. We are committed to implementing value-accretive business strategies that correspond with the Group's vision 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 of this Annual Report.

SUSTAINABILITY AND ESG INITIATIVES

The Group strives to provide customers with the best value proposition for long-lasting loyal relationships. We believe that our people, 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 continually strives to satisfy its stakeholders in fulfilling its social responsibilities as a good corporate citizen. A detailed report on our sustainability-related initiatives is available in the Sustainability Statement in this Annual Report.

We continuously educate our management team and board members on new and revamped statutory, regulatory and reporting requirements from Bursa Malaysia, Securities Commission, Companies Commission of Malaysia, Inland Revenue Board, Malaysian Accounting Standards Board, and Bank Negara. We also allocate resources and time to educate, train, document, and implement new or revamped ESG-initiatives to strengthen our management team and ensure responsible, ethical and ongoing success for our Group and improve the wellbeing of our employees and our stakeholders.

In year 2021, the threat of the infectious Delta variant prompted the government to limit the number of employees present at the production floor to 60% of the Company's headcount. From June to September 2021, the Group had to scale down its production to comply with the health authorities' directive. During this period, the Group is putting more effort to safeguard employees' health yet without compromising its performance.

We adopted a host of strategies that allowed us to find a balance between health and livelihood. In year 2021, we spent over RM65,000 to vaccinate all our employees and provided them with personal protective equipment. The other measures include investing over RM500,000 in digitalisation and automation to improve manufacturing processes.

To curb the spread of Covid-19, we allocated complete resources to ensure that our employees could work from home. We also practised daily sanitisation, provided free face masks to all workers, and implemented social distancing measures at the plant and workers' hostels.

The Group also through a non-governmental organisation donated more than one million pieces of three-ply face masks to schools, old folks' homes, flood victims in Selangor, and other underprivileged groups.

Moving forward, we will continue maintaining such practices.

PROSPECTS AND STRATEGIES

Malaysia's Economic Outlook

The Asian Development Bank (ADB) projects growth in South-East Asia of 7% in 2021 and 5.3% in 2022 due to the lingering threats of Covid-19. Malaysia's Gross Domestic Product ("GDP") is expected to surge 3.8% in 2021 and 5.9% in 2022. Private consumption, public expenditure, and public investments are expected to spearhead Malaysia's domestic growth in 2022.

Financial Year 2021 was challenging, engaging us with lockdowns, movement controls, operation restrictions, and many others. Issues on supply-chain disruptions, logistics difficulties and workforce shortages are still challenging the business environment. In spite of that, oversea demand for plastic products is in the recovery path. This is proven by the data disclosed in Economic Outlook released by Ministry of Finance Malaysia on 29 October 2021. Export of plastic products increased by 21% from RM8.6 billion in first eight months in year 2020 compared with the RM10.3 billion in the corresponding period in year 2021. With this positive momentum coupled with re-opening of national border from 01 April 2022, the Group is optimistic on the Group's growth in year 2022.

For SLP, we will always concentrate on our core business to produce innovative and cost-effective flexible plastic packaging products to our customers with the aim to sustain the Group's performance and returns to shareholders over the long term.



CHAIRMAN'S MESSAGE (CONT'D)

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 FY2021.

Last but not least, my utmost gratitude to our stakeholders, including customers, shareholders, suppliers and other business associates, for your long-standing support, cooperation and assistance.

Thank you.

Khaw Khoon Tee
Executive Chairman



GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS



**KHAW SEANG
CHUAN, KELVIN**
Group Managing Director

Growth in South-East Asia is projected to decelerate to 5.1% in 2022 from 7.1% in 2021, reflecting a slowdown in China.

We also expect the Asian banks to raise rates to curb inflation in the region, a move that will make borrowing to start new businesses costly and limit employment opportunities during times of uncertainty. To navigate the choppy seas, the group will need to manage its cash flow prudently and undertake cautious business plans.

However, there are signs of comforting prospects. According to MIDF Research, Malaysia's gross domestic product ("GDP") will increase to 6% in 2022, rising from the 2021 figure of 3.1%.

Malaysia's gross domestic product ("GDP") growth is projected at 5.5% to 6.5% in 2022, buoyed by its vaccination accomplishments, sustained external demand, and a pick-up in domestic demand, according to Standard Chartered's ASEAN and South Asia chief economist, Edward Lee. Hence, the Group is expecting revenue growth in local market in FY2022.

DEAR VALUED SHAREHOLDERS,

As the threat of the global pandemic ebbs and countries across the globe gradually opening their economies, another catastrophe has surfaced to pose new challenges to consumers and manufacturers worldwide. The Russia-Ukraine conflict, disrupting the supply of oil and gas from Russia, has spiked up the prices of oil and gas and essential commodities. Coupled with the lingering threat of the pandemic and interest rate hike in the US, the World Bank expects global growth to slow to 4.1% in 2022 and 3.2% in 2023 as more nations start planning to initiate monetary policies to curb inflation.

Growth in China will be at a moderate 5.1% this year, partly due to the lingering effects of the pandemic and additional regulatory tightening from Beijing. The Group always monitors closely the control measures and development in China as they may pose potential influences and impacts to the Group's supply chain of goods and services.

For the Group's main overseas market, the Japanese government upgraded its growth forecast for the domestic economy in fiscal 2022 to 3.2% from the previously estimated 2.2%, expecting the pace of recovery from the coronavirus pandemic-caused slump to pick up following a weaker-than-anticipated improvement in the current year. We can expect these economies to increase their spending on flexible packaging materials from the ASEAN region. Therefore, we expect Japan to generate about 35% of the group's revenue in FY2022.

The healthy demand for consumer goods and the rising income of the masses are growth drivers in the region. Countries such as China, India, and Japan, among others, have witnessed a significant rise in consumption in the past decade, which has impacted the regional market positively.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SLP Resources Berhad ("SLP" or "the Company") and its three (3) active subsidiaries (herein collectively referred to as "the Group") manufacture and sell flexible plastic packaging and its related products. SLP's three active wholly-owned subsidiaries are Sinliplas Holding Sdn Bhd, SLP Green Tech Sdn Bhd and SLP Polymers Sdn Bhd. Employing 261 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 health care packaging.

For FY2022, through organic growth business plans, the Group will continue to invest, grow, and enhance its core business's competitive edge of its flexible plastic packaging products. The Group collaborates with customers to provide innovative ideas, expertise and support solutions for their specific requirements.

The Group's strategy has successfully widened its high value-added packaging products for use beyond the food and beverage industries. SLP also supplies the personal care, home care, health care and industrial sectors.



GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

The Group's high-quality plastic packaging products cater to personal and medical care products. These high value-added packaging products have high entry barriers and strong market potential. SLP will continue to add fresh, flexible plastic packaging products to broaden the choice of personal and health care products for consumers to grow its revenue.

FINANCIAL PERFORMANCE REVIEW

Revenue

For the FY2021, the Group recorded revenue of RM169 million, an increase of RM22 million or 14.9% from RM147.0 million recorded in FY2020, which was due to increase in sales for flexible plastic packaging products and resins.

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

	FY2021		FY2020		Increase/(Decrease)	
	RM'000		RM'000		RM'000	%
Countries						
Malaysia	97,067	57.5%	78,313	53.3%	18,754	23.9
Japan	57,787	34.2%	54,664	37.2%	3,123	5.7
Australia	7,808	4.6%	7,771	5.3%	37	0.5
European countries	-	-	133	0.1%	(133)	(100.0)
Other countries	6,287	3.7%	6,112	4.1%	175	2.9
Total	168,949	100.0%	146,993	100%	21,956	14.9

In FY2021, domestic sales contributed 57.5% of the total revenue, a 23.9% increase compared to FY2020's performance. 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.

For export market, Japan is still the primary market for the Group. Sales to Japan contributed RM57.8 million or 34.2% to the Group total revenue. Flexible plastic packaging products sold to Japan are kitchen bags and garbage bags which are for industrial and household use.

Australia, another key customer of the Group's fashion and carrier bags, contributed 4.6% or RM7.8 million in total sales in FY2021. Australia imposed strict controls to combat the pandemic. Their national border almost closed since the outbreak of Covid-19. Hence, demand from Australia on our products was stagnant in FY2021.

In FY2021, 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 3.3% to the FY2021 revenue as compared to 3.6% in FY2020.

Gross Profit

	FY2021	FY2020	Increase/ (Decrease)
Gross Profit (RM'000)	30,074	28,479	1,595
Gross Profit margin	17.8%	19.4%	(1.6%)

In tandem with higher revenue recorded in FY2021, the Group recorded a higher gross profit of RM30.1 million, an increase from RM28.5 million recorded in FY2020. However, the gross margin in FY2021, which was 17.8%, was lower as compared with FY2020, attributable to higher average purchase prices of raw materials, particularly the cost of plastic resins.

GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

Profit Before Tax

	FY2021	FY2020	Increase/ (Decrease)
Profit Before Tax (RM'000)	23,300	22,485	815
Profit Before Tax margin	13.8%	15.3%	(1.5%)

In tandem with higher revenue recorded in FY2021, the Group posted a marginal improvement in profit before tax of RM0.8 million from RM22.5 million to RM23.3 million. Despite the Group's higher PBT in FY2021, the PBT margin dropped from 15.3% to 13.8%. Apart for higher average purchase prices of raw materials, the Group incurred additional cost related to Covid-19 prevention such as provision of personal protective equipment, Covid-19 testing and vaccination cost. Increasing cost in the logistics was also one of the factors that narrowed the PBT margin in FY2021.

	FY2021	FY2020	Increase/(Decrease)
Other operating income (RM'000)	2,597	2,325	272
Other operating expenses (RM'000)	9,371	8,320	1,051

For FY2021, the Group's other operating income improved by RM0.3 million while other operating expenses increased by RM1.1 million to RM9.4 million from RM8.3 million in FY2020.

The increase in other operating income was mainly due to the Group recorded gain in foreign exchange amounting to RM0.2 million in FY2021 (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. Spike in logistic and freight costs caused the operating cost related to sales increase in FY2021.

Profit After Tax

	FY2021	FY2020	Increase/(Decrease)
Profit After Tax (RM'000)	17,726	16,469	1,257
Profit After Tax margin	10.5%	11.2%	(0.7%)

With higher profit before tax, the Group recorded RM17.7 million after-tax profit in FY2021, an increase of RM1.2 million from RM16.5 million in FY2020. The Group's profit after tax margin of 10.5% in FY2021 was lower when compared to 11.2% in FY2020.

FINANCIAL POSITION

An analysis of the financial position is presented below:

Total Assets

As of 31 December 2021, the Group's total assets stood at RM216.6 million, compared with RM216.4 million as at 31 December 2020.

As of 31 December 2021, the Group reported property, plant and equipment ("PPE") and right-of-use assets ("ROU") of RM71.3 million compared to RM75.4 million as at 31 December 2020.

In FY2021, the Group has reclassified RM0.9 million from ROU to asset held for sale. Please refer to Note 10 – asset classified as held for sale of the Audited Financial Statements for further details on this item.

As part of the Group's continuing expansion programme, the Group invested approximately RM0.9 million in FY2021, 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 2021 and 2020, the Group's inventories stood at RM35.5 million and RM36.4 million, respectively, representing 16.4% and 16.8% of total assets.



GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL POSITION (CONT'D)

Total Assets (Cont'd)

As of 31 December 2021 and 2020, the Group reported cash and cash equivalents of RM77.2 million and RM74.4 million respectively, representing 35.6% and 34.4% of total assets.

As of 31 December 2021 and 2020, the Group's receivables stood at RM31.3 million and RM29.7 million, respectively, representing 14.4% and 13.7% of total assets.

Total Liabilities

As of 31 December 2021 and 2020, the Group total liabilities stood at RM31.3 million and RM34.6 million respectively. Trade and other payables were the significant total liabilities accounting for 68.6% as of 31 December 2021 and 72.8% for the previous year.

A decrease in trades payable was due to the management's care to not maintain excessive inventory namely plastic resins because of price fluctuations.

Shareholders' equity

As of 31 December 2021 and 2020, the Group shareholders' equity stood at RM185.3 million and RM181.8 million. The increase in shareholders' equity was attributed to the gain in foreign currency translation reserve differences in FY2021. Please refer to "Consolidated Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.

Liquidity

The Group generated RM19.5 million from operating activities in FY2021 as compared to RM17.7 million in FY2020. This was attributed to increase in Group's profit in FY2021.

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 2021, the Group's net changes in cash and cash equivalents stood at RM2.0 million. After adding RM74.4 million of cash and cash equivalents brought forward from FY2020, the Group's liquidity at 31 December 2021 stood at RM77.0 million.

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

OUTLOOK, RISKS AND STRATEGIES

The business environment is undoubtedly is always full of challenges. The challenges have intensified since the outbreak of Covid-19. Issues such as supply chain disruptions, hike in freight costs, shortages in manpower emerged undoubtedly. In Malaysia, flash floods occurred in late 2021 and at the beginning of 2022 which caused disruption and damaged in infrastructure, houses, motor vehicles and other properties to the extent of approximately RM6 billion.

In spite of the above, the global economy is projected to expand by 4.9% in year 2022 while Malaysia's GDP growth is expected to be between 5.5% to 6.5% in year 2022 according to the Economic Outlook released by Ministry of Finance Malaysia on 29 October 2021. Domestic growth in manufacturing sector is anticipated at 4.7%.

The global flexible plastic packaging market attained a value of about US\$154.7 billion in 2020. Analysts expect the market to expand in the forecast period of 2022-2027 at a 4.2% compounded annual growth rate to reach nearly US\$198 billion by 2026. They also expect the Asia Pacific region to maintain its significance in the global market for flexible plastic packaging during the forecast period.

With the rapid rollout in vaccination and the gradual opening of economies around the world including Malaysia, the Group is cautiously optimistic to achieve improvement in various aspects. Recently, the Group commercialized our new product, New Polyethylene ("NPE"). Apart from launching new products, the Group always interacts closely with customers to explore further enhancement on existing products.

GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK, RISKS AND STRATEGIES (CONT'D)

Shortage of manpower will remain unsolved until the government allows manufacturing sectors to bring in foreign workers. On 19 March 2022, the Malaysian government announced an increase to the minimum wage from RM1,200 to RM1,500 per month w.e.f. 01 May 2022. The upward adjustment in the minimum wage inevitably increases the Group's labour cost including the statutory contribution. In order to mitigate the effects from manpower shortage and the increasing labour cost, the Group continues to implement several mitigating strategies to convert manual operations into automated processes to reduce dependence on labour. The Group always reviews its workflow processes in order to improve efficiencies. In year 2021, significant improvement was achieved in terms of output per headcount as compared to a year ago. The Group will continue its efforts and render training programmes to upskill our employees. Furthermore, the Group is planning to build a dormitory near the Kulim plant this year. Cost for the investment in this staff accommodation is estimated at RM5 million.

Although the Ukraine-Russia conflict will not directly impact Malaysia's trade, prolonged disruption in the global supply chain, rising commodity prices, and higher import costs are all threats to growth. Besides, the Russia-Ukraine war may push resin price upwards, and manufacturers are buying more raw materials to stock up lest the price surges further. This has prompted SLP to revise the selling price of its flexible plastic packaging products upwards. Subsequent to the foreseen increase in account receivables, the Group will exercise stringent credit control measures to reduce our exposure to trade receivable risks.

Stringent environmental regulations present another critical challenge to the Group's flexible plastic packaging business. Strict legislation to mitigate the threat to the environment has increased consumer demand for bioplastics and other environmentally-friendly packaging solutions. There are numerous eco-friendly labels in the market to meet the demand. Since 2020, SLP has also introduced its brand of eco-friendly flexible packaging solutions to compete in the market. So far, our eco-friendly products have performed well in 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 exchange fluctuations as a significant risk. Since a significant amount of the Group's revenue is transacted in USD, there is a risk that the fluctuations of exchange rates in the RM to USD will affect the revenues, earnings, and liquidity. We hedge some of our USD sales proceeds through foreign currency forward contracts to minimise exposure of the foreign currency exchange risk. Hedging is done whenever we see forward contracts with potential benefits to the Group.

DIVIDEND PAYOUT

In FY2021, the Company declared four (4) interim single-tier dividends totalling 5.5 sen per share, amounting to RM17.4 million, giving a dividend payout ratio of 98.3% of the Company's net profit in FY2021.

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 the contributions of our dedicated management team who 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 (“CGOS”) 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 2021 (“FYE2021”) as well as key focus areas and future priorities in relation to corporate governance, by setting three (3) key corporate governance principles in:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

The Board of Directors (“Board”) acknowledges the importance in upholding high corporate governance standards, and has applied a balanced approach towards conformance and delivering accountability through effective governance.

This CGOS is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”) and guidance drawn from Practice Note 9 of the Listing Requirements and the Corporate Governance Guide (4th edition) issued by Bursa.

This CGOS is augmented with a Corporate Governance Report (“CG Report”) based on a prescribed format as enumerated in Paragraph 15.25(2) of the Listing Requirements 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 2021). The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG 2021 during the financial year ended 31 December 2021. The CG Report FYE2021 of the Company is available on the Company’s website at www.sinlipas.com.my as well as via an announcement on Bursa’s website.

Apart from the CG Report FYE2021, this CGOS should also be read in tandem with the other statements in the FYE2021’s 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

Board and Board practices

The Board is ultimately responsible and accountable for the Company’s performance and affairs. The Board sets short and long-term objectives and performs oversight over the Company’s achievement over the objectives set. Strategies and initiatives which support the objectives set incorporates elements which enables long-term sustainability of the Company, considering aspects in relation to economic, environmental, social and governance.

The Board has formalised a Board Charter which sets out and demarcates roles and responsibilities of the Board, Board Committees (established to assist the Board in discharging its duties) and the fiduciary duties of individual Directors. Similarly, each Board Committee has a formalised Terms of Reference which highlights the obligations of each Board Committee in assisting the Board in fulfilling its stewardship responsibilities. The Board Charter and the Terms of References of the Board Committees serve as the primary reference and literature that guides the governance and conduct of the Board and Board Committees, are reviewed on a periodic basis, and may be amended by the Board or the Board Committee from time to time to ensure it reflects and adapt to changing circumstances.

To govern the Group and the Company, the Board has set up policies, which include the Diversity Policy (with the aim to provide fair and equitable opportunities, inclusivity and developing diversity without discrimination), Remuneration Policy (to provide fair and competitive remuneration packages), Corporate Disclosure Policy (the Company’s approach towards the determination and dissemination of material information), Group Whistleblowing Policy (to encourage reporting of concerns or wrongdoings to the attention of the Management and/ or Board), and the Code of Conduct and Ethic (to set out the Company’s ethical standards/ guidelines, including honesty, integrity, and professionalism, for the Directors and Employees of the Group).

The Board consists of seven (7) Directors, four (4) of which are Executive Directors and the remaining three (3) are Independent Non-Executive Directors (“INED”). Out of the seven (7) Directors, three (3) of which are female, accounting to 43% of the female Directors on the Board. The Board is chaired by Khaw Khoon Tee, an Executive Director (i.e. Executive Chairman), who is primarily responsible for the orderly conduct and effective function of the Board, including ensuring that all Directors receive sufficient information on financial and non-financial matters to enable them to participate actively in Board deliberations and decisions. The responsibility for the day-to-day management of the business as well as implementation of the Board’s policies and decisions falls to the Group Managing Director (Khaw Seang Chuan). To ensure check and balance as well as objective review by the Board on deliberations emanating from the Board Committees, the Board Chairman is not a member in any of the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board and Board practices (Cont'd)

To preserve the value an INED brings to the Company, i.e. objectivity to the oversight function of the Board through independence in mind and independence in appearance, the Board has limited the tenure of an INED to a cumulative term of nine (9) years. Nevertheless, should the Company choose to retain an INED beyond the nine (9) years limit, the INED will be subjected to annual assessment regarding his/ her independence and contributions, and annual shareholders' approval through a two-tier voting process in the Annual General Meeting ("AGM").

The Company's Constitution provides that all Directors of the Company shall retire from office at least once every three (3) years but shall be eligible for re-election. At least one third (1/3) 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 Board is supported by three (3) Board Committees, namely the Audit and Risk Management Committee ("ARMC"), the Nomination Committee ("NC") and the Remuneration Committee ("RC"). The ARMC assists the Board in providing oversight on the Company's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes and risk management (including sustainability related risks and opportunities) within the Company. The NC oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, and other requisite qualities of Directors as well as the assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director. The RC is primarily responsible for examining and making recommendation to the Board as to the remuneration packages for Directors and Senior Management, which reflects the performances of these personnel.

Nomination Committee

The NC comprised wholly of INED and is chaired by Law Cheng Lock. The NC facilitates annual assessment of the Board, Board Committees, and individual Directors through various key criteria, including skills, knowledge, experience, diversity, time commitment, character, and integrity. Based on the assessment carried out for FYE2021, the Nomination Committee is satisfied with the performances of the Board, all the Board Committees and all the Directors. The Board evaluation for the next financial year (i.e. FYE2022) has been revised to include sustainability considerations (i.e. Environmental, Social and Governance aspect).

