



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



Shaping Stability
Progressing with Patience

Annual Report 2023



What's Inside

COVER RATIONALE

Shaping Stability, Progressing with Patience

SLP Resources Berhad takes a slow and steady approach despite economic slowdowns to shape a future with patience. We mold the clay step by step with the utmost focus, shaping a simple piece of clay into a beautiful piece of art as we transform challenges into opportunities. Our sustained progress and resilience in the industry will enable us to create impactful outcomes, aim for long-term success with our commitment to excellence.

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MEETING PLATFORM:

Fully virtual manner via
live streaming online
meeting platform at
<https://sshbsb.net.my/>
(Domain Registration No. with
MyNIC Berhad: D4A004360)



DATE AND TIME:

Friday
7 June 2024
11:00 a.m.

About Us

From a manufacturer of ice-tube plastic packaging for domestic market three decades ago, our Group has grown in size and has become a niche manufacturer for wide-range of flexible plastic packaging products and films for domestic and international markets. On 12 March 2008, SLP Resources Berhad ("SLP" or "the Company") was listed on the Main Market of Bursa Malaysia Securities Berhad. The Company is an investment holding company and its three (3) wholly-owned subsidiaries are involved in manufacturing and sale of plastic packaging products and plastic related goods, and trading of polymer products such as resin.



Our Vision

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

Our Mission

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

Core Values

- T** Trustworthiness
- C** Caring
- I** Innovative
- C** Commitment
- F** Flexibility to change

Our group structure as at 31 December 2023:



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

100%

SLP Green Tech
Sdn. Bhd.

100%

Sinliplas Holding
Sdn. Bhd.

100%

SLP Polymers Sdn. Bhd.





BOARD OF DIRECTORS

Khaw Khoon Tee

Executive Chairman

Khaw Seang Chuan

Group Managing Director

Khaw Choon Hoong

Executive Director

Khaw Choon Choon

Executive Director

Law Cheng Lock

Senior Independent Non-Executive Director

Oh Phaik Choo

Independent Non-Executive Director

Lee Kean Cheong

Independent Non-Executive Director

**AUDIT AND RISK
MANAGEMENT COMMITTEE**

Oh Phaik Choo | Chairman
Lee Kean Cheong | Member
Law Cheng Lock | Member

**NOMINATION
COMMITTEE**

Law Cheng Lock | Chairman
Oh Phaik Choo | Member
Lee Kean Cheong | Member

**REMUNERATION
COMMITTEE**

Lee Kean Cheong | Chairman
Oh Phaik Choo | 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 George Town,
Penang, Malaysia

INTERNAL AUDITORS

JWC Consulting Sdn. Bhd.
201601015139 (1186070-H)
1-2-5, BL Business Centre,
Solok Thean Teik,
11500 Ayer Itam,
Penang, Malaysia

PRINCIPAL BANKER

Hong Leong Bank Berhad

REGISTRAR

Securities Services (Holdings)
Sdn Bhd 197701005827 (36869T)
Suite 18.05, MWE Plaza,
No. 8 Lebuhr Farquhar,
10200 Penang, Malaysia
Telephone No.: 604- 263 1966
Facsimile No.: 604 -262 8544
Email : info@sshb.com.my

REGISTERED OFFICE

Suite 12-A, Level 12,
Menara Northam, No. 55,
Jalan Sultan Ahmad Shah,
10050 George Town,
Penang, Malaysia
Telephone No.: 604- 228 0511
Facsimile No.: 604 -228 0518
Email : general@enetcorpsb.com

**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

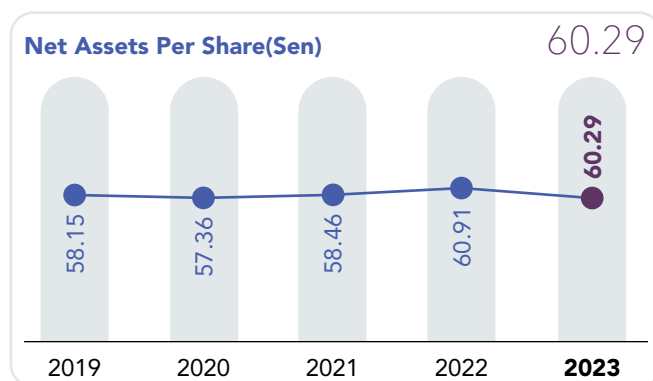
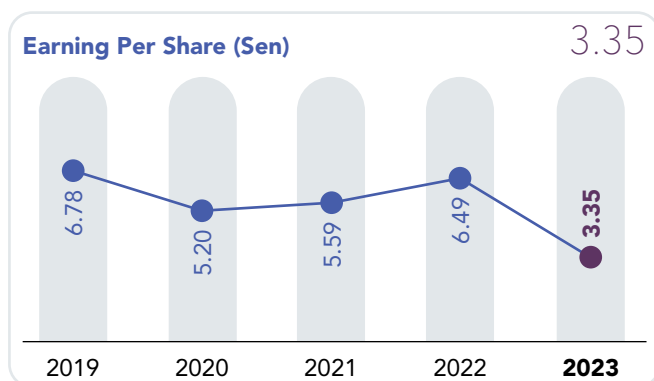
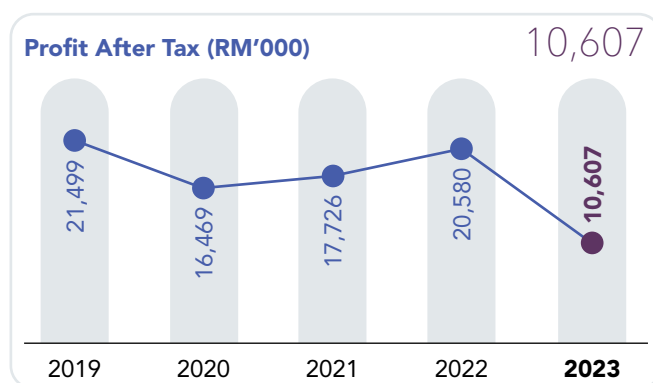
INVESTOR RELATIONS