Apart from annual assessment, the NC is also responsible for the appointment of new Directors and Senior Management, the re-election of Directors, and re-appointment of Non-Executive Directors. To avoid "groupthink", the NC considers diversity in the form of skills, experience, age, cultural background, and gender, apart from criteria such as competency and capability, personal qualities (such as honesty, integrity, diligence, independence of mind and fairness) and time-commitment of a Director and Senior Management. To appoint the right person to the leadership team with the right skills, experience, and credibility (including Board mix), the NC is authorised to utilise independent sources such as the directors' register, industry and professional associations, open advertisements, and independent search firms to source for potential candidates.

Remuneration Committee

The RC comprised wholly of INED and is chaired by Chan Wah Chong. The RC supervises remuneration-related matters, including annual review of the remuneration policy and procedures, and review and recommend to the Board and subsequently to the shareholder's approval at the AGM, the fees of the Directors and any benefits payable to the Directors. The remuneration packages for Executive Directors are linked to the Company's and individual's performances (measured against key performance indicators ("KPI")). Remuneration packages of Senior Management will be reviewed annually by the immediate superior/ Executive Director, based on achievement of the individual KPI.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board and Board practices (Cont'd)

Remuneration Committee (Cont'd)

The remuneration paid to Directors of the Group and the Company for FYE2021 are as follows:

Company	Director's Fees RM'000	Salary and Bonus RM'000	Meeting Allowance RM'000	Benefits in kind RM'000	EPF & SOCSO RM'000	Total RM'000
Executive Directors						
Khaw Khoon Tee	-	-	5	-	-	5
Khaw Seang Chuan	-	-	-	-	-	-
Khaw Choon Hoong	-	-	-	-	-	-
Khaw Choon Choon	-	-	-	-	-	-
Non-Executive Directors						
Mary Geraldine Phipps	40	-	5	-	-	45
Law Cheng Lock	32	-	5	-	-	37
Chan Wah Chong	32	-	5	-	-	37
Leow Chan Kiang ¹	5	-	1	-	-	6
Group						
Executive Directors						
Khaw Khoon Tee	43	382	5	-	17	447
Khaw Seang Chuan	-	381	-	-	49	430
Khaw Choon Hoong	-	313	-	-	41	354
Khaw Choon Choon	-	295	-	-	38	333
Non-Executive Directors						
Mary Geraldine Phipps	40	-	5	-	-	45
Law Cheng Lock	32	-	5	-	-	37
Chan Wah Chong	32	-	5	-	-	37
Leow Chan Kiang ¹	5	-	1	-	-	6

Note¹: Leow Chan Kiang resigned from the Board effective 1 March 2021

The aggregated remuneration paid to the Senior Management team in the range of RM50,000 for FYE2021 on an unnamed basis are as follows:

Range of remuneration (RM)	Number of Senior Management Executive
150,001 to 200,000	1
250,001 to 300,000	1
300,001 to 350,000	1
350,001 to 400,000	1
400,001 to 450,000	2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board and Board practices (Cont'd)

Remuneration Committee (Cont'd)

The Board decides to disclose Senior Management team's remuneration on an unnamed and aggregated basis in the range of RM50,000 as it considers disclosure of such information on a named and detailed basis to be detrimental to the Company and the individual, in view of the competitive nature of the human resource market and sensitivity of such information.

Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary (has the requisite credentials and is qualified under the Companies Act 2016), responsible to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices. The Board as a whole, is responsible and has the authority to appoint and remove the Company Secretary. Criteria considered include amongst others, performance, competency, and capability of the Company Secretary.

The Company Secretary, together with the Board Chairman, sets the agenda for each meeting. The Board and Board Committees members are provided with Board Papers and agenda items at least seven (7) business days prior to the meetings. Furthermore, Directors are provided with the authority to request for additional information necessary from the Management team to support informed decision making.

The Company Secretary acts as the Secretary of the Board and all Board Committees. The Company Secretary minutes discussions, comments, deliberations, and decisions made, and upon conclusion of the meetings, timely circulate the minutes to the respective Directors for confirmation.

Board and Board Committee meeting attendance

For effective functioning of the Board, Directors are required to allocate sufficient time to prepare and attend Board and Board Committee meetings.

The meetings of the Board and Board Committees attended by the Directors for FYE2021 are as follows:

	Board	ARMC	NC	RC
Khaw Khoon Tee (Executive Chairman)	8/8	-	-	-
Khaw Seang Chuan (Group Managing Director)	8/8	-	-	-
Khaw Choon Hoong (Executive Director)	8/8	-	-	-
Khaw Choon Choon (Executive Director)	8/8	-	-	-
Mary Geraldine Phipps (Senior Independent Non-Executive Director)	8/8	6/6	3/3	4/4
Law Cheng Lock (Independent Non-Executive Director)	8/8	6/6	3/3	4/4
Chan Wah Chong (Independent Non-Executive Director)	8/8	6/6	3/3	4/4
Leow Chan Kiang ¹ (Independent Non-Executive Director)	2/2	2/2	1/2	-

Note¹: Leow Chan Kiang resigned from the Board effective 1 March 2021



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board and Board practices (Cont'd)

Board Training

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 sustainability, governance, and tax that include the following:

	Course Title	Date
Khaw Khoon Tee	Internal briefing on ABC policy	9 April 2021
	Webinar - Setting standards in film orientation	15 Jul 2021
	Webinar - Driving consistency in ESG disclosures	9 Sep 2021
Khaw Seang Chuan	Internal briefing on ABC policy	9 April 2021
	Webinar - Enhancements to Climate Change assessment within ESG Ratings and FTSE4Good indexes	6 Jul 2021
	Webinar - Setting standards in film orientation	15 Jul 2021
	Webinar - Driving consistency in ESG disclosures	9 Sep 2021
Khaw Choon Hoong	Internal briefing on ABC policy	9 April 2021
	Webinar - Setting standards in film orientation	15 Jul 2021
	Webinar - Driving consistency in ESG disclosures	9 Sep 2021
Khaw Choon Choon	Internal briefing on ABC policy	9 April 2021
	Webinar - Setting standards in film orientation	15 Jul 2021
	Webinar - Driving consistency in ESG disclosures	9 Sep 2021
Mary Geraldine Phipps	Managing Human Rights: Why is it important to corporations	11 Mar 2021
	SVDP Tax Audits & Investigations: What you need to know. A dialogue with the CEO of IRB	8 Apr 2021
	Internal briefing on ABC policy	9 April 2021
	Malaysian Code of Corporate Governance	28 May 2021
	Malaysian Code of Corporate Governance (Updated 2021)	26 Jul 2021
	Conflict of Interest & Related Party Transactions	30 Jul 2021
	US Forced Labour Legislation: Impact on Corporate Malaysia	17 Sep 2021
	OECD/G20 Inclusive Framework – BEPs 2.0 Implementation Plan	19 Oct 2021
Law Cheng Lock	Internal briefing on ABC policy	9 April 2021
Chan Wah Chong	Webinar - MBRS For Preparers - Financial Statements	17 & 18 Feb 2021
	Future Fit Professionals Digital Revolution: What does the future hold?	8 Apr 2021
	Internal briefing on ABC policy	9 April 2021
	Malaysian Transfer Pricing Developments	12 Apr 2021
	MICPA-KPMG Complimentary Webinar - How Digitalisation and Data Analytics Can Help You Do Wonders in Your Business	25 May 2021
	Toward A comprehensive system of corporate reporting – Communication of long-term value creation	22 Jun 2021
	Bursa Sustainability Reporting Workshop: Scope & Materiality in Sustainability Reporting for Practitioners	27 Jul 2021
	SSM National Conference 2021 – Governing under new normal	24 Aug 2021
	KPMG Board Leadership Center Exclusive – US Forced Labor Legislation: Impact on Malaysia	17 Sept 2021
	KPMG Asia Pacific Board Leadership & Assurance Summit 2021	16-18 Nov 2021
	Bursa Malaysia CG Guide Edition 4 - Focus Group discussion	25 Nov 2021
	Value Creation Strategies	3 Dec 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The ARMC comprises solely of INED and is chaired by Mary Geraldine Phipps, a Senior INED. The Company recognises the need for objectivity is particularly imperative for the Chairman of the Audit Committee, as the committee has a specific role in providing objective oversight in the areas of financial reporting, related party transactions and conflicts of interest, internal control environment, internal audit, and external audit processes. Hence, the Chairman of the ARMC is not the Chairman of the Board.

Two (2) of the three (3) ARMC members are members of professional accountancy bodies, which is in accordance with Paragraph 15.09(1)(c) of Bursa's Listing Requirements, and all three (3) members are financially literate, able to understand matters under the purview of the ARMC and possess the necessary skills to discharge their duties effectively.

To avoid the ability to significantly influence the audit and preparation of the Company's financial statements, the ARMC has revised the ARMC's Terms of Reference to formalise a policy which requires a former partner of the external audit firm (including those providing advisory services, tax consulting, and other similar services) to observe a cooling-off period of at least three (3) years before being able to be appointed to the ARMC.

Risk Management and Internal Control Framework

The Board is ultimately responsible for ensuring the overall adequacy and effectiveness of the Group's risk management and internal control framework. The ARMC is tasked to assist the Board on the Group's risk management matters, including overseeing the overall effectiveness of the risk management framework, the adequacy and effectiveness of internal controls, and reviewing the Group's risks including in the areas of cybersecurity, anti-corruption, and business contingency planning matters.

The Group's risk management practices are guided by an Enterprise Risk Management ("ERM") process which was developed by Management with the help of an independent professional accounting and consulting firm. The ERM process includes the identification, assessment, monitoring, reporting, and mitigation of risks affecting the Company's business and supporting activities.

The Board reviews the adequacy and operating effectiveness of the Group's risk management and internal control framework on an annual basis, based on, amongst others, the audit activities overseen by the ARMC, the assurance from the Group Managing Director and the Group Accountant responsible for the Company's financial affairs, and input from other parties and processes. Details of the features of the Group's risk management and internal control framework and the Board's commentary on its adequacy and effectiveness are disclosed in the Statement on Risk Management and Internal Control, whereas the summary of activities carried out during the financial year under review are disclosed in the ARMC Report included in this Annual Report FYE2021.

External auditor

The external auditor for the Company and the Group is KPMG PLT. Their primary role is to form an opinion on the financial statements of the Company, including accounting and other records relating to those financial statements and thereafter report to the shareholders in AGMs. To ensure effectiveness of the external auditors, ARMC will assess the suitability, objectivity, and independence of the external auditor. The ARMC has performed the assessment and will recommend the re-appointment of KPMG PLT to the shareholders in the upcoming AGM (17th).

In assessing the independence of the external auditor, the ARMC has also considered the nature and fees of any non-audit services provided by the external auditors and/or their affiliates, which for FYE2021, amounting to as follows:

	Company (RM'000)	Group (RM'000)
Statutory audit fees	30,000	126,000
Non-audit fees	4,000	4,000

Internal auditor

The Company's internal audit function is outsourced to Messrs. JWC Consulting Sdn Bhd, an independent professional accounting and consulting firm. The firm is tasked to provide reasonable assurance regarding the effectiveness, adequacy, and integrity of the Company's internal control systems. The internal auditors have full and direct access to the ARMC, and the ARMC receives reports on all internal audits conducted, including significant results and recommendations for improvement. The ARMC, through its internal auditors, monitors action plans and the status thereof on a regular basis.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Internal auditor (Cont'd)

The ARMC has during the financial year, reviewed, and assessed the performance of its outsourced internal auditors and is satisfied with its performance.

Further details on the internal audit function are available in the ARMC Report, CG Report and the Statement on Risk Management and Internal Control of the Annual Report FYE2021.

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

Engagement with Stakeholders

The Board understands the importance and need for communication with its stakeholders, such as the shareholders, employees, customers, business partners, and the general public. Various communication channels were established, including announcements on Bursa's website, the Company's corporate website, as well as annual reports, press releases, quarterly results, and other information which are also available on the corporate website.

Through these channels, relevant information such as the Company's commercial activities and financial performances, the Group's background and products, policies regarding how the Group's businesses are run, sustainability information including economic, environmental, social, and governance matters are communicated to the stakeholders. Furthermore, engagement channels which facilitate two-way communications are in place, such as through AGM, employee appraisal processes, and business meeting forums. These engagement/ communication strategies and channels are reviewed annually by the Board, considering amongst others, their adequacy and effectiveness.

Conduct of General Meetings

General meetings serve as a principal forum through which shareholder dialogue is carried out, allowing shareholders to review the Group's performance, understand the Group's long-term strategic direction, as well as financial and non-financial information. The Company has served notice of AGM, together with the Annual Report and Corporate Governance Report to shareholders more than 28 days before the AGM to provide shareholders sufficient time to read and understand the Annual Report, resolutions to be tabled and make the required attendance and voting arrangements.

The Company has leveraged on technology to host the last AGM remotely, facilitate voting and remote Shareholder's participation. Prior to the AGM, Management has assessed and considered cyber hygiene practices including data privacy and security to prevent cyber threats of the Remote Participation and Voting ("RPV") facility.

All Board members were present at the last AGM, to provide Shareholders with the opportunity to seek pertinent clarifications from the Directors. Shareholders were provided with the opportunity to submit questions prior to and during the AGM, in addition to speaking (in the form of real time submission of typed texts) and voting remotely through the RPV facility.

Questions raised were answered mainly by the Group Managing Director supported by the Senior Management (apart from questions raised directly to individual Director), and any unanswered questions (e.g. due to time constraint) were answered through email subsequent to the meeting.

Further to the above, the Board endeavours to publish the minutes of the upcoming AGM (17th) on our corporate website on or before 30 business days after the meeting.

This Corporate Governance Overview Statement was approved by the Board on 11 April 2022.

SUSTAINABILITY STATEMENT

The Board of Directors (“Board”) of SLP Resources Berhad (“SLP” or the “Company”) is pleased to present this Sustainability Statement (“Statement”) which covers the sustainability performance of SLP and its subsidiaries (“SLP Group” or the “Group”) from 1 January to 31 December 2021 (“FY2021”), unless otherwise stated. This Statement provides an overview of our approach, performance, targets, and achievements on the Group’s long-term economic, environmental, and social impacts (collectively known as “Material Sustainability Matters” or “MSMs”), including how the MSMs are managed to achieve our objectives and ensuring our business is carried out in a responsible and sustainable manner.

SCOPE

This Statement covers the Group’s sustainability matters across all operations and entities, which are located in Kulim, Kedah. This includes all four (4) wholly-owned subsidiaries of SLP, namely Sinliplas Holding Sdn Bhd, SLP Green Tech Sdn Bhd, SLP Polymers Sdn Bhd and Sinliplas Sdn Bhd (*in the process of voluntary winding up*), which employ 261 employees in total.

This Statement has been prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements (“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 SLP Group also supports and recognises the United Nations’ (“UN”) 2030 Agenda for Sustainable Development and the Sustainable Development Goals (“SDGs”) towards achieving the agenda. In our sustainability efforts, we also consider how our efforts can be aligned with or contribute towards the SDGs.



This Statement has been reviewed by the Audit and Risk Management Committee (“ARMC”) to increase the accuracy and integrity of our disclosures.



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY HIGHLIGHTS

The highlights of our Group's sustainability efforts and performance during the financial year FY2021 are summarised as follows:

All our products are fully recyclable

Safe and high-quality products

- Average customer evaluation score of 4.05 against a target of 3.50 and above, out of 5
- All suppliers are assessed via our due diligence process

Optimising manufacturing efficiency

- Wastage rate of 10.6% against a target of 10.0% and below
- 10% of our materials used in manufacturing are recycled materials
- On an ongoing basis, we invest in process automation and digitisation to reduce the use of resources, increase productivity, and minimise human error

Enhancing energy efficiency and pursuing emission reduction

- Renewable energy generated from solar panel system contributed to an estimated 1,142 tonnes of CO₂e avoidance and an estimated RM584,643 in savings
- Renewable energy generated represented approximately 13% of the Group's total electricity consumption
- Ongoing energy-saving practices
- 3R (Reduce, Reuse, Recycle) Programme

Taking care of our employees

- Safety and Health Policy safeguarding our employees in the way we operate
- 14 minor accidents against a target of 0 accidents, amounting to 25 loss days
- Recorded 9.5 training hours per employee

Complying with environmental and social laws and regulations

- Compliance with scheduled waste management regulations and standards
- Environmental Policy guiding the way we do business and protect the environment

Upholding business ethics and integrity

- Code of Conduct and Ethics and Whistle Blowing Policy
- Adequate procedures to prevent bribery and having Anti-Bribery and Corruption Policy

GOVERNANCE STRUCTURE FOR MANAGING THE GROUP'S SUSTAINABILITY

The Board acknowledges its roles and responsibilities in ensuring sustainability is considered in the Company's long-term business strategy. In its stewardship of the Company, the Board oversees the development and achievement of sustainability-related strategies. The Board is assisted by the Audit and Risk Management Committee whose responsibilities include ensuring an effective process is in place to identify, assess, manage, and report the Group's Material Sustainability Matters ("MSMs").

The Board also acknowledges the need to understand and address the overall interest of the Group's stakeholders, including communicating relevant information pertaining to the Group's strategies, priorities, and targets on sustainability matters to stakeholders. Stakeholders are communicated via the various engagement channels established by the Group, which do not only serve as communication channels but also enable the Company to understand the needs, views, and concerns of stakeholders.

To ensure that the Board is kept abreast of the sustainability issues relevant to the Group's business, the Group Managing Director and the Executive Directors, who are regularly updated on sustainability matters of the Group's business, brief the Board from time to time on sustainability matters of the industry and the business, including environmental issues faced by the industry or industry peers, as well as emerging issues. The Board, through the Nomination Committee, considers sustainability when assessing Directors' training needs. Directors also attend relevant sustainability training by regulators, professionals, as well as sustainability updates by the Company Secretary.

Moving forward, in order to enhance accountability over the management of the Group's sustainability matters, the Board and the Nomination Committee will incorporate considerations relating to progress and achievement of the annual sustainability strategies and targets in the annual assessment of the Board, Board Committees, and individual Directors.

An overview of the governance structure of the Group's oversight and management of sustainability matters is as follows:

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

The Board is ultimately responsible for SLP's sustainability practices and performances. The Board oversees sustainability matters by ensuring sustainability is integrated into the strategic direction of the Group.



Audit and Risk Management Committee

The ARMC, a Board Committee comprising a majority of 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:

- conducting annual stakeholder engagement review and materiality assessment to identify key stakeholders and MSMs;
- overseeing overall engagement with stakeholders;
- discussing, reviewing and monitoring the MSMs; and
- overseeing the implementation of the sustainability initiatives by respective HODs, in addressing sustainability strategies, priorities, and targets of the Group.



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.



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

SLP believes that a responsible corporate citizen looks after the overall interest of its stakeholders and carries out necessary efforts to understand what matters to stakeholders, as well as communicating relevant information to stakeholders to enable their informed decisions. In SLP, we conduct regular engagement with stakeholders to develop a deeper understanding of their interests and concerns which are considered in business decisions towards shared value creation between the Company and its stakeholders.

During the financial year, the RMSWC reviewed the Group's stakeholder assessment and overall stakeholder engagement activities, considering if the existing engagement channels are effective and adequate, as well as the sustainability matters relevant to the stakeholders, amongst others. The table below provides an overview of our engagement channels, frequency of engagement as well as the key areas of interest for different stakeholder groups.

Stakeholders	Areas of Concern	Methods of Engagement	Frequency of Engagement
Employees	<ul style="list-style-type: none"> Operational sustainability during COVID-19 pandemic Business performance and direction Career development Learning and development Employee welfare and benefits Employee wellness Health and safety 	<ul style="list-style-type: none"> Video conferencing Meetings and communications via email circulations Performance appraisals Forums, training and workshops Employee events including festive celebrations and gathering 	<ul style="list-style-type: none"> Ad-hoc Regular Annual Ad-hoc Ad-hoc
Customers	<ul style="list-style-type: none"> Product quality and safety Product innovation Customers' privacy Production capacity Customer service 	<ul style="list-style-type: none"> Customer satisfaction surveys and feedbacks Customer service platform including phone calls and emails Face-to-face meetings Free product samples and site visits 	<ul style="list-style-type: none"> Annual Ad-hoc Regular Ad-hoc
Shareholders/ Investors	<ul style="list-style-type: none"> Profitability Dividend Shareholders' value Corporate governance 	<ul style="list-style-type: none"> Annual General Meeting Company website Announcements to Bursa Securities Annual report, circulars, notices and press releases Meetings and briefings Engagement surveys 	<ul style="list-style-type: none"> Annual Ad-hoc Ad-hoc/ Quarterly Annual/ Ad-hoc Quarterly Annual
Regulations and Government Authorities	<ul style="list-style-type: none"> Adherence to law and regulations Certifications/Awards Industry best practices and updates 	<ul style="list-style-type: none"> Compliance and certification exercises such as ISO, BRC, etc. Periodic site visits and audits Company representation at briefings and training 	<ul style="list-style-type: none"> Ad-hoc Regular Ad-hoc
Suppliers, service providers and sub-contractors	<ul style="list-style-type: none"> Product and service quality Timely delivery of products/ services Payment terms and timeliness Technical training 	<ul style="list-style-type: none"> Meetings with the management Evaluations and performance reviews Supplier selection through prequalification Site visits 	<ul style="list-style-type: none"> Regular Ad-hoc/ Annual Ad-hoc Ad-hoc
Local Community, Industry Associations, Academia and Non-Governmental Organisations ("NGOs")	<ul style="list-style-type: none"> Company reputation and branding Corporate social responsibility Best management practices and industry-related research 	<ul style="list-style-type: none"> Participation in technical working groups or associations such as Malaysian Plastics Manufacturers Association Community outreach and social programmes Educational site visits 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc Ad-hoc

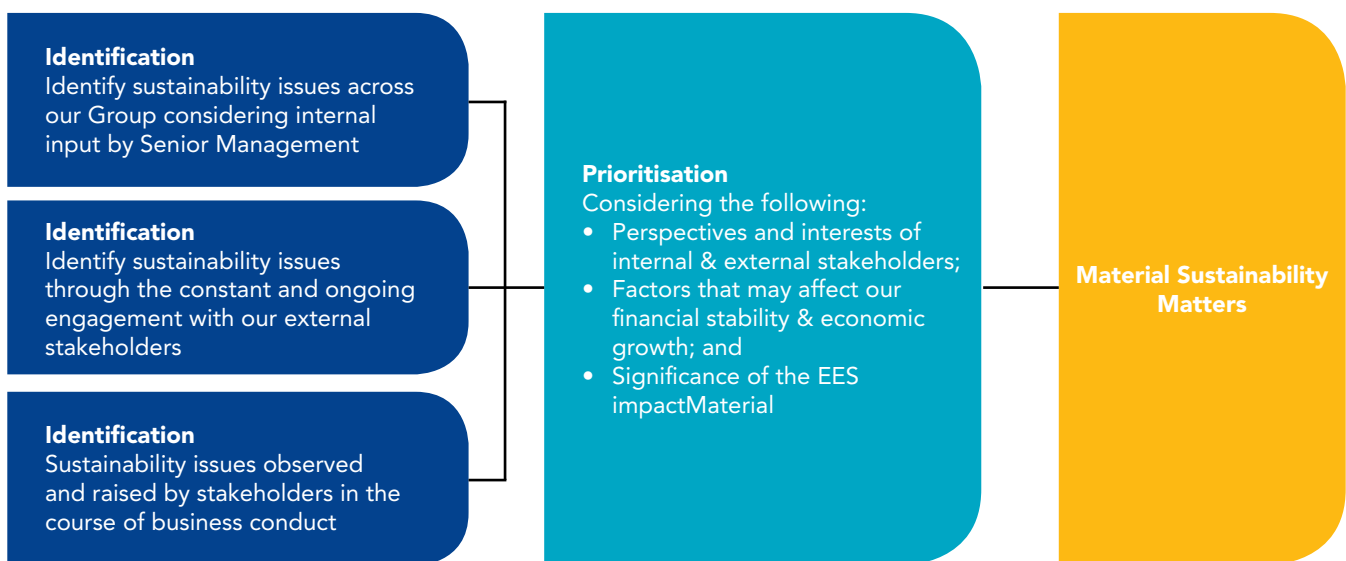
SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

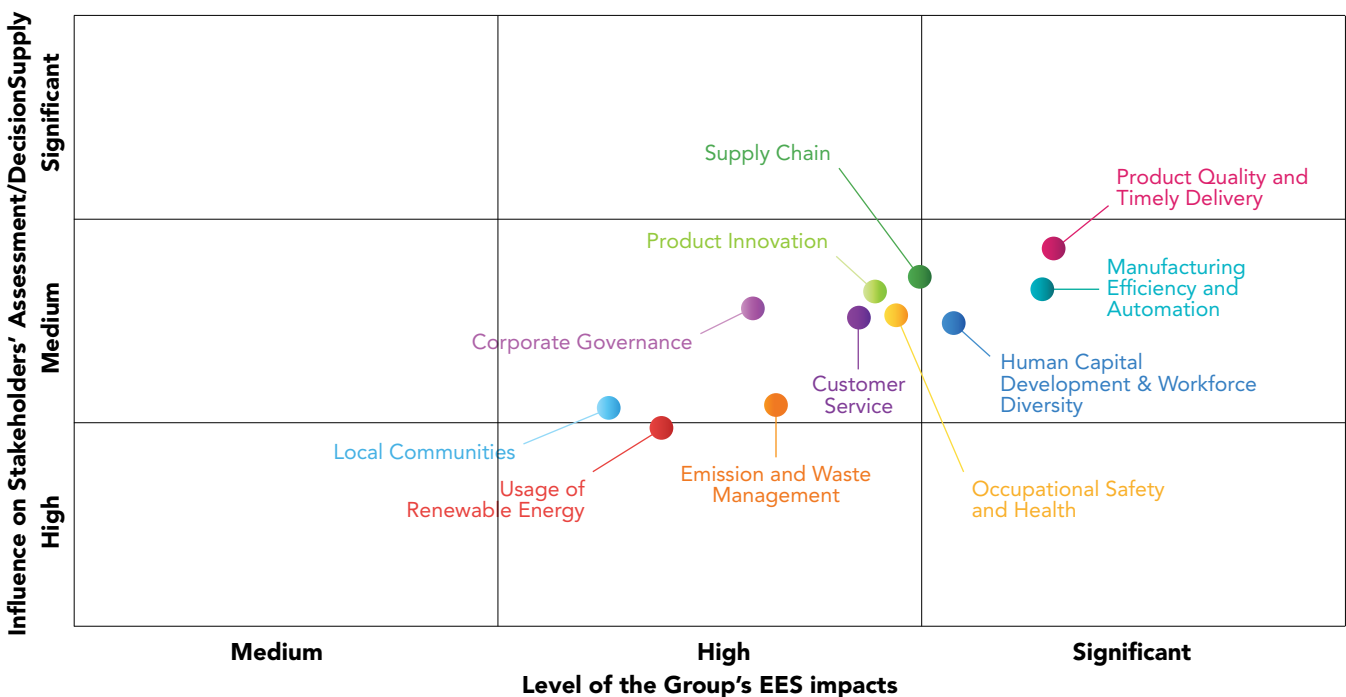
In FY2021, due to the COVID-19 pandemic, we carried out preventive measures to reduce face-to-face meetings and leveraged virtual meeting platforms, where possible, when engaging stakeholders. We also ensured our stakeholders are informed with regard to changes in our business to deal with the pandemic situation and various stages of movement control orders ("MCOs") imposed by the state and federal governments. The Group Managing Director addressed all employees through a video conference to keep employees updated on the Group's direction in managing the pandemic and its impact on our business, as well as sharing knowledge and awareness on relevant COVID-19 preventive measures.

MATERIAL SUSTAINABILITY MATTERS

The RMSWC conducted a review of the Group's materiality assessment to assess and determine the Group's economic, environmental and social ("EES") risks and opportunities. The materiality assessment approach undertaken is summarised as below:



In FY2021, we included another MSM, Supply Chain, on top of the 10 identified in FY2020. The Group's FY2021 materiality matrix illustrating the 11 MSMs is as follows:



SUSTAINABILITY STATEMENT (CONT'D)

PRODUCT QUALITY AND TIMELY DELIVERY, AND CUSTOMER SERVICE

It is the Group's mission to continuously provide high-quality and innovative plastic packaging solutions to meet our customers' ever-changing needs and to exceed users' expectations. We are not merely a supplier of products but also a solutions provider which helps our customers to incorporate elements such as design, safety and quality, in our products, in addition to cost and pricing considerations.

Quality and safety are something we do not compromise in our products. We communicate regularly with all our customers to understand their requirements in order to provide the right type of polybags and polyfilms. Our relevant operations are certified with ISO 22000 - Food Safety Management System and the BRC/loP Global Standard for Packaging and Packaging Materials, allowing us to serve a range of customers with different needs such as for food, non-food, pharmaceutical, health care and household purposes.

The Group has a quality control ("QC") department which plays a crucial role in safeguarding product quality and safety. Amongst others, the QC department carries out quality inspections on incoming raw materials and our manufactured products to ensure consistent quality before delivery to customers is met. The QC department follows a set of stringent criteria on raw materials and products quality, failing which raw materials will be rejected and returned to suppliers, or products to be reworked or scrapped. Each month, QC is required to submit the Product Quality Summary Report for Management's review. Management also carries out regular on-field inspections.

The Group operations also undergo regular internal production line audits and external audits by independent auditors, as well as ongoing customer audits to ensure product quality meets expectations and complies with all relevant requirements.

We systematically monitor the quality of our products and quality through our internal reports and various indicators. Amongst others, we monitor customers' satisfaction, customers' complaints, and timeliness of delivery.

Our Customers' Satisfaction Survey, which is conducted annually for all our customers, considers two (2) major aspects namely 'Product Quality' that focuses on quality and safety and 'Customer Service' that focuses on delivery, technical support, and cost management. We target to have scores of 3.5 or more out of 5.0 for the 'Product Quality' and 'Customer Service' aspects, as well as the overall Customers' Satisfaction Survey score.

During the financial year under review, due to the impacts of the COVID pandemic and the relevant preventive measures, the Group faced the challenges of the restricted workforce as well as delays in incoming materials like many of the businesses around the world. During the financial year under review, especially the MCO periods, our Management regularly monitored and reviewed business operations to optimise productivity within the capacity allowed by local regulations. This included having employees take up additional responsibilities.

Our overall Customers' Satisfaction Survey score in FY2021 was recorded at 4.05, down from 4.15 in FY2020 due to the abovementioned challenges while still meeting our target of 3.5. Through the survey, we obtained valuable input and comments from customers which we take seriously and reported them in the monthly Management Review meetings to be considered in our process improvement.

An overview of our Customer's Satisfaction Survey scores is as follows:

Customer Evaluation on	Target	FY2019	FY2020	FY2021
Product Quality	≥ 3.5	4.00	4.24 (↑6%)	4.12 (↓3%)
Customer Service	≥ 3.5	3.91	4.09 (↑5%)	4.01 (↓2%)
Average score	≥ 3.5	3.96	4.15 (↑5%)	4.05 (↓2%)

On the other hand, the percentage of product quality-related complaints improved to 1.7% from 1.9% in FY2020. Average monthly complaints have also improved to 11.9 from 12.4 in FY2020, bringing us closer to our target of keeping average monthly complaints on product quality matters below 10. Overall, customers complaints were attended to within less than 7 working days on average.

The Group has processes to investigate complaints received, outcomes of which were reported to Management to ensure necessary corrective actions are carried out and to avoid any similar issues from recurring in the future.

SUSTAINABILITY STATEMENT (CONT'D)

PRODUCT QUALITY AND TIMELY DELIVERY, AND CUSTOMER SERVICE (CONT'D)

The following table summarises the statistics of complaints received in relation to product quality:

	Target	FY2019	FY2020	FY2021
% of complaints received out of total delivery (product quality-related)	-	2.1%	1.9%	1.7%
Average monthly complaints received on product quality	≤ 10	14.8	12.4	11.9
Average response time	Less than 7 working days	Less than 7 working days	Less than 7 working days	Less than 7 working days

FY2021 has seen disruptions in supply chains at global level in many industries. The Group was also impacted as we faced delays in incoming raw materials as well as shortages. Intensified efforts have been carried out to monitor supply situations and minimise the impacts on operations.

During the financial year under review, the Group recorded 1.48% of late delivery cases over total delivery against a target of 1% and below. The increase in late delivery percentages was also due to limited manpower available for delivery activities as a result of COVID-19 preventive measures and MCOs.

	Target	FY2019	FY2020	FY2021
% of late delivery cases over total delivery	≤ 1%	1.01%	0.59%	1.48%

Our processes to facilitate timely product delivery includes the following:

Using a resource planning system to perform budgeting and planning for materials, taking into consideration our suppliers' lead time, to reduce the risks of human error and material shortage	Holding production meetings weekly to update the production schedule incorporating customer feedback and revised requirement, if any	Regularly updating manufacturing and logistics status to customers to ensure customers' expectations are well-managed
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PRODUCT INNOVATION

The Group is committed to producing recyclable products, and this guides our corporate direction in our businesses as well as research and development activities. Operational efficiency is considered incorporating the concepts of minimising waste, reducing material use, and enhancing recyclability. We continue to carry out our initiatives and find ways to minimise the environmental impact of our products, from production to consumption. Through collaboration with our customers, we seek to understand and meet their requirements including environmental requirements to produce sustainable products.

The focus of the Group is in line with Target 12.5 of the SDG – Responsible Consumption and Production, and we aim to reduce the waste generation and business' environmental impact by introducing more environmentally friendly products to consumers. Our environmentally friendly products have also helped to retain and attract existing and potential customers, especially our overseas customer base, many of which have adopted international standards of environmental management systems to safeguard the environment and its future.

One of the most distinctive changes in the market in recent years is the increasing choices and availability of goods and services available to customers. In order to ensure our relevance and competitive edge in the market, we continue to closely engage and understand customers' needs and expectations, and research and develop the right products or services to meet their demands. Our manufacturing facilities are equipped with capabilities from Flexo Printing Press, Blown Film Lines, Slitting Rewinder and other Converting Lines, enabling us to co-develop new products with our customers, as well as expanding our clientele to a broader range of industries. Newly developed resins, enhanced machinery technologies coupled with polymer precise processing parameters enabled down-gauging of our plastic packaging products, using less materials and producing lighter products without compromising versatility and durability and therefore contributing to energy and resource savings in strategic sectors like retails and health care.




SUSTAINABILITY STATEMENT (CONT'D)

PRODUCT INNOVATION (CONT'D)

During the financial year under review, the Group continued to innovate and develop new products. We introduced the Pre-Opened Perforated Bags-on-Roll which was designed by us. It enables more efficient filling activities by semi-auto or automated packing machines used in various industries such as in the electronic, medical and food product industries. We have also introduced enhancement to our existing product, enabling our garbage bag product to be packed into smaller sizes, using less space for storage.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Contributing to the Sustainable Development Goals ("SDGs")

Target 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Reference: www.sdgs.un.org/goals/goal12

MANUFACTURING EFFICIENCY AND AUTOMATION

In line with our goals towards minimising waste and reducing material use, the Group looks into the wastage produced in its manufacturing processes, including waste that can be recycled as well as waste that cannot be recycled. Wastage is segregated into recyclable and non-recyclable waste to facilitate the subsequent recycling process, through which recyclable wastage is converted into recycled materials by subcontractors for our own use.

A wastage reduction team is formed and assigned to undertake the task to monitor and analyse wastage produced, focusing on production processes with higher wastage. Having lower waste production does not only contribute to reduced waste in the environment but also lower production cost per unit output.

	Target	FY2019	FY2020	FY2021
Wastage rate	≤ 10%	12.8%	12.2%	10.6%


In FY2021, we managed to record a lower wastage rate at 10.6%, compared to 12.2% in FY2020. Amongst others, wastage may be created from disruption in the production process such as machinery breakdown and changing of production output. In order to enable greater manufacturing efficiency, these disruptions need to be minimised and it requires coordinated efforts between the production function and other functions such as maintenance and production planning. The Group will undertake continuous efforts to work towards our wastage rate target of 10% or below.

Wastage produced are used as recycled materials in some of our products such as shopping bags and fashion bags which use up to 80% recycled materials. No recycled materials are used in the flexible plastic packaging bags or films for hygiene and food and beverage-related products due to safety concerns.

	FY2019	FY2020	FY2021
Amount of recyclable materials used in manufacturing	8%	9%	10%

10% of materials used in overall manufacturing activities during the year were composed of recycled materials, a slight increase compared to FY2020. In FY2019 and FY2020, all our recyclable materials used were generated from our manufacturing operations while in FY2021, some of the recyclable materials used were purchased externally due to reduced wastage rate in our operations arising from greater manufacturing efficiency.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Contributing to the Sustainable Development Goals ("SDGs")

Target 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Reference: www.sdgs.un.org/goals/goal12

SUSTAINABILITY STATEMENT (CONT'D)

MANUFACTURING EFFICIENCY AND AUTOMATION (CONT'D)

In order to achieve high manufacturing efficiency, it is important for our facilities and equipment to be well-maintained, as well as ongoing consideration for process automation, where appropriate. We also have integrated systems to monitor certain processes in our manufacturing workflow such as recording of incoming raw materials and inventory, raw material usage, and production progress to enable better decision making and prompt corrective actions where required.

Starting from FY2022, we have also launched a few initiatives to digitise our processes such as for purposes of documentation and stock count.

Our investments in manufacturing capabilities (e.g. machinery), manufacturing efficiency, and automation in FY2021 amounted to RM503,000 which were mainly incurred for the replacement of parts and machinery in our production lines. There were no major investments in acquisition of new manufacturing capabilities.

	FY2019	FY2020	FY2021
Total investment in manufacturing capability, manufacturing efficiency, and automation (RM'000)	8,753	127	503

The Group's investment in technologies, automation, and product innovation is in line with Target 9.5 of the SDG, as we continue to seek out opportunities to enhance and upgrade technological capabilities towards producing environmentally friendly products as well as enhancing manufacturing efficiency.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Contributing to the Sustainable Development Goals ("SDGs") Target 9.5

Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

Reference: www.sdg.un.org/goals/goal9

SUPPLY CHAIN

In the past two years, the COVID-19 pandemic has challenged the security and reliability of the global supply chain. Supply chain risks including high logistics costs and shortage of materials have escalated especially in the past year. In this regard, we have also included the supply chain as a sustainability risk which we shall put increased emphasis and attention.

Our business operations and manufacturing operations are supported by our supply chain management which contributes to our processes from inventory planning, material procurement, production, to delivery of finished goods.

Our supply chain management entails assessing suppliers to ensure we work with suppliers who consistently provide us with quality and reliable products and services as well as with integrity. All suppliers are required to be assessed via due diligence process and registered in the Group's approved vendor list before we can do business with them. Existing suppliers are also assessed annually to ensure consistency, quality, and reliability in their delivery of products and services. We also ensure suppliers uphold business ethics and adhere to anti-bribery policies in their conduct of business with the Group or on behalf of the Group.

In FY2021, we continued to carry out close reviews of our supply chain and maintain sufficient stock levels while planning for a longer lead time to accommodate uncertainties in the supply of our raw materials. The Group also assessed its supply chain to review its integrity and reliability and has identified and undertaken measures to enhance the supply chain to mitigate relevant risks, considering uncertainties such as economic, geopolitical, as well as environmental risks, amongst others. The Group also continuously assesses new and existing suppliers to enhance the robustness as well as the resilience of its supply chain.



SUSTAINABILITY STATEMENT (CONT'D)

EMISSIONS AND RENEWABLE ENERGY

Failure to mitigate climate change continued to be one of the top risks faced by the world, according to the Global Risks Report 2021 of the World Economic Forum. Being a responsible corporate citizen also means playing a part in climate change mitigation in protecting our environment and managing global temperature.

Renewable Energy

Electricity usage is one of the key contributors to carbon emissions in the Group's operations. SLP Group actively monitors electricity usage to explore more sustainable energy sources, achieve cost-efficiency or cost-savings, and reduce carbon emissions.


In 2018, the Group has invested RM6 million to install a solar photovoltaic ("PV") system on top of its factory building to provide an estimated 2,074MWh of renewable energy every year, translating to a reduction of 1,439 tonnes of carbon dioxide ("CO₂") emission per year (equivalent to the absorption of CO₂ 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.

In FY2021, the total energy yield from our PV system amounted to 1,647 MWh, which is approximately 13% of the Group's total electricity consumed, i.e. 12,744 MWh, and has helped us save approximately RM 584,643 in electricity cost and 1,142 tonnes in CO₂ avoidance.

	FY2019	FY2020	FY2021
Total energy yield (MWh)	1,868	1,850	1,647
Energy yield over total consumption	12%	13%	13%
Estimated electricity cost-saving (RM)	663,274	656,736	584,643
Estimated CO ₂ Avoidance (tonnes)	1,297	1,284	1,142

Our investment in renewable energy helps the Group contribute to Target 7.2 of the SDG – Affordable and Clean Energy.



7 AFFORDABLE AND CLEAN ENERGY

Contributing to the Sustainable Development Goals ("SDGs")

Target 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

Reference: www.sdg.un.org/goals/goal7

Other energy-saving initiatives undertaken by the Group include the following:

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	Prioritising energy efficiency when considering procurement of equipment
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In FY2021, the Group recorded 12,744MWh in electricity consumed, a reduction of 12% compared to FY2020 due to lower production activities and lower sales volume, in addition to restrictive workforce capacity due to MCOs. The lower sales volume resulted in reduced economies of scale, at an energy intensity of 0.95kWh per kilogram of production output, compared to 0.92kWh/kg in FY2020.

SUSTAINABILITY STATEMENT (CONT'D)

EMISSIONS AND RENEWABLE ENERGY (CONT'D)

The following table summarises the Group's total electricity consumption and the Group's energy intensity per kilogram of production output:

	FY2019	FY2020	FY2021
Electricity consumed per output (kWh/kg)	0.92	0.92	0.95
Total electricity consumed by the Group (MWh)	15,720	14,469	12,744

Other Initiatives to Combat Climate Change

The Group's other efforts to combat climate change include, amongst others:

- a policy requiring all vehicles, including trucks and passenger cars, to switch off the engine while waiting in the compound of our premise;
- ensuring strict compliance with the environmental laws and regulations relating to environmental standards, emission standards, and noise level management; and
- all our commercial vehicles are certified by PUSPAKOM and emissions released from these vehicles are within regulatory limits.

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

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

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 of them into the respective bins.

Details of our efforts and processes for recycling production wastage and using recyclable materials for production is disclosed in the **Manufacturing Efficiency and Automation** section in this Statement.

Through the Group's several initiatives to treat effluent, carry out responsible disposal, and recycle materials, we make effort to contribute to Target 12.4 and Target 12.5 of the SDG – Responsible Consumption and Production.


12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Contributing to the Sustainable Development Goals ("SDGs")

Target 12.4
By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Contributing to the Sustainable Development Goals ("SDGs")

Target 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Reference: www.sdg.un.org/goals/goal12



SUSTAINABILITY STATEMENT (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH

We have established a Safety, Health and Environmental Committee ("SHEC"), which meets on a quarterly basis, to oversee the safety of our operations. The SHEC is assisted by the appointed Safety, Health and Environmental team to conduct monthly safety audits to ensure safety practices are consistent with the Group's latest safety management system and controls, as well as complying with the relevant rules and regulations, such as the Occupational Safety and Health Act 1994. The SHEC prepares monthly reports to report any non-compliance incidents, newly identified risks, as well as accidents that occurred during the month. The SHEC reports directly to the respective Executive Directors who provide leadership and direction with regard to safety and health practices at operations.

Safety practices and procedures are incorporated into our Procedures and Work Instructions which guides our employees in their daily work. Safety and health inspections are also being conducted regularly to identify and potentially unsafe working conditions and monitor health hazards. Safety signages are also placed at designated locations to serve as reminders for employees. We also ensure relevant fire safety regulations and standards are complied with and that we have obtained the relevant certifications from the Fire and Rescue Department for our manufacturing plants. The Group has a Workplace Emergencies and Evacuations and Immediate Action Guideline which guides the Group's responses to any potential disasters such as fires and natural disasters. We also ensure our safety equipment and systems at our manufacturing facilities are well-maintained and functioning properly.

From time to time, the SHEC organises safety and health-related activities for all employees to instil the values and knowledge essential to a safe and healthy workplace. During the financial year under review, safety and health training provided to employees covers the following topics, amongst others:

- Standard Operating Procedures ("SOP") during Conditional MCO;
- Safety training (on machinery handling, hazardous materials handling and general safety in the production environment); and
- Safe handling of chemicals.

An overview of the Group's safety records for the financial year under review is as follows:

	FY2021 Target	FY2019	FY2020	FY2021
Accident cases	0	30	14	14
Loss days	≤18	43	37	25
Average loss days per accident	-	1.43	2.64	1.79

None of the accidents recorded during FY2021 was categorised as major accidents nor have they resulted in fatalities or serious injuries. All accidents recorded were investigated in accordance with our internal procedures, through which process improvements were carried out where applicable, to prevent and avoid the recurrence of such incidents. In line with Target 8.8 of the SDG – Decent Work and Economic Growth, the Group is committed to providing a safe workplace for our employees.

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DECENT WORK AND ECONOMIC GROWTH

Contributing to the Sustainable Development Goals ("SDGs")

Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Reference: www.sdg.un.org/goals/goal8

COVID-19 response

The COVID-19 pandemic continued to affect economies and livelihoods in FY2021. In Malaysia, the federal and state governments continue to impose MCOs to contain and prevent the spread of the virus. In SLP Group, led by the Emergency Response Team ("ERT"), we regularly keep ourselves up to date with the current situation as well as any new SOPs imposed by the governments. Work-from-home working arrangements continued to be practised and we regularly reviewed our workforce scheduling and planning at the manufacturing floor. Our engagements with stakeholders such as customers, suppliers, and business partners were taken online where possible. We have also held our 16th Annual General Meeting online on 24 June 2021.

SUSTAINABILITY STATEMENT (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH (CONT'D)

COVID-19 response (Cont'd)

The Group's in-house COVID-19 prevention SOPs, which have incorporated the SOPs and recommendations by the governments, are summarised as follows:

- requiring all staff to wear facemask;
- monitoring and tracking body temperature;
- practising physical distancing;
- daily disinfection within the factory and office compound;
- regular sanitisation of commercial motor vehicles;
- reminders to frequently wash and sanitise hands;
- mandatory bi-weekly testing for employees using Rapid Test Kit ("RTK") Antigen Test;
- SOP training and briefing for employees via online communication (e.g. WhatsApp); and
- compulsory registration via MySejahtera for employees and visitors entering the Group's premises.

The Directors of the Company, at their personal expense, have also provided oximeters to employees for self-monitoring of oxygen levels.

It was unfortunate that there were several COVID-19-positive cases among our employees in FY2021. In responding to the increasing positive cases, we voluntarily shut down our factory to contain the spread before the closure notice from the Ministry of Health was issued. We also established a quarantine centre for employees who were in close contact with COVID-19-positive employees. Meals for the quarantine centre were provided at the Group's cost and the ERT team also monitored to ensure adherence to SOPs at the quarantine centre. Operations in our Kulim plant was temporarily halted for almost a week for disinfection work to be carried out.

In order to safeguard our employees as soon as possible, the Group also arranged and paid for the COVID-19 vaccination for our employees, including the first and second dose, amounting to approximately RM65,000.

Upholding labour standards

Further to safety and health practices, we also place emphasis on the living condition of our workers. The Group's accommodation for workers complies with the Workers Minimum Standards of Housing & Amenities Act 1990. Our living accommodations for foreign workers were also audited by the authorities in 2020. Our Human Resource function reviews the Group's labour practices from time to time.

HUMAN CAPITAL DEVELOPMENT AND WORKFORCE DIVERSITY

Human capital is a key capital and asset to the SLP Group. Employees are the driving forces for us to pursue our long-term goals and objectives, as well as our ability to continuously innovate new products. We view both professional and personal development of our employees as an important aspect to develop our human capital, as well as contributing to elevating livelihoods and society. In addition to employee development, we also ensure we uphold equality in the treatment of all our employees, respect and appreciate diversity in our workforce, and do not tolerate discrimination against anyone on the basis of race, age, religion, gender, nationality, disability, etc. Our non-discrimination policy is formalised in the Group's Employee Handbook and is made known to all employees to ensure they uphold the same. The Group is committed to inculcating diversity and non-discrimination in our workplace as well as promoting fair treatment and equal opportunity to all our employees.

As at 31 December 2021, our workforce composition is as follows:

By Gender	Male	Female
Executive Directors	2	2
Managerial Position	7	5
Other Office Employees	7	26
Other Factory Employees	190	22



SUSTAINABILITY STATEMENT (CONT'D)

HUMAN CAPITAL DEVELOPMENT AND WORKFORCE DIVERSITY (CONT'D)

As at 31 December 2021, our workforce composition is as follows: (Cont'd)

By Age	< 30	30 – 50	> 50
Executive Directors	0	2	2
Managerial Position	0	6	6
Other Employees	127	104	14

By Ethnicity	Malay	Chinese	Indian	Others
Executive Directors	0	4	0	0
Managerial Position	1	11	0	0
Other Employees	66	7	22	150

By Nationality	Malaysian	Non-Malaysian
Executive Directors	4	0
Managerial Position	12	0
Other Employees	95	150

The majority of our factory workforce is made up of male 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. We have a fairly distributed gender diversity at the managerial levels and above.

We undertake regular engagements with employees to ensure there are adequate platforms for two-way communication between the Group and the employees. We also have employee benefits initiatives such as medical health screening, health awareness programmes, recognition of long service, increasing employer's EPF contribution rate based on job grade, hospitalisation insurance coverage, and free medical check-up for the Group's employees and their legal spouses.

Employee Development

Every year, the Group invests in employee development to upskill employees, enhancing their skills and capability, preparing them to take on additional roles and responsibilities, as well as helping employees to realise their potential abilities.

Training needs of employees are considered considering the Group as a whole, based on functions, as well as on an individual basis. During the annual performance appraisal, employees and their respective supervisors also discuss the potential areas of improvement and relevant training, where applicable. Employees' strengths and weaknesses are identified and considered in the individual's training needs analysis. Every year, The Group's Human Resource Department ("HR") will prepare a training plan for our employees.

During the financial year under review, the Group recorded a total of 2,475 hours of training attended by our employees. Average training hours per employee increased to 9.5 hours per employee as we carried out more online training for our employees during the year, compared to the previous year.

	FY2020	FY2021
Training hours	2,840	2,475
Average training hours per employee	8.5	9.5

We believe that day-to-day work is also an important platform for development as well as a source for experience. In this regard, we have a mentoring system where direct managers or supervisors are also tasked with the responsibility to provide mentorship, support, coaching, and training to their team members.

SUSTAINABILITY STATEMENT (CONT'D)

LOCAL COMMUNITIES

In FY2021, the Group continued to carry out its works as a responsible corporate citizen by supporting causes relating to the educational and social needs of the local communities, in line with the Group's policy.

This year, together with a customer, we co-sponsored the provision and distribution of face masks for adults and kids to the local communities including the underprivileged. We completed the distribution of 600 cartons of adult face masks and 400 cartons of kids' face masks to orphanages, old folks' homes, and schools with the assistance of the charity society, Lion Club.



CORPORATE GOVERNANCE

The Board views good governance and business ethics as a crucial element towards long-term sustainability and integrity of the Group's business and its people.

Code of Conduct and Ethics and Whistle Blowing Policy

The Group has established a Code of Conduct and Ethics ("Code") to set out the ethical values and standards which is expected of the Group's operations and all Directors and employees. Amongst others, This Code takes into consideration elements of social responsibilities and the environment, conflict of interest, non-discrimination, safe workforce, anti-bribery and corruption, insider trading, money laundering, etc. The Code is communicated to all Board and employees of the Group and is available on the corporate website.

In ensuring the upholding of ethical standards at all levels, SLP also has a whistleblowing mechanism which is formalised via its Whistle Blowing Policy. The reporting mechanism aims to encourage whistle-blowers to raise genuine concerns regarding unethical business conducts as well as other malpractices without fear of reprisal. The mechanism provides the whistle-blower with protection against reprisal and harassment, and it also provides a reporting channel to an Independent Director. The Whistle Blowing Policy is available on the corporate website.

Anti-Bribery and Corruption

An Anti-Bribery and Corruption Policies ("ABCP") has been established by the Group. The ABCP is applicable to the Board, employees, customers as well as suppliers. The ABCP sets out the Group's zero corruption policy and covers various types of bribery and corruption, including gifts, kickbacks, hospitality, charity contribution, and facilitation payments. In addition to due diligence processes through which we assess employees, suppliers, contractors, and business partners, the Group also updates and communicates our zero-tolerance against all forms of bribery and corruption before entering into business relationships with them.

The anti-bribery and corruption initiatives implemented by the Group include:

- establishment of an ABCP 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;
- annual refresher training on the ABCP for all employees;
- communication of the Group's stance and expectation to all new suppliers and business associates via letter requiring their acknowledgement;
- 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.



SUSTAINABILITY STATEMENT (CONT'D)


CORPORATE GOVERNANCE (CONT'D)

Anti-Bribery and Corruption (Cont'd)

During the financial year under review, there was no incidence of corruption or bribery or serious breaches against business ethics noted or reported.

Please refer to the Group's corporate governance practices in the Corporate Governance Overview Statement of this Annual Report and the Corporate Governance Report 2021 for detailed information.

The adoption of adequate procedures and relevant efforts to combat bribery and corruption are aligned with Target 16.5 of the SDG – Peace, Justice and Strong Institutions.

	Contributing to the Sustainable Development Goals ("SDGs")
	Target 16.5 Substantially reduce corruption and bribery in all their forms

Reference: www.sdg.un.org/goals/goal16

CONCLUSION

As the global and domestic business environment continues to evolve, the Board is aware of its responsibility to understand the interest of stakeholders and incorporate long-term sustainability considerations in the Group's business decisions. The Group will continue to manage and monitor the Group's MSMs, continuously engage with stakeholders and communicate the Group's relevant sustainability directions, priorities, and performance, as appropriate.

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 2021 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 11 April 2022.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors ('Board') to establish a sound risk management framework and internal controls system to safeguard shareholders' investments and the assets of the Group. Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Malaysia'), the Board of listed issuers is required to include in its Annual Report, a statement on the Group's state of internal control. The Board recognises its responsibilities 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 Group Accountant have provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives 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.

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

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.



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

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 2021, 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 11 April 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. MEMBERS

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

Name	Position
Mary Geraldine Phipps	Chairman, <i>Senior Independent Non-Executive Director</i>
Chan Wah Chong	Member, <i>Independent Non-Executive Director</i>
Law Cheng Lock	Member, <i>Independent Non-Executive Director</i>
Leow Chan Kiang (1)	Member, <i>Non-Independent Non-Executive Director</i>

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 2021, a total of six (6) ARMC meetings were held. The details of attendance of each member of the Committee were as follows:

Directors	Attendance
Mary Geraldine Phipps	6/6
Chan Wah Chong	6/6
Law Cheng Lock	6/6
Leow Chan Kiang	2/2

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.sinlipas.com.my.

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

During the financial year ended 31 December 2021, 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 2021 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 26 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.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (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 2021;
- (ii) Reviewed the external auditors' scope of work and the audit plan for the financial year ended 31 December 2021;
- (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 2021; 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 FY2021 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 2021.

5. TRAINING

During the financial year ended 31 December 2021, 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:

- MBRS for preparers- Financial Statement
- Managing Human Rights: Why is it important to corporations
- SVDP Tax Audits & Investigations: What you need to know. A dialogue with the CEO of IRB
- Future Fit Professionals Digital Revolution: What does the future hold?
- Internal briefing on ABC policy
- Malaysian Transfer Pricing Developments
- MICPA-KPMG Complimentary Webinar - How Digitalisation and Data Analytics Can Help You Do Wonders in Your Business
- Malaysian Code of Corporate Governance
- Toward a comprehensive system of corporate reporting – Communication of long-term value creation
- Webinar - Enhancements to Climate Change assessment within ESG Ratings and FTSE4Good indexes
- Webinar - Setting standards in film orientation
- KPMG Board Leadership Center Exclusive – US Forced Labor Legislation: Impact on Malaysia
- Malaysian Code of Corporate Governance (Updated 2021)
- Bursa Sustainability Reporting Workshop: Scope & Materiality in Sustainability Reporting for Practitioners
- Conflict of Interest & Related Party Transactions
- SSM National Conference 2021 – Governing under new normal

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. TRAINING (CONT'D)

During the financial year ended 31 December 2021, 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)

- Webinar - Driving consistency in ESG disclosures
- US Forced Labour Legislation: Impact on Corporate Malaysia
- OECD/G20 Inclusive Framework – BEPs 2.0 Implementation Plan
- KPMG Asia Pacific Board Leadership & Assurance Summit 2021
- Bursa Malaysia CG Guide Edition 4 - Focus Group discussion
- Value Creation Strategies

6. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional accounting and consulting 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 43 to 45 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 2021 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 RM26,296.

This report is made in accordance with a resolution of the Board of Directors dated 11 April 2022.



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 incurred for services rendered for the financial year ended 31 December 2021 are as follows:-

Type of Fees	Company (RM)	Group (RM)
Audit Fees	30,000	126,000
Non-Audit Fees		
- KPMG PLT	4,000	4,000
- Local affiliate of KPMG PLT	3,600	27,600

3. EMPLOYEES SHARE OPTIONS SCHEME

The Group did not offer any share 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 RM26,296.

5. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Details of the recurrent related party transactions of revenue nature have been duly disclosed in Note 26 of the Notes to the Financial Statements for the financial year ended 31 December 2021.

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 2022.

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DIRECTORS' REPORT

For the year ended 31 December 2021

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 2021.

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	17,726,467	17,214,742

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 2020 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 2020 and paid on 6 January 2021; and
 - a fourth interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 24 February 2021 and paid on 13 April 2021.
- ii) in respect of the financial year ended 31 December 2021 :
 - a first interim dividend of 1.0 sen per ordinary share totalling RM3,169,600 declared on 7 May 2021 and paid on 8 July 2021;
 - a second interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 6 August 2021 and paid on 7 October 2021; and
 - a third interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 5 November 2021 and paid on 6 January 2022.

Subsequent to the end of 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 2021 on 25 February 2022 and payable on 13 April 2022.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2021.

DIRECTORS' REPORT (CONT'D)

For the year ended 31 December 2021

DIRECTORS OF THE COMPANY

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

Chan Wah Chong
Khaw Khoon Tee
Khaw Choon Choon
Khaw Choon Hoong
Khaw Seang Chuan
Law Cheng Lock
Mary Geraldine Phipps
Leow Chan Khiang (Resigned on 1 March 2021)

DIRECTORS OF SUBSIDIARIES

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

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

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 1.1.2021	Bought	(Sold)	Transfer	At 31.12.2021
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	128,652,059	-	-	-	128,652,059
Khaw Seang Chuan					
Interest in the Company:					
- own	49,376,284	425,000	-	(2,312,199)	47,489,085
- others #	232,799	100,000	-	2,312,199	2,644,998
Deemed interest in the Company:					
- own	128,652,059	-	-	-	128,652,059



DIRECTORS' REPORT (CONT'D)

For the year ended 31 December 2021

DIRECTORS' INTERESTS IN SHARES (CONT'D)

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

	Number of ordinary shares				At 31.12.2021
	At 1.1.2021	Bought	(Sold)	Transfer	
Khaw Choon Hoong					
Interest in the Company:					
- own	3,929,499	-	-	-	3,929,499
Deemed interest in the Company:					
- own	128,652,059	-	-	-	128,652,059
Khaw Choon Choon					
Interest in the Company:					
- own	1,853,199	-	-	-	1,853,199
- others #	50,000	50,000	-	-	100,000
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 2021 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 26 to the financial statements.

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

DIRECTORS' REPORT (CONT'D)

For the year ended 31 December 2021

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 was 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 2021 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.



DIRECTORS' REPORT (CONT'D)

For the year ended 31 December 2021

SIGNIFICANT EVENT

The details of such event are disclosed in Note 29 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 : 11 April 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Property, plant and equipment	3	61,944,037	65,363,751	-	-
Right-of-use assets	4	9,382,392	10,024,396	-	-
Intangible assets	5	8,580	19,910	-	-
Investments in subsidiaries	6	-	-	79,836,032	90,226,082
Total non-current assets		71,335,009	75,408,057	79,836,032	90,226,082
Inventories	7	35,547,671	36,377,014	-	-
Trade and other receivables	8	31,334,340	29,718,753	3,853,000	3,003,000
Current tax assets		373,663	557,935	8,638	8,564
Derivative financial assets	15	3,791	-	-	-
Cash and cash equivalents	9	77,152,544	74,368,900	35,286,619	25,961,798
		144,412,009	141,022,602	39,148,257	28,973,362
Asset classified as held for sale	10	860,639	-	-	-
Total current assets		145,272,648	141,022,602	39,148,257	28,973,362
Total assets		216,607,657	216,430,659	118,984,289	119,199,444
Equity					
Share capital	11	113,680,000	113,680,000	113,680,000	113,680,000
Reserves	12	71,630,185	68,114,107	465,100	683,155
Total equity attributable to owners of the Company		185,310,185	181,794,107	114,145,100	114,363,155



STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Liabilities					
Deferred tax liabilities	13	9,388,000	8,222,000	-	-
Total non-current liability		9,388,000	8,222,000	-	-
Trade and other payables	14	21,482,470	25,179,472	4,839,189	4,836,289
Derivative financial liabilities	15	-	80,744	-	-
Current tax liabilities		427,002	1,154,336	-	-
Total current liabilities		21,909,472	26,414,552	4,839,189	4,836,289
Total liabilities		31,297,472	34,636,552	4,839,189	4,836,289
Total equity and liabilities		216,607,657	216,430,659	118,984,289	119,199,444

The notes on pages 67 to 117 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	16	168,948,889	146,992,774	17,100,000	16,925,000
Changes in work-in-progress and manufactured inventories		2,052,329	1,495,698	-	-
Raw materials and consumables used		(120,656,299)	(96,821,826)	-	-
Employee benefits expenses	17	(11,672,726)	(12,762,017)	(5,000)	(4,000)
Depreciation of property, plant and equipment	3	(6,130,684)	(6,693,326)	-	-
Depreciation of right-of-use assets	4	(149,992)	(153,189)	-	-
Net loss on impairment of financial instruments	18	(75,182)	(25,307)	-	-
Other expenses		(11,613,227)	(11,873,882)	(352,402)	(1,364,025)
Other income		1,869,525	1,391,213	-	-
Results from operating activities		22,572,633	21,550,138	16,742,598	15,556,975



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Finance income	18	727,504	934,739	476,225	431,836
Profit before tax	18	23,300,137	22,484,877	17,218,823	15,988,811
Tax expense	20	(5,573,670)	(6,015,488)	(4,081)	(1,225)
Profit for the year attributable to owners of the Company		17,726,467	16,469,389	17,214,742	15,987,586
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	-	-
	21	-	4,567	-	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation differences		3,222,408	(1,553,058)	-	-
	21	3,222,408	(1,553,058)	-	-
Total other comprehensive income/ (expense) for the year, net of tax	21	3,222,408	(1,548,491)	-	-
Total comprehensive income for the year attributable to owners of the Company		20,948,875	14,920,898	17,214,742	15,987,586
Basic/Diluted earnings per ordinary share (sen)	22	5.59	5.20	-	-

The notes on pages 67 to 117 are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

Group	Attributable to owners of the Company					Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Fair value reserve RM	Retained earnings RM	Distributable	
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	-	-	-	(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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 December 2021

	Attributable to owners of the Company					Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Fair value reserve RM	Retained earnings RM	Distributable	
Group						
At 1 January 2021	113,680,000	(5,052,226)	(105,580)	73,271,913		181,794,107
Net change in fair value of equity instruments designated at fair value through other comprehensive income	-	3,222,408	-	-	-	3,222,408
Foreign currency translation differences	-	3,222,408	-	-	-	3,222,408
Total other comprehensive income for the year	-	3,222,408	-	-	-	3,222,408
Profit for the year	-	-	-	17,726,467	17,726,467	17,726,467
Total comprehensive income for the year	-	3,222,408	-	17,726,467	17,726,467	20,948,875
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	-	-	-	(17,432,797)	(17,432,797)	(17,432,797)
Total transactions with owners of the Company	-	-	-	(17,432,797)	(17,432,797)	(17,432,797)
At 31 December 2021	113,680,000	(1,829,818)	(105,580)	73,565,583		185,310,185

Note 11 Note 12 Note 12 Note 12

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The notes on pages 67 to 117 are an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital RM	Distributable Retained earnings RM	Total equity RM
Company				
At 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
<i>Distributions to and transactions with owners of the Company</i>				
- Dividends to owners of the Company	23	-	(17,432,797)	(17,432,797)
At 31 December 2020/ 1 January 2021		113,680,000	683,155	114,363,155
Profit for the year representing total comprehensive income for the year		-	17,214,742	17,214,742
<i>Distributions to and transactions with owners of the Company</i>				
- Dividends to owners of the Company	23	-	(17,432,797)	(17,432,797)
At 31 December 2021		113,680,000	465,100	114,145,100
		Note 11	Note 12	

The notes on pages 67 to 117 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit before tax		23,300,137	22,484,877	17,218,823	15,988,811
Adjustments for :					
Depreciation of property, plant and equipment	3	6,130,684	6,693,326	-	-
Depreciation of right-of-use assets	4	149,992	153,189	-	-
Gain on disposal of plant and equipment	18	(122,109)	(71,216)	-	-
Impairment loss on investment in a subsidiary	18	-	-	-	1,024,335
Impairment loss on trade receivables	18	75,182	25,307	-	-
Impairment loss on intangible assets	18	11,330	-	-	-
Plant and equipment written off	18	51	1	-	-
Dividend income	18	-	(2,400)	(17,100,000)	(16,925,000)
Finance income	18	(727,504)	(934,739)	(476,225)	(431,836)
Operating profit/(loss) before changes in working capital		28,817,763	28,348,345	(357,402)	(343,690)



STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Changes in working capital :					
Inventories		1,386,778	(7,239,922)	-	-
Trade and other receivables		(1,307,315)	(5,632,480)	-	-
Trade and other payables		(4,479,699)	5,815,058	2,900	2,218
Cash generated from/(used in) operations		24,417,527	21,291,001	(354,502)	(341,472)
Dividends received		-	-	16,250,000	18,375,000
Tax paid		(4,950,732)	(3,592,609)	(4,155)	(4,411)
Net cash from operating activities		19,466,795	17,698,392	15,891,343	18,029,117
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(882,789)	(1,159,798)	-	-
Capital distribution from a subsidiary		-	-	10,390,050	-
Proceeds from disposal of other investments		-	151,567	-	-
Proceeds from disposal of plant and equipment		130,000	78,300	-	-
Dividend received		-	2,400	-	-
Interest received		727,504	934,739	476,225	431,836
Net cash (used in)/ from investing activities		(25,285)	7,208	10,866,275	431,836

STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 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 in cash and cash equivalents		2,008,713	272,803	9,324,821	1,028,156
Effect of foreign exchange rate fluctuations on cash held		613,373	(79,799)	-	-
Cash and cash equivalents at 1 January		74,368,900	74,175,896	25,961,798	24,933,642
Cash and cash equivalents at 31 December	9	76,990,986	74,368,900	35,286,619	25,961,798
Cash outflows for leases as a lessee					
Included in net cash from operating activities					
Payment relating to short-term leases	18	118,930	115,080	-	-
Payment relating to leases of low-value assets	18	7,704	7,153	-	-
Total cash outflows for leases		126,634	122,233	-	-

The notes on pages 67 to 117 are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021 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 11 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

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)*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- 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*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group and the Company do not plan to apply MFRS 17 and amendments to MFRS 17 that are 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 is 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.

(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 7 – inventories; and
- Note 27.4 – measurement of expected credit loss



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Loss of control

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(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.

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 profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

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

Financial liabilities (Cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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	4
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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 rates 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 arising 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 is 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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. Other development expenditure is recognised in profit or loss as incurred. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

(ii) Other assets

The carrying amounts of other assets (except for inventories and assets classified as held for sale) 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee benefits (Cont'd)

(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 from contracts with customers

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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.

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.

(o) 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(r) Fair value measurements

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

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

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 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 2020/1 January 2021	162,077	31,512,678	119,000	115,357,783	1,200,135	2,656,965	343,390	151,352,028
Additions	-	-	-	636,367	30,508	215,914	-	882,789
Written off	-	-	-	(1,169,617)	(106,737)	-	-	(1,276,354)
Disposals	-	-	-	(19,100)	-	(952,202)	-	(971,302)
Reclassifications	-	-	-	(126,725)	-	135,370	(8,645)	-
Effect of movements in exchange rates	5,971	1,161,035	-	2,915,448	41,453	37,324	6,069	4,167,300
At 31 December 2021	168,048	32,673,713	119,000	117,594,156	1,165,359	2,093,371	340,814	154,154,461

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 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 2020/1 January 2021	-	6,893,377	57,781	75,773,530	1,145,797	2,117,792	-	85,988,277
Depreciation for the year	-	700,015	30,607	5,203,311	40,431	156,320	-	6,130,684
Written off	-	-	-	(1,169,611)	(106,692)	-	-	(1,276,303)
Disposals	-	-	-	(11,213)	-	(952,198)	-	(963,411)
Reclassification	-	-	-	(124,386)	-	124,386	-	-
Effect of movements in exchange rates	-	257,268	-	1,999,855	39,714	34,340	-	2,331,177
At 31 December 2021	-	7,850,660	88,388	81,671,486	1,119,250	1,480,640	-	92,210,424



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 2020	165,143	25,778,993	91,826	44,861,192	91,199	260,272	515,459	71,764,084
At 31 December 2020/ January 2021	162,077	24,619,301	61,219	39,584,253	54,338	539,173	343,390	65,363,751
At 31 December 2021	168,048	24,823,053	30,612	35,922,670	46,109	612,731	340,814	61,944,037

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. RIGHT-OF-USE ASSETS - GROUP

	Land RM
At 1 January 2020	10,363,169
Depreciation	(153,189)
Effect of movements in exchange rates	(185,584)
At 31 December 2020/1 January 2021	10,024,396
Depreciation	(149,992)
Transfer to asset classified as held for sale (Note 10)	(860,639)
Effect of movements in exchange rates	368,627
At 31 December 2021	9,382,392

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 :

	2021 RM	2020 RM
Group		
Less than one year	48,000	36,000



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INTANGIBLE ASSETS - GROUP (CONT'D)

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2020/31 December 2020/1 January 2021/31 December 2021	<u>19,910</u>	<u>988,302</u>	<u>1,008,212</u>
Amortisation and impairment loss			
At 1 January 2020/31 December 2020/1 January 2021	-	(988,302)	(988,302)
Impairment loss	(11,330)	-	(11,330)
At 31 December 2021	<u>(11,330)</u>	<u>(988,302)</u>	<u>(999,632)</u>

	Goodwill RM	Development costs RM	Total RM
Carrying amounts			
At 1 January 2020	<u>19,910</u>	-	<u>19,910</u>
At 31 December 2020/1 January 2021	<u>19,910</u>	-	<u>19,910</u>
At 31 December 2021	<u>8,580</u>	-	<u>8,580</u>

Development costs

Development costs comprised mainly past expenditure incurred on new products at development phase.

6. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2021 RM	2020 RM
Cost of investments		85,595,323	95,985,373
Less : Impairment loss	6.1	(5,759,291)	(5,759,291)
		<u>79,836,032</u>	<u>90,226,082</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest and voting interest		Principal activities
	2021 %	2020 %	
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 was in relation to Sinliplas Sdn. Bhd. that commenced its voluntary winding-up after the financial year ended 31 December 2020 where its recoverable amount of RM10,586,393 was determined based on fair value less cost to sell.

7. INVENTORIES - GROUP

	2021 RM	2020 RM
Raw materials	22,251,934	25,133,606
Work-in-progress	8,973,585	5,314,289
Manufactured inventories	4,322,152	5,929,119
	35,547,671	36,377,014

7.1 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. TRADE AND OTHER RECEIVABLES

	Note	2021 RM	2020 RM
Group			
Trade			
Amount due from a company controlled by a Director	8.1	205,198	649,661
Third parties		27,863,931	27,865,705
		28,069,129	28,515,366
Non-trade			
Other receivables	8.2	2,376,529	867,501
Deposits		62,828	60,059
Prepayments	8.3	825,854	275,827
		3,265,211	1,203,387
		31,334,340	29,718,753
Company			
Non-trade			
Deposits		3,000	3,000
Dividends receivable from subsidiaries		3,850,000	3,000,000
		3,853,000	3,003,000

8.1 Amount due from a company controlled by a Director

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

8.2 Other receivables

Include in other receivables of the Group is import duties claimable of RM2,358,498 (2020: RM863,782).

8.3 Prepayments

Included in prepayments of the Group are advance payments of RM351,650 (2020: RM Nil) and RM175,242 (2020: RM Nil) for the purchase of machinery and raw materials respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. CASH AND CASH EQUIVALENTS

	Note	2021 RM	2020 RM
Group			
Short term funds	9.1	37,435,463	29,846,177
Short term deposits with licensed banks		14,376,000	8,399,528
Cash and bank balances		25,341,081	36,123,195
		77,152,544	74,368,900
Company			
Short term funds	9.1	30,213,021	20,251,157
Short term deposits with a licensed bank		5,063,000	3,600,000
Cash and bank balances		10,598	2,110,641
		35,286,619	25,961,798

9.1 Short term funds

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

10. ASSET CLASSIFIED AS HELD FOR SALE - GROUP

On 15 December 2021, the Group entered into a Sale and Purchase Agreement ("SPA") for disposal of a piece of land at RM6,500,000, for which a net deposit of RM448,645 has been received (see Note 14.1). The remaining consideration is expected to be received within 12 months. The completion of the SPA is subject to the consent from the State authority (see Note 29). Details of the asset classified as held for sale are as follows :

	2021 RM
At 1 January	-
Transfer from right-of-use assets (Note 4)	860,639
At 31 December	860,639



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. SHARE CAPITAL - GROUP/COMPANY

	2021		2020	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments	<u>113,680,000</u>	<u>316,959,999</u>	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	2021 RM	2020 RM
Group			
Non-distributable			
Fair value reserve	12.1	(105,580)	(105,580)
Foreign currency translation reserve	12.2	(1,829,818)	(5,052,226)
Distributable			
Retained earnings		73,565,583	73,271,913
		<u>71,630,185</u>	<u>68,114,107</u>
Company			
Distributable			
Retained earnings		<u>465,100</u>	<u>683,155</u>

The movements in reserves are shown in the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. DEFERRED TAX LIABILITIES - GROUP

Deferred tax liabilities are attributable to the following :

	2021 RM	2020 RM
Property, plant and equipment	9,905,000	9,483,000
Investment tax allowance carry-forwards	-	(1,245,000)
Reinvestment allowance carry-forwards	(373,000)	(18,000)
Others	(144,000)	2,000
	<u>9,388,000</u>	<u>8,222,000</u>

Movements in temporary differences during the year are as follows :

	At 1 January 2020 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2020/ 1 January 2021 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2021 RM
Property, plant and equipment	8,921,000	562,000	9,483,000	422,000	9,905,000
Investment tax allowance carry-forwards	(1,391,000)	146,000	(1,245,000)	1,245,000	-
Reinvestment allowance carry-forwards	-	(18,000)	(18,000)	(355,000)	(373,000)
Others	(163,000)	165,000	2,000	(146,000)	(144,000)
	<u>7,367,000</u>	<u>855,000</u>	<u>8,222,000</u>	<u>1,166,000</u>	<u>9,388,000</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. TRADE AND OTHER PAYABLES

	Note	2021 RM	2020 RM
Group			
Trade			
Trade payables		13,979,270	18,331,934
Non-trade			
Other payables		1,484,736	1,232,124
Accrued expenses		815,420	861,015
Deposit received	14.1	448,645	-
Dividend payable		4,754,399	4,754,399
		7,503,200	6,847,538
		21,482,470	25,179,472
Company			
Non-trade			
Accrued expenses		84,790	81,890
Dividend payable		4,754,399	4,754,399
		4,839,189	4,836,289

14.1 Deposit received

The deposit received of the Group represents 10% deposit collected for the disposal of leases over a piece of land net of the real property gains tax held by the solicitors (see Note 29).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) - GROUP

	2021			2020		
	Nominal value RM	Assets RM	Liabilities RM	Nominal value RM	Assets RM	Liabilities RM

Derivatives held for trading at fair value through profit or loss

- Forward exchange contracts	1,249,500	3,791	-	19,104,000	-	(80,744)
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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

	2021 RM	2020 RM
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Group

Revenue from contracts with customers	168,948,889	146,992,774
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Company

Revenue represents dividend income received from subsidiaries.

16.1 Disaggregation of revenue

	2021 RM	2020 RM
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Major products

Manufacturing and sale of plastic packaging and its related products	110,654,884	107,979,173
Trading of polymer products	58,294,005	39,013,601
	168,948,889	146,992,774

Timing and recognition

At a point in time	168,948,889	146,992,774
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 RM642,132 (2020 : RM662,387).

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- Audit fees by KPMG PLT	126,000	125,000	30,000	29,500
- non-audit fees				
- KPMG PLT	4,000	4,000	4,000	4,000
- Local affiliate of KPMG PLT	27,600	32,200	3,600	3,600
Directors' emoluments				
- Directors of the Company				
- fees	152,200	152,000	109,000	108,800
- remuneration	1,536,881	1,551,502	21,000	20,000
Impairment loss on investment in a subsidiary	-	-	-	1,024,335
Gain on disposal of plant and equipment	(122,109)	(71,216)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. PROFIT BEFORE TAX (CONT'D)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Plant and equipment written off	51	1	-	-
Impairment loss on intangible assets (Note 5)	11,330	-	-	-
(Gain)/Loss on foreign exchange, net	(209,257)	177,987	-	-
Dividend income from :			-	
- Other investments	-	(2,400)	-	-
- Subsidiaries	-	-	(17,100,000)	(16,925,000)
Finance income (Note 18.1)	(727,504)	(934,739)	(476,225)	(431,836)
Government grants income (Note 18.2)	(389,300)	(361,800)	-	-
Net loss on impairment of financial instruments				
Financial assets at amortised cost				
- Impairment loss on trade receivables	75,182	25,307	-	-
Expenses arising from leases:				
Expenses relating to short-term leases	118,930	115,080	-	-
Expenses relating to leases of low-value assets	7,704	7,153	-	-
Lease income	(98,000)	(54,000)	-	-

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 and hiring incentive from the local government to retain local employees and hire unemployed employees respectively during the approved period of economy uncertainty brought by the Covid-19 outbreak.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. KEY MANAGEMENT PERSONNEL COMPENSATIONS

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company				
- fees	152,200	152,000	109,000	108,800
- remuneration	1,536,881	1,551,502	21,000	20,000
Total short-term employee benefits	1,689,081	1,703,502	130,000	128,800

The estimated monetary value of Directors' benefit-in-kind of the Group is Nil (2020 : RM1,650).

20. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax expense	5,573,670	6,015,488	4,081	1,225

Major components of income tax expense include :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense				
- Current year	4,315,576	4,797,838	3,416	1,225
- Prior year	92,094	362,650	665	-
Total current tax recognised in profit or loss	4,407,670	5,160,488	4,081	1,225

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TAX EXPENSE (CONT'D)

Major components of income tax expense include : (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax expense				
- Origination and reversal of temporary differences	1,238,000	844,000	-	-
- (Over)/under provision in prior year	(72,000)	11,000	-	-
Total deferred tax recognised in profit or loss	1,166,000	855,000	-	-
Total tax expense	5,573,670	6,015,488	4,081	1,225

Reconciliation of tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit for the year	17,726,467	16,469,389	17,214,742	15,987,586
Total income tax expense	5,573,670	6,015,488	4,081	1,225
Profit excluding tax	23,300,137	22,484,877	17,218,823	15,988,811
Income tax calculated using Malaysian tax rate of 24%	5,592,033	5,396,370	4,132,518	3,837,315
Non-deductible expenses	293,036	583,619	85,745	327,647
Tax incentives	(71,620)	(28,246)	-	-
Non-taxable income	(163,927)	(155,324)	(4,214,847)	(4,163,737)
Other items	(95,946)	(154,581)	-	-
Under provision in prior year	20,094	373,650	665	-
Income tax expense	5,573,670	6,015,488	4,081	1,225



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. OTHER COMPREHENSIVE INCOME/(EXPENSE) - GROUP

	Before tax RM	Tax (expense)/ benefit RM	Net of tax RM
2021			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- Gain during the year	3,222,408	-	3,222,408
	<u>3,222,408</u>	<u>-</u>	<u>3,222,408</u>
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)
	<u>(1,548,491)</u>	<u>-</u>	<u>(1,548,491)</u>

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 RM17,726,467 (2020 : RM16,469,389) and on the weighted average number of ordinary shares outstanding during the financial year of 316,959,999 (2020 : 316,959,999).

Diluted earnings per ordinary share

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DIVIDENDS - GROUP AND COMPANY

Dividends recognised by the Company are :

	Sen per share	Total amount RM	Date of payment
2021			
Fourth interim 2020 ordinary	1.50	4,754,399	13 April 2021
First interim 2021 ordinary	1.00	3,169,600	8 July 2021
Second interim 2021 ordinary	1.50	4,754,399	7 October 2021
Third interim 2021 ordinary	1.50	4,754,399	6 January 2022
Total amount		<u>17,432,797</u>	
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		<u>17,432,797</u>	

Subsequent to the end of 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 2021 on 25 February 2022 and payable on 13 April 2022.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. OPERATING SEGMENTS - GROUP (CONT'D)

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.

	External revenue RM	Non-current assets RM
Geographical information		
2021		
Malaysia	97,066,826	71,335,009
Japan	57,786,767	-
Australia	7,808,044	-
Other countries	6,287,252	-
	168,948,889	71,335,009
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

Major customer

There are no major customers with revenue equal to or more than 10% of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. COMMITMENTS - GROUP

	2021 RM	2020 RM
Property, plant and equipment		
Contracted but not provided for	<u>390,000</u>	<u>38,000</u>

26. RELATED PARTIES

Identity of related parties

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

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

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation as disclosed in Note 19 to the financial statements are shown below. The balances related to the transactions shown below are disclosed in Note 8 to the financial statements.

	Group	
	2021 RM	2020 RM
A company controlled by a Director		
Sales	<u>597,935</u>	<u>1,181,692</u>

	Company	
	2021 RM	2020 RM
Subsidiaries		
Dividend income	<u>17,100,000</u>	<u>16,925,000</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS

27.1 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 instruments designated upon initial recognition ("EIDUIR").

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM
2021			
Financial assets			
Group			
Trade and other receivables excluding prepayments	30,508,486	30,508,486	-
Derivative financial assets	3,791	-	3,791
Cash and cash equivalents	77,152,544	77,152,544	-
	107,664,821	107,661,030	3,791
Company			
Trade and other receivables	3,853,000	3,853,000	-
Cash and cash equivalents	35,286,619	35,286,619	-
	39,139,619	39,139,619	-
Financial liabilities			
Group			
Trade and other payables	21,482,470	21,482,470	-
Company			
Trade and other payables	4,839,189	4,839,189	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (Cont'd)

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net gains/(losses) on :				
Financial assets at fair value through profit or loss				
- held for trading	87,100	(80,744)	-	-
Equity instruments designated at fair value through other comprehensive income				
- recognised in profit or loss	-	2,400	-	-
- recognised in other comprehensive income	-	4,567	-	-
Financial assets at amortised cost	593,360	742,647	476,225	431,836
Financial liabilities at amortised cost	181,119	69,542	-	-
	861,579	738,412	476,225	431,836

27.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. 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 year.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

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 geographical region was:

	2021 RM	Group 2020 RM
Domestic	18,914,839	17,733,269
Japan	7,521,918	9,565,595
Australia	1,627,490	881,947
Others	4,882	334,555
	28,069,129	28,515,366

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.

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 loss ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 180 days will be considered as credit impaired.

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

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

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2021			
Not past due	20,328,991	80,456	20,248,535
Past due 1 - 30 days	6,673,041	23,978	6,649,063
Past due 31 - 120 days	1,171,901	370	1,171,531
	28,173,933	104,804	28,069,129
Credit impaired			
Individually impaired	92,568	92,568	-
	28,266,501	197,372	28,069,129
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

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

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

	Trade receivables		Total RM
	Lifetime ECL RM	Credit impaired RM	
Group			
Balance at 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	<u>76,333</u>	<u>44,660</u>	<u>120,993</u>

	Trade receivables		Total RM
	Lifetime ECL RM	Credit impaired RM	
Group			
Balance at 1 January 2021	76,333	44,660	120,993
Net remeasurement of loss allowance	27,274	47,908	75,182
Effect of movements in exchange rates	1,197	-	1,197
Balance at 31 December 2021	<u>104,804</u>	<u>92,568</u>	<u>197,372</u>

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Cash and cash equivalents (Cont'd)

Other receivables

The Group does not monitor the other receivables which are mainly in relation to import duties claimable as the credit risk is deemed to be low.

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.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM7,222,481 (2020: RM13,631,556) 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.

27.5 Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM
Group				
2021				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	21,482,470	-	21,482,470	21,482,470
<i>Derivative financial liabilities</i>				
Forward exchange contracts (gross settled) :				
Outflow	-	-	1,249,500	1,249,500
Inflow	(3,791)	-	(1,253,291)	(1,253,291)
	<u>21,478,679</u>		<u>21,478,679</u>	<u>21,478,679</u>
2020				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	25,179,472	-	25,179,472	25,179,472
<i>Derivative financial liabilities</i>				
Forward exchange contracts (gross settled) :				
Outflow	80,744	-	19,184,744	19,184,744
Inflow	-	-	(19,104,000)	(19,104,000)
	<u>25,260,216</u>		<u>25,260,216</u>	<u>25,260,216</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM
Company				
2021				
<i>Non-derivative financial liabilities</i>				
Other payables	4,839,189	-	4,839,189	4,839,189
Financial guarantees	-	-	7,222,481	7,222,481
	<u>4,839,189</u>		<u>12,061,670</u>	<u>12,061,670</u>
2020				
<i>Non-derivative financial liabilities</i>				
Other payables	4,836,289	-	4,836,289	4,836,289
Financial guarantees	-	-	13,631,556	13,631,556
	<u>4,836,289</u>		<u>18,467,845</u>	<u>18,467,845</u>

27.6 Market risk

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

27.6.1 Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

27.6.1 Currency risk (Cont'd)

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			
2021			
Trade and other receivables	1,333,000	1,492,225	-
Cash and cash equivalents	2,429,932	4,781,206	211,283
Forward exchange contracts	3,791	-	-
Trade and other payables	(1,645,483)	(1,348,835)	-
Net exposure	2,121,240	4,924,596	211,283
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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

27.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2020 : 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	
	2021 RM	2020 RM
Group		
RM	(161,214)	(255,105)
USD	(374,269)	(52,028)
JPY	(16,058)	(18,219)

A 10% (2020 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's and the Company's investments in fixed rate deposits with licensed banks are exposed to risk of change in their fair values 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

27.6.2 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 :

	2021 RM	2020 RM
Group		
Fixed rate instruments		
Financial assets	<u>14,376,000</u>	<u>8,399,528</u>
Floating rate instruments		
Financial assets	<u>37,435,463</u>	<u>29,846,177</u>
Company		
Fixed rate instruments		
Financial assets	<u>5,063,000</u>	<u>3,600,000</u>
Floating rate instruments		
Financial assets	<u>30,213,021</u>	<u>20,251,157</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

27.6.2 Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

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

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

	2021 RM	2020 RM
Group		
Floating rate instruments	<u>284,510</u>	<u>226,831</u>
Company		
Floating rate instruments	<u>229,619</u>	<u>153,909</u>

27.7 Fair value information

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group										
2021										
Financial assets										
Forward exchange contracts	-	3,791	-	3,791	-	-	-	-	3,791	3,791
2020										
Financial liabilities										
Forward exchange contracts	-	80,744	-	80,744	-	-	-	-	80,744	80,744



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 Fair value information (Cont'd)

Level 2 fair value

Derivatives

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

Non-derivative financial liabilities

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

Transfers between fair values

There has been no transfer between levels the fair values during the financial year (2020 : no transfer in either directions).

28. CAPITAL MANAGEMENT

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

The debt-to-equity ratio are as follows:

	2021 RM	2020 RM
Group		
Total loans and borrowings	-	-
Lease liabilities	-	-
Less: Cash and cash equivalents	(77,152,544)	(74,368,900)
Net cash	(77,152,544)	(74,368,900)
Total equity	185,310,185	181,794,107
Debt-to-equity ratio	Nil	Nil

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

29. SIGNIFICANT EVENT

On 15 December 2021, the Group via its wholly-owned subsidiary, Sinliplas Holding Sdn. Bhd. entered into a Sale and Purchase Agreement ("SPA") to dispose of leases over a piece of leasehold land for a total cash consideration of RM6.5 million. The completion of the SPA is subject to the consent from the state authority.

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 56 to 117 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 2021 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 : 11 April 2022

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 56 to 117 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 11 April 2022.

.....

Khaw Khoon Tee

Before me :

Goh Suan Bee
(No. P125)
Commissioner For Oaths
Penang



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 2021 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 56 to 117.

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 2021, 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 7 of the financial statements showing the carrying amount of inventories.

The key audit matter

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the members of SLP Resources Berhad (Registration No. 200401025355 (663862 - H))(Incorporated in Malaysia)

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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the members of SLP Resources Berhad (Registration No. 200401025355 (663862 - H))(Incorporated in Malaysia)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Penang

Date : 11 April 2022

Lim Su Ling
Approval Number : 03098/12/2023 J
Chartered Accountant

SHAREHOLDINGS STATISTIC

As at 4 April 2022

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		Others	%	Indirect	
	Own	%				%
Khoon Tee & Family Sdn Bhd	131,652,059	41.54	-	-	-	-
Khaw Khoon Tee	31,404,478	9.91	2,757,998 ⁽ⁱ⁾	0.87	131,652,059 ⁽ⁱⁱ⁾	41.54
Khaw Seang Chuan	47,489,085	14.98	2,644,998 ⁽ⁱ⁾	0.83	131,652,059 ⁽ⁱⁱ⁾	41.54
Khaw Choon Hoong	3,929,499	1.24	-	-	131,652,059 ⁽ⁱⁱ⁾	41.54

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

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct		Others	%	Indirect	%
	Own	%				
Khaw Khoon Tee	31,404,478	9.91	2,757,998 ⁽ⁱ⁾	0.87	131,652,059 ⁽ⁱⁱ⁾	41.54
Khaw Seang Chuan	47,489,085	14.98	2,644,998 ⁽ⁱ⁾	0.83	131,652,059 ⁽ⁱⁱ⁾	41.54
Khaw Choon Hoong	3,929,499	1.24	-	-	131,652,059 ⁽ⁱⁱ⁾	41.54
Khaw Choon Choon	1,853,199	0.58	100,000 ⁽ⁱ⁾	0.03	-	-
Mary Geraldine Phipps	55,999	0.02	-	-	-	-
Chan Wah Chong	-	-	-	-	-	-
Law Cheng Lock	-	-	-	-	-	-

Note: -

- (i) Shares held in the name of the spouse and/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 Act
- (ii) Deemed interested by virtue of his/her shareholding in Khoon Tee & Family Sdn Bhd pursuant to Section 8(4) of the Act

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
106	less than 100 shares	4,095	0.00
667	100 - 1,000 shares	286,639	0.09
1,061	1,001 - 10,000 shares	5,262,665	1.66
563	10,001 - 100,000 shares	18,094,271	5.71
93	100,001 to less than 5% of issued shares	82,766,707	26.11
3	5% and above of issued shares	210,545,622	66.43
<u>2,493</u>	<u>TOTAL</u>	<u>316,959,999</u>	<u>100.00</u>



SHAREHOLDINGS STATISTIC (CONT'D)

As at 4 April 2022

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1.	KHOON TEE & FAMILY SDN. BHD.	131,652,059	41.54
2.	KHAW SEANG CHUAN	47,489,085	14.98
3.	KHAW KHOON TEE	21,164,145	6.68
4.	CHEW SHEAU CHING	12,486,240	3.94
5.	KHAW KHOON TEE	10,240,333	3.23
6.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	10,004,200	3.16
7.	LIM KUAN GIN	5,500,000	1.74
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	4,221,880	1.33
9.	KHAW CHOON HOONG	3,929,499	1.24
10.	LAU SU LIN	3,372,319	1.06
11.	CHUAH CHIN KOK	3,223,399	1.02
12.	CHUAH TEE LIN	2,528,198	0.80
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	2,185,200	0.69
14.	KHAW CHOON CHOON	1,853,199	0.58
15.	YEOH SEW JIN	1,409,740	0.44
16.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	1,379,620	0.44
17.	KHAW SEANG GHEE	1,378,999	0.44
18.	KHAW SEANG SENG	1,378,999	0.44
19.	ONG SAW KEOK	1,312,519	0.41
20.	CHAN KENG CHUNG	1,295,000	0.41
21.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB PRIVATE FUND – SERIES 3	1,204,440	0.38
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR TAN SIEW ENG @ TAN AING (MY0225)	1,000,000	0.32
23.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND	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	0.27
28.	MASUDA TOSHIO	840,000	0.27
29.	CHUAH HOO JIN	794,800	0.25
30.	CHUAH HOO JIN	727,840	0.23
TOTAL :		277,252,113	87.47

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-21	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	5 - 27 years	471,082/ 387,320	31,473	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	1,855	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	877	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	861*	2009 / -
Lot No. 7372, Seksyen 38 HS(M) 15987, Tempat Paya Besar Bandar Kulim, Daerah Kulim Kedah	Vacant Residential Land	Freehold land	Not applicable	4,973 / Not applicable	168	2018 / -

* Leasehold land is classified as asset held for sales



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting (“AGM”) of the Company will be conducted on a fully virtual manner via live streaming and online meeting platform at <https://web.vote2u.my> (Domain Registration with MYNIC D6A471702) on Friday, 10 June 2022 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2021 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: (Resolution 1)
(a) Madam Khaw Choon Hoong
(b) Madam Mary Geraldine Phipps (Resolution 2)
3. To approve the Directors’ Fees of up to RM200,000 for the financial year ending 31 December 2022. (Resolution 3)
4. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM25,000, from 11 June 2022 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 2022 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 2022 with the specific related parties mentioned therein (“the Mandate”), which are necessary for SLP Group’s day-to-day operations on an arm’s length basis and on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such approval conferred by the shareholders’ mandate shall continue to be in force until:-

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

whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS:- (CONT'D)

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

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**

"Subject to the passing of Ordinary Resolution 2, to retain the Madam Mary Geraldine Phipps, who has served for more than nine (9) years as Independent Non-Executive Director of the Company, pursuant to Practice 5.3 of the 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 5.3 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 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 2 June 2022. Only a depositor whose name appears on the Record of Depositors as at 2 June 2022 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.: 201908000494)
(MAICSA 0818580)
Company Secretary

Penang
28 April 2022

NOTES:

Appointment of Proxy

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

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

Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

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



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

Appointment of Proxy (Cont'd)

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 2022.

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 17th 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 2021.

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Proxy Form



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

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. & email address)

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/PassportNo. _____ of _____

(Address in full, telephone no. & email address)

And/or failing him _____

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

MYKAD/PassportNo. _____ of _____

(Address in full, telephone no. & email address)

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 Seventeenth Annual General Meeting of the Company, to be conducted as a fully virtual manner via live streaming and online meeting platform at <https://web.vote2u.my> (Domain Registration with MYNIC D6A471702) on **Friday, 10 June 2022 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 Ms. Khaw Choon Hoong as Director		
2.	To re-elect Madam Mary Geraldine Phipps as Director		
3.	To approve payment of Directors' fees for year ending 31 December 2022		
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 _____ 2022

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

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

NOTES:

1. A member entitled to attend and vote at this meeting may appoint more than one (1) proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
3. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.
4. To be valid, the duly completed form of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.
5. For the purpose of determining a member who shall be entitled to attend this 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 2 June 2022. Only a depositor whose name appears on the Record of Depositors as at 2 June 2022 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.

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STAMP HERE

THE COMPANY SECRETARY
SLP Resources Berhad
Registration No. 200401025355 (663862-H)
Suite 12-A, Level 12, Menara Northam
No.55, Jalan Sultan Ahmah Shah
10050 Georgetown, Penang Malaysia

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SLP RESOURCES BERHAD

(Registration No. 200401025355 (663862-H))

P.T.I, 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, 2021

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	:	<p>The Board of Directors ("Board") recognises that Corporate Governance is critical to the performance of the Company and its subsidiaries (the "Group"). The Board is unwavering in its commitment to implementing the appropriate policies to guarantee that the principles of good governance are followed in all of the company's corporate and business activities.</p> <p>The Board is ultimately accountable and responsible for the Group's performance and affairs, as well as for overseeing the Group's corporate governance framework. All Board members are required to conduct themselves professionally, following the basic values of integrity while keeping their fiduciary responsibilities in mind.</p> <p>The Board delegated certain of its obligations to the Board Committees to assist in the fulfilment of its stewardship responsibility. This Board Committee will follow the Terms of Reference ("TOR") set forth in their separate Committee Charters, which can be found on the Company's website at www.sinliplas.com.my. The Chairman of the respective Board Committees reports to the Board on major issues discussed at the respective Board Committee meetings and, where appropriate, makes recommendations to the Board for final approval.</p> <p>The Board Committees include:</p> <ul style="list-style-type: none">(a) the Audit and Risk Management Committee ("ARMC");(b) Nomination Committee ("NC"); and(c) Remuneration Committee ("RC"). <p>The ARMC assists in providing oversight on the Company's financial reporting, disclosure, regulatory compliance and monitoring of internal control processes and risk management within the Company. The ARMC reviews the quarterly financial results, unaudited and audited</p>

	<p>financial statements, internal and external audit reports, risk profile as well as related party transactions.</p> <p>The NC oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.</p> <p>The RC is primarily responsible for examining and making recommendation to the Board as to the remuneration packages for Directors and Senior Management, which reflects the performances of these personnel.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>We recognise that appointing a capable chairman to lead the Board of Directors ("Board") is critical for establishing a good governance culture and developing trust which complements the board structure and formal governance legislation in terms of embedding high governance standards.</p> <p>Our Board is chaired by Khaw Khoon Tee, an Executive Chairman. Mr. Khaw is the Company's founder, with over 50 years of experience in the polymer industry. As the Board Chairman, Mr. Khaw is responsible for:</p> <ul style="list-style-type: none"> • providing leadership for the Board so that the Board can perform its responsibilities effectively; • setting the board agenda and ensuring that Board members receive complete and accurate information in a timely manner; • leading Board meetings and discussions; • encouraging active participation and allowing dissenting views to be freely expressed; • managing the interface between Board and Management; • ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and • leading the Board in establishing and monitoring good corporate governance practices in the company.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>We acknowledge the need for separation between Chairman and Chief Executive Officer ("CEO") (in our case, the Group Managing Director) to alleviate conflicts, as CEO is primarily responsible for spearheading the business and day-to-day management of the company, whereas the Chairman is primarily responsible for oversight over management.</p> <p>The positions of Chairman and CEO are held by separate individuals, i.e. Khaw Khoon Tee (Executive Chairman) and Khaw Seang Chuan (Group Managing Director) respectively.</p> <p>The Executive Chairman ("EC") and the Group Managing Director ("GMD")'s roles and responsibilities are defined and separated (Item 6 of the Board Charter), where the EC is primarily responsible for the orderly conduct and effective function of the Board, including ensuring that all Directors receive sufficient information on financial and non-financial matters to enable them to participate actively in Board deliberations and decisions, and the GMD is responsible for the day-to-day management of the business as well as implementation of the Board's policies and decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	Khaw Khoon Tee, the Executive Chairman ("EC") of the Board of Directors ("Board") is not a member in any Board Committees, i.e. Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, as the EC and Board understands and advocate check and balance as well as objective review by the Board on deliberations emanating from the Board Committees. Further to the above, to promote effectiveness of the Board Committees in carrying out its respective duties and responsibilities with highest level of objectivity, all Board Committees comprises of and are chaired solely by Independent Non-Executive Directors.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
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

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	:	<p>We recognise that the responsibility of Company Secretaries has evolved from advising on administrative matters to advising Board of Directors ("Boards") on governance matters, Board policies and procedures as well as pertinent regulatory requirements. As a result, it is pivotal that the Board is supported by suitably qualified and competent Company Secretary. The Board as a whole, is responsible and has the authority to appoint and remove the Company Secretary. Criteria considered include amongst others, performance, competency, and capability of the Company Secretary.</p> <p>Ch'ng Lay Hoon (MAICSA 0818580) has been appointed as the Company Secretary since 25 August 2004, prior to our listing on the Second Board of Bursa Malaysia Securities Berhad ("Bursa") in year 2008. She has the requisite credentials and is qualified to act as Company Secretary under Section 235(1) and (2) of the Companies Act 2016, and periodically undertakes continuous professional development to upskill and keep abreast of new developments.</p> <p>The key responsibilities of the Company Secretary include:</p> <ul style="list-style-type: none">• Manages all Board and committee meeting logistics, attends and records minutes of all Board and committee meetings and facilitates Board communications;• Advises the Board on its roles and responsibilities;• Facilitates the orientation of new directors and assists in director training and development;• Advises the Board on corporate disclosures and compliance with Group and securities regulations and listing requirements;• Manages processes pertaining to the shareholders' meetings;• Monitors corporate governance developments and assists the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and• Serves as a focal point for stakeholders' communication and engagement on corporate governance issues.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 1.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>We recognise that Directors rely on Management for the information necessary to carry out their oversight duties, and owing to the oversight nature of their roles, in particular Non-Executive Directors, will inherently lack in-depth knowledge on the operations in comparison to the Management team. Hence, it is important that sound and sufficient information flow are provided timely in order to facilitate robust and effective deliberations.</p> <p>Similarly, information flow from Board of Directors ("Board") to Management (including proceedings and decisions of the Board) is critical for Management's actions, including execution of the Company's strategic plan and many other critical processes. Hence, upon conclusion of Board and Board Committee meetings, all Directors should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board or Board Committees and shall be circulated timely.</p> <p>To facilitate adequate preparation for meetings, our Management provides the Board and Board Committees members with Board Papers and agenda items at least seven (7) business days prior to the meetings, barring any unforeseen circumstances. The Board papers are prepared in a form, timeframe and quality that enables the Board and Board Committees to effectively discharge their duties. Furthermore, Directors are also provided with the authority to request for additional information they consider necessary to support informed decision making.</p> <p>During Board and Board Committees' meetings, the Company Secretary will minute discussions, comments, deliberations (including dissenting views) and decisions made, including whether any Director abstained from voting or deliberating on a particular matter. Upon conclusion of the meetings, the minutes are circulated to the respective Directors in a timely manner, for confirmation on the accuracy of the meeting minutes documentation.</p> <p>The minutes of the Board and Board Committees' meetings are retained at the registered office and are available for inspection by any Director during office hours.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (“Board”) recognises the importance of clarifying its responsibilities as well as that of the Board Committees, individual Directors and Management by establishing and defining clear boundaries, to minimise blurring of lines between the roles of the Board and Management which also clearly delineates points of accountability. The boundaries set shall be formally documented into a Board Charter document, which acts as a policy statement that outlines the Board's governance structure, power, and terms of reference, as well as those of its committees and Management. This document serves as the primary reference and literature that guides the governance and conduct of the Board.</p> <p>The Board has established a Board Charter which among others, outline the following:</p> <ul style="list-style-type: none">• composition and board balance;• duties and responsibilities of the Board, Board Committees, Chairman and Managing Director, Executive Directors, and Independent Directors;• access to information and independent advice;• duty to disclose interests;• Company Secretary;• dealings in securities;• orientation and continuing education;• Board assessment; and• Schedule of matters reserved for the Board. <p>The Board Charter is reviewed on a periodic basis and may be amended by the Board from time to time to ensure it reflects and adapt to changing circumstances.</p> <p>The Board understands that the Board Charter can serve as an avenue to communicate the company's approach to governance, allowing</p>

	<p>stakeholders to understand the practices put in place by the Directors in discharging their responsibilities towards the company and its stakeholders, hence it is published on our corporate website at www.sinliplas.com.my and is accessible at all times to all our stakeholders.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

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	:	<p>Ethical business practice is considered a key cornerstone of our business. The Board of Directors (“Board”) recognises that a company’s culture is largely shaped by the company’s leadership, and hence it is pivotal that ethical principles and values are formalised and communicated through the Code of Conduct and Ethic for all Directors and employees, to provide a strong “tone from the top” in shaping the attitudes and behaviours within the company.</p> <p>Our Group Code of Conduct and Ethic was first established on 28 April 2014, based on principles of integrity, responsibility, trust, discipline, and diligence. The Code of Conduct and Ethic covers the following topics:</p> <ul style="list-style-type: none">• corporate governance;• relationship with shareholders, employees, creditors and customers;• social responsibilities and the environment;• core areas of conduct;• insider trading;• money laundering; and• violation of the code. <p>The Code of Conduct and Ethic is reviewed periodically to ensure relevancy and is accessible via our corporate website at www.sinliplas.com.my.</p>
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	:	<p>We recognise the importance of having a channel for stakeholders (including internal and external parties) to report genuine concerns about wrongdoings, including a legal obligation being breached (including negligence, criminal activity, breach of contract, and breach of law), a miscarriage of justice, a threat to health and safety or the environment, or a cover-up of any of these in the workplace, to enable allegations to be thoroughly investigated and to carry out necessary actions, where appropriate. This is to reduce the risk of falling into a vicious cycle where Management and the Board of Directors (“Board”) are unaware of problems and misconduct remains pervasive or unaddressed in the absence of a well-designed whistleblowing framework for stakeholders to raise concerns about illegal or unethical activity that they are aware of through their dealings.</p> <p>We have formalised a Group Whistleblowing Policy on 24 April 2014, with the following objectives:</p> <ul style="list-style-type: none"> • encourage whistle blower to feel confident in raising serious genuine concerns and to question and act on those concerns; • provide ways to raise those concerns and get feedback on action taken; and • re-assure whistle blower that if they raise concerns in good faith, believing them to be true, they will be protected from possible reprisals or victimisation. <p>The principles underpinning our Whistleblowing Policy include:</p> <ul style="list-style-type: none"> • all concerns raised will be treated fairly and properly; • the Group will not tolerate harassment or victimisation of anyone raising a genuine concern; • the Group will ensure no whistle blower will be at risk of suffering some form of reprisal as a result of raising a concern even if he is mistaken. The Group, however, does not extend this assurance to someone who maliciously raises a matter he knows is untrue or is acting for personal gain; and

	<ul style="list-style-type: none"> the submission of a false or frivolous report may have consequences for whistle blower and he may be liable for damages towards anyone who suffered from such false report. <p>This Whistleblowing Policy provides amongst others, the policies and procedures for whistleblowing, including personnel whom these whistleblowings are addressed to (i.e. immediate superior, Management and Independent Non-Executive Director) and the reporting form.</p> <p>This Whistleblowing Policy is published on our corporate website at www.sinliplas.com.my.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>Sustainability is commonly defined as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. To be able to sustain our business in the long run, we understand that our business needs to be carried out in a sustainable and responsible manner, i.e. limiting damage of our business in relation to the economic, environment and social front. To achieve this objective, both the Board of Directors (“Board”) and Management plays a quintessential leading role in setting the company’s sustainability strategies, priorities and targets. Specifically, the Board shall provide robust oversight whilst the Senior Management is responsible to drive the strategic management of a company’s material sustainability matters.</p> <p>We have established and assigned sustainability related responsibilities across the company (i.e. governance structure), where the Board is supported by the Audit and Risk Management Committee, which in turns is supported by the Risk Management and Sustainability Working Committee and also by the Head of Departments/ Business Unit.</p> <p>Sustainability considerations is integrated into the strategic direction of the Group, where the Management is tasked to implement these sustainability strategies and initiatives set.</p> <p>Further details on the sustainability governance structure and the roles and responsibilities of each governing functions are available in the Sustainability Statement of the Annual Report.</p>
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>We understand that in order to obtain a more holistic view on sustainability risks and opportunities of the Company, it is critical to consider these sustainability matters (i.e. economic, environment and social - "EES") from both internal and external perspectives. Hence, in identifying EES matters that are material to us, we have performed stakeholder engagement, to identify key stakeholders to the company, and through engagement with these key stakeholders and assessment performed by the Company, identify EES matters that are material (i.e. materiality assessment process).</p> <p>Upon identifying the Material Sustainability Matters ("MSM"), we identify strategies and targets relevant to these MSM. These strategies and targets form the benchmark where our business operations and management of the MSM are based on.</p> <p>The Board of Directors ("Board") recognise the importance of not only practicing sustainable practices in its day-to-day operations, but also the need to communicate these strategies, priorities, targets as well as performance against these targets internally and to external stakeholders. Internally, we have various reports to track the performance of the MSM. The above is disclosed to the public through our Sustainability Report which forms part of our Annual Report.</p> <p>In preparing the Sustainability Report, we have observed Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and considered the Sustainability Reporting Guide 2nd Edition and its accompanying Toolkits published by Bursa.</p> <p>Further details on the strategies, priorities and targets as well as performance against these targets are available in the Sustainability Statement of the Annual Report.</p>
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (“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.</p> <p>In order to discharge its oversight role effectively, we acknowledge the importance for Board members possessing sufficient understanding and knowledge of sustainability issues that are relevant to the company and its business, including climate-related risks and opportunities.</p> <p>The Board has during the year, attended several Environmental, Social and Governance (“ESG”) related training to stay abreast with development in the fields of sustainability and how it will potentially impact the Group.</p> <p>Further to the above, the criteria for Board evaluation has been revised to include ESG aspect, and will be used in the upcoming Board evaluation (for the financial year 2022) by the Nomination Committee.</p> <p>Refer to the CG Overview Statement in the Annual Report 2021 for the details of training attended by the Directors during the year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Sustainability performances at current does not form part of the performance evaluation of the Board and Senior Management.	
		The Board of Directors (“Board”) understands the concept of “if you can’t measure it, you can’t manage it”. Hence, targets in relation to Material Sustainability Matters were set, where performances thereafter are measured against the targets.	
		Furthermore, the Board understands that sustainability performance of the Company shall be tied to performance evaluation of the Board and Senior Management, to promote accountability and a more objective evaluation of the Company’s performance as a whole.	
		Performance evaluation of the Board shall be evaluated against issues that may require intervention by the Board as the oversight committee whereas performance evaluation of the Senior Management shall be based on the measurement and reporting of the sustainability key performance indicators.	
		The Board together with the Senior Management is currently undertaking a study on the integration of sustainability performances as part of the performance evaluation of both the Board and Senior Management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

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 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>To ensure the company's leadership is equipped with the right skills and experience to steer it through contemporary challenges and opportunities, towards its long-term strategy and goals, the Board of Directors ("Board") understands that periodic refreshment of the Board is critical, considering amongst others, new skills and fresh perspectives, capable of questioning the status quo, etc.</p> <p>One of the key functions of the Nomination Committee is to ensure effective functioning of the Board and Board Committees, hence in the appointment of new Directors and during annual assessment of the Board, Board Committee and individual Directors, the Nomination Committee will consider various key criteria, including skills, knowledge, experience, diversity, time commitment, character, and integrity.</p> <p>Based on the assessment carried out on the Board, Board Committees and individual Directors for the financial year ended 31 December 2021, the Nomination Committee is satisfied with the performances of the Board, all the Board Committees and all the Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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	:	<p>The Board of Directors (“Board”) consists of seven (7) Directors, four (4) of which are Executive Directors and the remaining three (3) being Independent Non-Executive Directors (“INED”) as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Directorship</th><th>Name</th></tr></thead><tbody><tr><td>1</td><td>Executive Chairman</td><td>• Khaw Khoon Tee</td></tr><tr><td>2</td><td>Group Managing Director</td><td>• Khaw Seang Chuan</td></tr><tr><td>3</td><td>Executive Director</td><td>• Khaw Choon Hoong • Khaw Choon Choon</td></tr><tr><td>4</td><td>Senior Independent Non-Executive Director</td><td>• Mary Geraldine Phipps</td></tr><tr><td>5</td><td>Independent Non-Executive Director</td><td>• Chan Wah Chong • Law Cheng Lock</td></tr></tbody></table> <p>Despite departing from this Practice, our Board composition complies with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be INED.</p> <p>The Board understands the benefits of INED bringing objectivity to the oversight function of the Board, where these Directors are able to debate with and challenge the Senior Management team in a relatively more unbiased manner compared to Executive Directors who play a key role in running the business.</p> <p>Nevertheless, the Board believes that having regard to the current INEDs’ knowledge, experiences, and competencies, they are able to bring objectivity and independent judgement to the Board.</p>	No.	Directorship	Name	1	Executive Chairman	• Khaw Khoon Tee	2	Group Managing Director	• Khaw Seang Chuan	3	Executive Director	• Khaw Choon Hoong • Khaw Choon Choon	4	Senior Independent Non-Executive Director	• Mary Geraldine Phipps	5	Independent Non-Executive Director	• Chan Wah Chong • Law Cheng Lock
No.	Directorship	Name																		
1	Executive Chairman	• Khaw Khoon Tee																		
2	Group Managing Director	• Khaw Seang Chuan																		
3	Executive Director	• Khaw Choon Hoong • Khaw Choon Choon																		
4	Senior Independent Non-Executive Director	• Mary Geraldine Phipps																		
5	Independent Non-Executive Director	• Chan Wah Chong • Law Cheng Lock																		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																				

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied									
Explanation on application of the practice	:	<p>The Board of Directors ("Board") acknowledges the importance of Independent Non-Executive Directors ("INED") to the Board, where they bring objectivity to the oversight function of the Board. To ensure effectiveness of the INED, it is vital that INED are both independence in mind and independence in appearance, hence, we have limited the tenure of an INED to not exceeding a cumulative term of nine (9) years.</p> <p>In spite of the above, the Board also recognises the value its INED brings, despite serving for a period of more than nine (9) years. In order to provide a balance between values of the INED against perceived non-independence due to the tenure served, we have implemented the practice where the Company would like to retain an INED beyond nine (9) years, it should be subjected to the following:</p> <ul style="list-style-type: none">• annual assessment by the Nomination Committee, regarding the independence and contributions; and• annual shareholders' approval in a general meeting through a two-tier voting process, where the Board provides strong justification on the recommendation. <p>We have in the latest Annual General Meeting ("AGM") on 24 June 2021 (16th AGM), carried out two-tier voting for two (2) out of the three (3) INED, having served our Board beyond nine (9) years. Both the said INED were successfully reappointed to the Board.</p> <p>In the upcoming AGM (17th AGM), only two (2) out of the three (3) INED will have served our Board beyond 9 years. The two-tier voting process will be practiced should we wish to retain these two (2) INED. The INED that exceeded the nine (9) years tenure are:</p> <table border="1"><thead><tr><th>No.</th><th>Independent Directors</th><th>Date of appointment</th></tr></thead><tbody><tr><td>1</td><td>Mary Geraldine Phipps</td><td>26 October 2007</td></tr><tr><td>2</td><td>Chan Wah Chong</td><td>1 July 2009</td></tr></tbody></table>	No.	Independent Directors	Date of appointment	1	Mary Geraldine Phipps	26 October 2007	2	Chan Wah Chong	1 July 2009
No.	Independent Directors	Date of appointment									
1	Mary Geraldine Phipps	26 October 2007									
2	Chan Wah Chong	1 July 2009									

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond 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 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of Directors (“Board”) recognises that appointing the right person to the leadership team with the right skills, experience, and credibility is critical. Furthermore, to avoid “groupthink”, it is important that the Board and Senior Management has diversity in the form of skills, experience, age, cultural background and gender. Apart from competency and capability, personal qualities (such as honesty, integrity, diligence, independence of mind and fairness) and time-commitment of a Director and Senior Management are equally important.</p> <p>The appointment of new Directors and Senior Management, the re-election of Directors, and re-appointment of Non-Executive Directors falls within the ambit of the Nomination Committee. 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. Hence, the Nomination Committee will consider in its evaluation, amongst others, the balance of skills, knowledge, experience and diversity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>We recognise the need of avoiding the effect of "informal networks" on Board of Directors ("Board") appointments, where the Directors elected are likely to have a sense of loyalty to the controlling shareholders or the Directors who have nominated them. Hence to recruit the most suitable candidates to form a high-functioning and effective Board, it is imperative that a formal and transparent procedure should be established for sourcing and appointing new Directors to the Board.</p> <p>The Nomination Committee is tasked to assist the Board in the process of evaluating new candidates for the appointment to the Board. The Nomination Committee will consider candidates proposed by internal parties, including the Managing Director, Senior Executives, Directors and Major Shareholder.</p> <p>In spite of the above, the Nomination Committee has the authority to utilise independent sources such as the directors' register, industry and professional associations, open advertisements, and independent search firms to source for potential candidates.</p> <p>During the financial year ended 31 December 2021, there were no new Directors being appointed to the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>In order to enable shareholders to make an informed decision on the appointment and reappointment of a Director, we understand that sufficiency in information and whether the Board supports the appointment or reappointment of a candidate and the reason thereof is vital and shall be disclosed.</p> <p>The Company has not appointed any new Directors in the financial year ended 31 December 2021. Nevertheless, we have during the 16th Annual General Meeting (“AGM”), reappointed Mary Geraldine Phipps and Chan Wah Chong as Independent Non-Executive Directors (“INED”) through a two-tier voting system, as both have served the Board as INED for more than nine (9) years. The profiles of these INED were disclosed in the Annual Report for the financial year ending 31 December 2020, whilst the justifications for the reappointment and statement as to whether the Board supports the reappointment were disclosed in the Notice of the 16th AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied															
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is a key gatekeeper in the process of recruiting Directors, evaluating their performance and driving the continuous performance of the Board of Directors (“Board”). The Board acknowledges the benefits of having an Independent Non-Executive Director (“INED”) as the Chairman of the NC to ensure objectivity and independent judgement during deliberations.</p> <p>The NC is chaired by Law Cheng Lock, an INED, and comprised exclusively of INED. We have a Senior INED in Mary Geraldine Phipps, who served as the NC Chairman until her redesignation on 7 May 2021. She is currently the Chairman of the Audit and Risk Management Committee.</p> <p>The composition of the NC are as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of Directors</th><th>Position</th><th>Directorship</th></tr></thead><tbody><tr><td>1</td><td>Law Cheng Lock</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2</td><td>Chan Wah Chong</td><td rowspan="2">Committee Member</td><td>Independent Non-Executive Director</td></tr><tr><td>3</td><td>Mary Geraldine Phipps</td><td>Senior Independent Non-Executive Director</td></tr></tbody></table> <p>The NC as a whole, is responsible for:</p> <ul style="list-style-type: none">• new appointments of Directors and Senior Management;• re-election, re-appointment, re-designation and resignation/termination of Directors;• succession planning for the Board and Senior Management;• annual performance assessment of the Board, Board Committees and Individual Directors;• induction training and training needs analysis for Directors; and• size of Board and Independent Directors. <p>The Chairman of the NC shall specifically:</p> <ul style="list-style-type: none">• lead the succession planning and appointment of Board members, including the future Chairman and Chief Executive Officer; and	No.	Name of Directors	Position	Directorship	1	Law Cheng Lock	Chairman	Independent Non-Executive Director	2	Chan Wah Chong	Committee Member	Independent Non-Executive Director	3	Mary Geraldine Phipps	Senior Independent Non-Executive Director
No.	Name of Directors	Position	Directorship														
1	Law Cheng Lock	Chairman	Independent Non-Executive Director														
2	Chan Wah Chong	Committee Member	Independent Non-Executive Director														
3	Mary Geraldine Phipps		Senior Independent Non-Executive Director														

	<ul style="list-style-type: none"> lead the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed. 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied																			
Explanation on application of the practice	:	<p>The Board of Directors (“Board”) understands and appreciates the value of gender diversity and contributions by women in the roles as Directors and Senior Management of the Company.</p> <p>This is evident by gender diversity of the Board and Senior Management as follows:</p> <table border="1"> <thead> <tr> <th>Board of Directors</th> <th>Number</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>4</td> <td>57</td> </tr> <tr> <td>Female</td> <td>3</td> <td>43</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Senior Management⁽¹⁾</th> <th>Number</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>3</td> <td>50</td> </tr> <tr> <td>Female</td> <td>3</td> <td>50</td> </tr> </tbody> </table> <p><i>Note⁽¹⁾: Senior Management includes Executive Directors</i></p>		Board of Directors	Number	Percentage (%)	Male	4	57	Female	3	43	Senior Management ⁽¹⁾	Number	Percentage (%)	Male	3	50	Female	3	50
Board of Directors	Number	Percentage (%)																			
Male	4	57																			
Female	3	43																			
Senior Management ⁽¹⁾	Number	Percentage (%)																			
Male	3	50																			
Female	3	50																			
Explanation for departure	:																				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																					
Measure	:																				
Timeframe	:																				

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges that the expectations on gender diversity have escalated due to emerging trends in governance and diversity, changing business and social landscape as well as the push from various stakeholders, including the government.</p> <p>Our Company is focused in providing fair and equitable opportunities, inclusivity and developing diversity without discrimination. The Board has established a Diversity Policy for the Group, which covers diversity in the following:</p> <ul style="list-style-type: none"> • gender; • age; • skill and experience; and • ethnicity. <p>Apart from the diversity principles above, the Board and Senior Management (including eligibility of candidates) are also assessed based on their competence, character, time commitment, and integrity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The Board of Directors (“Board”) understands the need for annual evaluation to evaluate and self-examine the Board, its Committees and individual Directors on leadership, culture, delegation of duties, teamwork, decision making, etc., to measure and improve performances, where required, to enable the Board to operate efficiently and effectively. The duties and responsibilities for annual performance assessment of the Board, Board Committees, and Individual Directors falls to the Nomination Committee (“NC”). This assessment covers the following: <ul style="list-style-type: none">• the required mix of skills and experience of the Board, including the core competencies which Non-Executive Directors should bring to the Board;• the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;• the character, experience, integrity and competence of Directors, chief executive and chief financial officer and to ensure they have time to discharge their respective roles;• the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether they have carried out their duties in accordance with their Terms of Reference; and• the independence of Independent Directors.

	<p>Assessment of the Board, Board Committees and Individual Directors through self and peer evaluation method were performed in February 2022, where the overall result of the assessment is “satisfactory”.</p> <p>Although independent expert was not engaged to facilitate objective and candid board evaluation as the Company does not fall under the definition of a “large company”, the NC is authorised under its Terms of Reference to engage a professional, experienced and independent party (when necessary) to facilitate the Board evaluation.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. 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	:	<p>The Group have a remuneration policies and procedures to determine the remuneration of its Directors. However, it was not made available on the corporate website as the Board of Directors ("Board") is of the opinion that such policies and procedures are not necessarily for public consumption.</p> <p>The Company recognises that the need for fair and transparent remuneration policy and procedures is now more important than ever, recognising that the current business environment is becoming more complex as a result of rising stakeholder expectations, globalisation, technological advancements, and business model innovation, all of which necessitate remuneration packages to be aligned with the company's long-term business sustainability.</p> <p>The Board is assisted by the Remuneration Committee, tasked to perform the following:</p> <ul style="list-style-type: none">• determine and recommend to the Board the remuneration policy and procedures for Directors, including the fee structure and level of remuneration for Executive Directors of the Board;• review the remuneration policy and procedures for Directors on annual basis;• assist the Board in developing and administrating a fair and transparent procedure for setting policy on remuneration of Directors;• review and recommend to the Board on the remuneration of the Non-Executive Directors;

	<ul style="list-style-type: none"> • review and recommend to the Board on the total individual remuneration package for Executive; and • review and recommend to the Board and subsequently to the shareholder’s approval at a general Meeting, the fees of the Directors and any benefits payable to the Directors. <p>The remuneration packages for the Executive Chairman, Managing Director, and other Executive Directors are linked to the company’s and individual’s performances. Individual achievement against targets set at the start of each year is measured against the Company's key performance indicators ("KPI"). The Executive Directors review the Senior Management who reports directly to them on an annual basis based on annual measurements and targets.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	<p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p>Timeframe :</p>	<p>Choose an item.</p>

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 7.2

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	:	<p>The Board of Directors ("Board") recognises the importance and benefits of having a Remuneration Committee ("RC"), to set a clear and objective remuneration policies and procedures, and to exercise objectivity in determining remuneration for the Board and the Senior Management.</p> <p>To supervise remuneration-related matters, the Board has established a RC, comprises solely of Independent Non-Executive Directors. The composition of the RC are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">No.</th> <th style="width: 35%;">Name of Directors</th> <th style="width: 20%;">Position</th> <th style="width: 40%;">Directorship</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Chan Wah Chong</td> <td>Chairman</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Law Cheng Lock</td> <td rowspan="2" style="text-align: center;">Committee Member</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Mary Geraldine Phipps</td> <td>Senior Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The RC is guided by a formalised Terms of Reference, which is made available on our corporate website at www.sinliplas.com.my.</p>	No.	Name of Directors	Position	Directorship	1	Chan Wah Chong	Chairman	Independent Non-Executive Director	2	Law Cheng Lock	Committee Member	Independent Non-Executive Director	3	Mary Geraldine Phipps	Senior Independent Non-Executive Director
No.	Name of Directors	Position	Directorship														
1	Chan Wah Chong	Chairman	Independent Non-Executive Director														
2	Law Cheng Lock	Committee Member	Independent Non-Executive Director														
3	Mary Geraldine Phipps		Senior Independent Non-Executive Director														
Explanation for departure	:																
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																	

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 8.1

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.

Application	:	Applied
Explanation on application of the practice	:	<p>We understand that Directors' remuneration has often attracted public attention. Shareholders of the company would like to understand the reasonableness of the Directors' remuneration as to safeguard their investments.</p> <p>The remuneration paid to Directors of the Group and the Company for the financial year ended 31 December 2021 are as follows:</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Khaw Khoon Tee	Executive Director	-	5	-	-	-	-	5	43	5	360	22	-	17	447
2	Khaw Seang Chuan	Executive Director	-	-	-	-	-	-	-	-	-	360	21	-	49	430
3	Khaw Choon Hoong	Executive Director	-	-	-	-	-	-	-	-	-	300	13	-	41	354
4	Khaw Choon Choon	Executive Director	-	-	-	-	-	-	-	-	-	276	19	-	38	333
5	Mary Geraldine Phipps	Independent Director	40	5	-	-	-	-	45	40	5	-	-	-	-	45
6	Law Cheng Lock	Independent Director	32	5	-	-	-	-	37	32	5	-	-	-	-	37
7	Chan Wah Chong	Independent Director	32	5	-	-	-	-	37	32	5	-	-	-	-	37
8	Leow Chan Kiang (resigned effective 1 March 2021)	Independent Director	5	1	-	-	-	-	6	5	1	-	-	-	-	6
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 8.2

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 the Company's top four (4) Senior Management who are also Executive Directors have been disclosed in Practice 8.1 above.											
		<p>In view of the competitive nature of the human resource market and sensitivity of such information, the Board considers the disclosure of such information to be detrimental to the Company and the individual.</p> <p>However, the Board of Directors ("Board") understands that shareholders should also be allowed to determine if the Senior Management team is being appropriately compensated, hence, have disclosed the aggregated remuneration paid to the Senior Management team in the range of RM50,000 as follows on an unnamed basis:</p> <table border="1" data-bbox="555 1368 1406 1704"> <thead> <tr> <th>Range of remuneration (RM)</th> <th>Number of Senior Management Executive</th> </tr> </thead> <tbody> <tr> <td>150,001 to 200,000</td> <td>1</td> </tr> <tr> <td>250,001 to 300,000</td> <td>1</td> </tr> <tr> <td>300,001 to 350,000</td> <td>1</td> </tr> <tr> <td>350,001 to 400,000</td> <td>1</td> </tr> <tr> <td>400,001 to 450,000</td> <td>2</td> </tr> </tbody> </table>		Range of remuneration (RM)	Number of Senior Management Executive	150,001 to 200,000	1	250,001 to 300,000	1	300,001 to 350,000	1	350,001 to 400,000	1
Range of remuneration (RM)	Number of Senior Management Executive												
150,001 to 200,000	1												
250,001 to 300,000	1												
300,001 to 350,000	1												
350,001 to 400,000	1												
400,001 to 450,000	2												
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.											
Timeframe	:	Choose an item.											

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

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 8.3 - 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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

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

Application	:	Applied														
Explanation on application of the practice	:	<p>The Company recognises the need for objectivity is particularly imperative for the Chairman of the Audit Committee, as the committee has a specific role in providing objective oversight in the areas of financial reporting, related party transactions and conflicts of interest, internal control environment, internal audit and external audit processes. The Chairman is expected to demonstrate courage to deal with tough issues and support other members to do the same, especially in probing management on areas where subjectivity is inherent.</p> <p>In addition to being independent, it is important for the Chairman of the Audit Committee to be distinct from the Chairman of the Board of Directors ("Board"). Having these positions assumed by the same person may impair objectivity of the Board's review of the Audit Committee's findings and recommendations.</p> <p>The Company has an Audit and Risk Management Committee ("ARMC") consists entirely of Independent Non-Executive Directors ("INED") and chaired by the and the Senior INED as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of Directors</th><th>Position</th><th>Directorship</th></tr></thead><tbody><tr><td>1</td><td>Mary Geraldine Phipps</td><td>Chairman</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Chan Wah Chong</td><td rowspan="2">Committee Member</td><td rowspan="2">Independent Non-Executive Director</td></tr><tr><td>3</td><td>Law Cheng Lock</td></tr></tbody></table> <p>The Chairman of the ARMC, Mary Geraldine Phipps, is not the Chairman of the Board (i.e. Khaw Khoon Tee).</p> <p>The ARMC is guided by the Terms of Reference ("TOR") which clearly defines amongst others, the composition, functions, rights, etc. The ARMC's TOR is made available on our corporate website at www.sinliplas.com.my.</p>	No.	Name of Directors	Position	Directorship	1	Mary Geraldine Phipps	Chairman	Senior Independent Non-Executive Director	2	Chan Wah Chong	Committee Member	Independent Non-Executive Director	3	Law Cheng Lock
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Explanation for departure	:															

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied																
Explanation on application of the practice	:	<p>The Company recognises that the audit's independence may be jeopardised if a former partner of the external audit firm (including those providing advisory services, tax consulting, and other similar services) is in a position to exert significant influence over the audit and preparation of the Company's financial statements. Hence, requiring a three-year cooling-off period.</p> <p>We have revised the Audit and Risk Management Committee ("ARMC")'s Terms of Reference to formalise a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p> <p>Our ARMC consists of three (3) Independent Non-Executive Directors as follows, none of which are former partner of the external audit firm being appointed to the ARMC within the past three (3) years:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Directors</th> <th>Position</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mary Geraldine Phipps</td> <td>Chairman</td> <td>Senior Independent Non-Executive Director</td> </tr> <tr> <td>2</td> <td>Chan Wah Chong</td> <td rowspan="2">Committee Member</td> <td rowspan="2">Independent Non-Executive Director</td> </tr> <tr> <td>3</td> <td>Law Cheng Lock</td> </tr> </tbody> </table>			No.	Name of Directors	Position	Directorship	1	Mary Geraldine Phipps	Chairman	Senior Independent Non-Executive Director	2	Chan Wah Chong	Committee Member	Independent Non-Executive Director	3	Law Cheng Lock
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Measure	:																	

Timeframe	:		
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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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>Financial statements are integral to investors and other stakeholders to make informed decision-making, hence safeguarding the integrity and credibility of the financial statements is important. The performance of audit on the financial statements shall be performed by a competent third party, and it is the role of the Audit Committee to ensure the suitability, objectivity and independence of this external party (i.e. external auditor) in order to safeguard the quality and reliability of the company's financial statements.</p> <p>The policies and procedures to assess the suitability, objectivity and independence of the external auditor forms part of the Audit and Risk Management Committee ("ARMC")'s Terms of Reference ("TOR"), which is made available on our corporate website at www.sinliplas.com.my.</p> <p>The ARMC has assess the suitability, objectivity and independence of the existing external auditor (i.e. KPMG PLT) (including considering information disclosed in the Annual Transparency Report) and will recommend to the shareholders in the upcoming Annual General Meeting (17th) for re-appointment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted														
Explanation on adoption of the practice	:	<p>The Board of Directors ("Board") recognises that a wholly independent Audit Committee would strengthen the Company's corporate governance practices and processes, and are more likely to lead to objective support and protect its external auditors' independence, especially during a dispute with Management.</p> <p>Hence, the Board reflected this into the composition of the Audit and Risk Management Committee ("ARMC"), where the ARMC is chaired by the Senior Independent Non-Executive Director ("INED") and comprise solely of INED as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of Directors</th><th>Position</th><th>Directorship</th></tr></thead><tbody><tr><td>1</td><td>Mary Geraldine Phipps</td><td>Chairman</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Chan Wah Chong</td><td rowspan="2">Committee Member</td><td rowspan="2">Independent Non-Executive Director</td></tr><tr><td>3</td><td>Law Cheng Lock</td></tr></tbody></table>	No.	Name of Directors	Position	Directorship	1	Mary Geraldine Phipps	Chairman	Senior Independent Non-Executive Director	2	Chan Wah Chong	Committee Member	Independent Non-Executive Director	3	Law Cheng Lock
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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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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	:	Applied											
Explanation on application of the practice	:	<p>The Board of Directors ("Board") acknowledge that the core functions of the Audit Committees are mainly global authoritative governance documents, expressed in terms of "evaluation", "assessment" or "review". The undertaking of such responsibilities would necessitate Audit Committee members to be financially literate in order to critically and objectively apply a probing view on pertinent matters, particularly in areas which involve a high degree of judgment.</p> <p>The qualification and experience of the individual Audit and Risk Management Committee ("ARMC") members are as follows:</p> <table border="1"> <thead> <tr> <th>ARMC members name</th> <th>Qualification</th> <th>Background (highlights)</th> </tr> </thead> <tbody> <tr> <td>Mary Geraldine Phipps</td> <td> <ul style="list-style-type: none"> Chartered Accountant registered with the Malaysian Institute of Accountants Certified Public Accountant under the Malaysian Institute of Certified Public Accountants Member of the Malaysian Institute of Accountants (MIA) Fellow of the Chartered Tax Institute of Malaysia (CTIM) </td> <td> <ul style="list-style-type: none"> Director of KPMG Tax Services Sdn Bhd Made a Partner of KPMG in 1982, specialising in taxation Appointed as Managing Partner of KPMG Penang in 1990 </td> </tr> <tr> <td>Chan Wah Chong</td> <td> <ul style="list-style-type: none"> Certified Public Accountant </td> <td> <ul style="list-style-type: none"> Joined Ernst & Young in 1984 for 6 years </td> </tr> </tbody> </table>			ARMC members name	Qualification	Background (highlights)	Mary Geraldine Phipps	<ul style="list-style-type: none"> Chartered Accountant registered with the Malaysian Institute of Accountants Certified Public Accountant under the Malaysian Institute of Certified Public Accountants Member of the Malaysian Institute of Accountants (MIA) Fellow of the Chartered Tax Institute of Malaysia (CTIM) 	<ul style="list-style-type: none"> Director of KPMG Tax Services Sdn Bhd Made a Partner of KPMG in 1982, specialising in taxation Appointed as Managing Partner of KPMG Penang in 1990 	Chan Wah Chong	<ul style="list-style-type: none"> Certified Public Accountant 	<ul style="list-style-type: none"> Joined Ernst & Young in 1984 for 6 years
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		<ul style="list-style-type: none"> • Corporate Finance Manager of a local pharmaceutical manufacturing company • Finance Director of a start-up medical trading company • Presently runs his own corporate advisory company
Law Cheng Lock	<ul style="list-style-type: none"> • LLB (Hons) London CLP 	<ul style="list-style-type: none"> • Called to the Malaysian Bar in 1996 • Chambered under the legal firm of Messrs Cheong Wai Meng & Van Buerle in Butterworth • Completed chambering under the tutelage of Louis Edward Van Buerle • Currently practicing in a legal firm in Kulim, Kedah, as a senior lawyer • Legal advisor to several charitable organisation and societies

Two (2) of the three (3) members of the ARMC, namely Mary Geraldine Phipps and Chan Wah Chong are members of professional accountancy bodies, which is in accordance with Paragraph 15.09(1)(c) of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements.

Although not all members of the ARMC are trained in accountancy or finance, they are financially literate, able to understand matters under the purview of the ARMC and possess the necessary skills to discharge their duties effectively.

The Board through the Nomination Committee (“NC”) has reviewed the performance of the term of office, competency and performance of the ARMC and its members. Based on the outcome of the assessment, the Board and the NC is satisfied with the ARMC’s.

During the course of the year, all existing Directors including the members of the ARMC attended related training programmes to keep abreast with latest developments.

Refer to the CG Overview Statement in the Annual Report 2021 for the details of training attended by the Directors during the year.

Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises that every path taken by the Board of Directors (“Board”) and Management in pursuit of a business goal or plan has its risks. Dealing with risk in these choices is an aspect of decision-making, from day-to-day operational decisions to fundamental trade-offs in the boardroom.</p> <p>Risk management and internal controls are the foundation methods and frameworks for managing, monitoring, and mitigating risks in order to maximise the possibility of achieving set objectives and goals. Controls, according to that definition, are the actions performed by Management to plan, organise, and direct the execution of sufficient measures to provide reasonable assurance that objectives and goals will be met.</p> <p>The Company has adopted Enterprise Risk Management ("ERM") systems to identify, assess, monitor, report, and mitigate risks affecting the Company's business and supporting activities, with the help of an independent professional accounting and consulting firm.</p> <p>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 adequacy and effectiveness of the Group’s system of internal control.</p> <p>Further details on risk management and internal control are available on the Statement on Risk Management and Internal Control of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 10.2

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	:	<p>The Board of Directors (“Board”) understand that an adequate and effective internal control and risk management framework provides companies with a structured approach to implement, monitor, review and improve internal control and risk management in tandem with the changing business circumstances.</p> <p>The main components of the Company’s risk management and internal control framework are detailed in the Statement on Risk Management and Internal Control of the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 10.3 - 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	:	Adopted														
Explanation on adoption of the practice	:	<p>The Company acknowledge that a key driver for the establishment of a dedicated Board Risk Management Committee is the need for comprehensive views as opposed to silo perspectives. Without a dedicated Board Risk Management Committee, it may give rise to omission of critical risks that are unattended due to absence of committee overseeing.</p> <p>We have established a Risk Management Committee, which is combined with the Audit Committee to form the Audit and Risk Management Committee ("ARMC"). This committee is chaired by the Senior Independent Non-Executive Director ("INED") and comprise solely of INED as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of Directors</th><th>Position</th><th>Directorship</th></tr></thead><tbody><tr><td>1</td><td>Mary Geraldine Phipps</td><td>Chairman</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Chan Wah Chong</td><td rowspan="2">Committee Member</td><td rowspan="2">Independent Non-Executive Director</td></tr><tr><td>3</td><td>Law Cheng Lock</td></tr></tbody></table>	No.	Name of Directors	Position	Directorship	1	Mary Geraldine Phipps	Chairman	Senior Independent Non-Executive Director	2	Chan Wah Chong	Committee Member	Independent Non-Executive Director	3	Law Cheng Lock
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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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors recognise the importance of the internal audit function, serving as a sounding board on deficiencies in risk management, internal control and governance processes, and provides advice on the remedial measures to be meted out by the company.</p> <p>In order for the internal audit function to provide objective assurance on the quality of a company's risk management, internal control and governance processes, it is imperative to ensure that this function is well-equipped to deliver the depth and quality of the work that is expected of it.</p> <p>The Company's internal audit function is outsourced to Messrs. JWC Consulting Sdn Bhd, an independent professional accounting and consulting firm. The firm provides reasonable assurance regarding the effectiveness, adequacy, and integrity of the Company's internal control systems.</p> <p>The internal auditors have full and direct access to the Audit and Risk Management Committee ("ARMC"), and the ARMC receives reports on all internal audits conducted, including significant results and recommendations for improvement. The ARMC, through its internal auditors, monitors action plans and the status thereof on a regular basis.</p> <p>ARMC is tasked to evaluation the internal auditors, as outlined in its Terms of Reference as follows:</p> <ul style="list-style-type: none">• review the adequacy of the scope, competency, functions, resources and budget of the internal audit function, and that it has the necessary authority to carry out its work including direct and unrestricted access to information, records, physical properties and personnel;• review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;• review the effectiveness of the Company's internal audit function and make recommendations necessary for the improvement of the internal audit function;• review any appraisal or assessment of the performance of the internal audit function;

	<ul style="list-style-type: none"> • approve any appointments or removal of the internal auditor; • approve the remuneration of the internal auditor; • ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the ARMC directly and review their performance on an annual basis. The head of internal audit should have relevant qualifications and be responsible for providing assurance to the ARMC that the internal controls are operating effectively. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company; and • take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning. <p>The ARMC has during the financial year, reviewed and assessed the performance of its outsourced internal auditors and is satisfied with its performance.</p> <p>The activities that the ARMC performed for the financial year 2021 in relation to Internal Audit function is included in the ARMC Report of the Annual Report.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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 11.2

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	:	<p>The Company has outsourced its internal audit function to a professional service firm, namely Messrs JWC Consulting Sdn Bhd (“JWC”), who is a member of the Institute of Internal Auditors Malaysia. JWC is primarily responsible to independently assess and report to the Board of Directors, through the ARMC, the adequacy and integrity of the Group’s risk management and internal control system.</p> <p>Joyce Wong, the Director-In-Charge of our Company’s internal audit, is a member of the Malaysian Institute of Accountants and a Certified Practising Accountant in Australia. She is supported by three (3) internal audit staff for the internal audit for the financial year 2021.</p> <p>JWC adopts a risk-based approach in developing the internal 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 internal audit plan presented to and approved by the ARMC. The internal audit work is guided by the International Professional Practices Framework promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.</p> <p>JWC has declared that it has maintained professional independence throughout its work. For this reason, the internal audit function, including all of its staff, is not involved in performing routine non-auditing works or have direct responsibility over any activities, functions or tasks they are reviewing.</p> <p>Further details on the Internal Audit function are available in the ARMC Report and Statement on Risk Management and Internal Control of the Annual Report.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") understands the need of maintaining an open line of communication between the Board, shareholders, and the general public.</p> <p>The primary methods of communicating information on the Company's commercial activities and financial performance are annual reports, press releases, quarterly results, and any announcements on material corporate exercises, which can be accessed at any time.</p> <p>Our Group Managing Director is the designated spokesperson for all matters relating to the Company 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.</p> <p>The Company 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.</p> <p>Shareholders can at any time seek clarification or raise queries via emails or telecommunication of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 13.1

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	:	<p>The Company acknowledges that notices of Annual General Meeting (“AGM”) shall be despatched to shareholders at least 28 days before the AGM to provide shareholders sufficient time to read and understand the Annual Report, resolutions to be tabled and make the required attendance and voting arrangements.</p> <p>The notice of our latest AGM (16th) held on 11 June 2021 (subsequently postponed to 24 June 2021) was circulated on 27 April 2021, 45 days before the event.</p> <p>This is also in accordance with Paragraph 7.15 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, which requires notices of AGM to be served at least 21 days before the meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.2

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	:	<p>We acknowledge that the participation of all Board of Directors (“Board”) members in general meetings will serve to distribute the responsibility of engaging with shareholders, to all Directors of the Company and not just the Chairman of the meeting. This would enable the Board to communicate with shareholders in a more holistic manner. In a similar vein, it also provides Shareholders with an opportunity to seek pertinent clarifications from Directors who are acting as custodians of their investments. Shareholders could perceive that a Director is not committed in performing his or her responsibilities to the company if the said Directors is not in attendance during general meetings.</p> <p>The 16th Annual General Meeting (“AGM”) which was held on a fully virtual basis on 24 June 2021 and was attended virtually by all the Directors, and the Company Secretary.</p> <p>Shareholders were provided with the opportunity to submit questions prior to and during the AGM. All the questions ask by the Shareholders were attended to accordingly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>Traditionally, voting during general meetings has been carried out either by a show of hands, which represents “one person, one vote” or by poll, which is reflective of an individual or entity’s shareholding of the company (“one share, one vote”). In order to cast a vote, Shareholders have to be present at the meeting venue, but may often faced with challenges such as the location of the meeting.</p> <p>To encourage participation of Shareholders and also in light of the Coronavirus Disease 2019 (COVID-19) pandemic, we have leverage on technology to facilitate voting and remote Shareholder’s participation.</p> <p>Our latest AGM (16th) was carried out remotely, where Shareholders participated, spoke (in the form of real time submission of typed texts) and voted remotely using the Remote Participation and Voting (“RPV”) facility provided by AGRITEUM Share Registration Services Sdn. Bhd.</p> <p>Prior to engaging AGRITEUM for the RPV facility, we have considered cyber hygiene practices including data privacy and security to prevent cyber threats of the RPV facility.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The Board of Directors ("Board") acknowledges that the Annual General Meeting ("AGM") is the principal forum for communication and interaction with Shareholders. At each meeting, the Board reports on the Company's development and performance since the previous AGM. For the latest AGM (16th) held on 24 June 2021, Shareholders were provided with the opportunity to submit questions prior to and during the AGM. The questions raised were mainly answered by the Group Managing Director supported by the Senior Management (apart from questions raised directly to individual Director), and any unanswered questions (e.g. due to time constraint) will be answered through email subsequent to the meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: The Board of Directors (“Board”) recognises the importance of providing the opportunity for shareholders to have real-time interactions with the Board and Senior Management in real time, including responses to any questions or comments that they may have. When a company conducts the general meeting virtually, the experience of meeting will depend on smooth broadcast of the meeting. Prior to appointing AGRITEUM Share Registration Services Sdn. Bhd. for the Remote Participation and Voting (“RPV”) facility, we have considered and tested the infrastructure in place and experience of the meeting. For the latest AGM (16th) held on 24 June 2021, Shareholders were provided with the opportunity to submit questions prior to and during the AGM. The questions raised were answered by the Group Managing Director supported by the Senior Management (apart from questions raised directly to individual Director), and any unanswered questions (e.g. due to time constraint) will be answered through email subsequent to the meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The minutes of the 16th Annual General Meeting (“AGM”) of the Company was published on our corporate website at www.sinliplas.com.my , more than 30 business days after the AGM.
	The Company recognises the need to publish as soon as practicable, a complete and comprehensive recording (in the form of meeting minutes) of the general meeting detailing proceedings and issues or concerns raised by Shareholders, and the responses by the company, as to many Shareholders, the general meeting is the only opportunity to directly pose questions and comments to the company’s Board of Directors (“Board”) and Management. Hence, we will publish the minutes of the upcoming AGM (17th) on our corporate website on or before 30 business days after the meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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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