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



FINANCIAL HIGHLIGHTS

31 DECEMBER	2019	2020	2021	2022	2023
Key Operating Results					
Revenue (RM'000)	166,849	146,993	168,949	185,742	162,328
Profit before tax (RM'000)	25,298	22,485	23,300	25,538	14,236
Profit after tax (RM'000)	21,499	16,469	17,726	20,580	10,607
Total comprehensive income attributable to equity owners of the Company (RM'000)	20,452	14,921	20,949	25,176	13,892
Other Key Financial Data:					
Total assets (RM'000)	211,589	216,431	216,608	229,270	219,872
Total liabilities (RM'000)	27,283	34,637	31,297	36,217	28,775
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)	184,306	181,794	185,310	193,053	191,097
Financial Ratio:					
Revenue growth (%)	(11.3)	(11.9)	14.9	9.9	(12.6)
Profit before tax margin (%)	15.2	15.3	13.8	13.7	8.8
Profit after tax margin (%)	12.9	11.2	10.5	11.1	6.5
Return on equity (%)	11.7	9.1	9.6	10.7	5.6
Shares Information:					
Earnings per share (sen)	6.78	5.20	5.59	6.49	3.35
Net dividend per share (sen)	5.50	5.50	5.50	5.50	4.75
Dividend as % of Net Profit (%)	81.1	105.9	98.3	84.7	141.9
Net assets per share (sen)	58.15	57.36	58.46	60.91	60.29



Our Leadership



- 1 **Khaw Khoon Tee**
Executive Chairman

- 2 **Khaw Seang Chuan**
Group Managing Director

- 3 **Khaw Choon Hoong**
Executive Director

- 4 **Khaw Choon Choon**
Executive Director

- 5 **Law Cheng Lock**
Senior Independent Non-Executive Director

- 6 **Oh Phaik Choo**
Independent Non-Executive Director

- 7 **Lee Kean Cheong**
Independent Non-Executive Director

Notes:

- (i) **Family Relationships and Substantial Shareholders**
Save for Khaw Khoon Tee who is the father of Khaw Seang Chuan, Khaw Choon Hoong and Khaw Choon Choon, none of the Directors of the Company have any relationship with any Director or substantial shareholder 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 5 years and no any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- (v) **Attendance at Board Meetings**
The number of board meetings attended by the Directors in the financial year ended 31 December 2023 is disclosed in the Corporate Governance Overview Statement of this Annual Report.



Khaw Khoon Tee

Executive Chairman



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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 15 April 2024)
16 years and 5 months

DATE OF LAST RE-ELECTION

24 June 2021

BOARD COMMITTEES

Nil

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Five (5) out of five (5) meetings

ACADEMIC QUALIFICATION(S)

Secondary education

PRESENT DIRECTORSHIP(S)

Listed entity: Nil
Other public company: Nil

PRESENT APPOINTMENT(S)

Nil

PAST APPOINTMENTS AND WORKING EXPERIENCE:

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

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

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



PROFILE OF DIRECTORS



Khaw Seang Chuan, Kelvin

Group Managing Director



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DATE OF APPOINTMENT
26 October 2007

DATE OF RE-DESIGNATED AS MANAGING DIRECTOR
26 August 2009

LENGTH OF SERVICE
(as at 15 April 2024)
16 years and 5 months

DATE OF LAST RE-ELECTION
9 June 2023

BOARD COMMITTEES
Nil

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
Five (5) out of five (5) meetings

ACADEMIC QUALIFICATION(S)
Secondary education

PRESENT DIRECTORSHIP(S)
Listed entity: Nil
Other public company: Nil

PRESENT APPOINTMENT(S)
Nil

PAST APPOINTMENTS AND WORKING EXPERIENCE:

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



Khaw Choon Hoong, Jasmine

Executive Director



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DATE OF APPOINTMENT
26 October 2007

LENGTH OF SERVICE
(as at 15 April 2024)
16 years and 5 months

DATE OF LAST RE-ELECTION
10 June 2022

BOARD COMMITTEES
Nil

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
Five (5) out of five (5) meetings

ACADEMIC QUALIFICATION(S)
Bachelor Degree in Management from the University of Lethbridge, Canada

PRESENT DIRECTORSHIP(S)

Listed entity: Nil
Other public company: Nil

PRESENT APPOINTMENT(S)
Nil

PAST 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 was also the management representative of our Group's quality management system which led to the successful achievement of ISO 9002 quality system certification awarded by Lloyd's Register Quality Assurance to the Group in 1998 and ISO 22000 for Food Safety Management System in 2013.



Khaw Choon Choon, Jessy

Executive Director



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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.



DATE OF APPOINTMENT

1 July 2010

LENGTH OF SERVICE

(as at 15 April 2024)

13 years and 9 months

DATE OF LAST RE-ELECTION

24 June 2021

BOARD COMMITTEES

Nil

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Five (5) out of five (5) meetings

ACADEMIC QUALIFICATION(S)

Secondary education



Law Cheng Lock

Senior Independent
Non-Executive Director



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PRESENT DIRECTORSHIP(S)

Listed entity: Nil

Other public company: 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.

DATE OF APPOINTMENT

7 August 2014

LENGTH OF SERVICE

(as at 15 April 2024)

9 years 8 months

DATE OF LAST RE-ELECTION

9 June 2023

BOARD COMMITTEES

- Chairman of Nomination Committee
- Member of Audit and Risk Management Committee and Remuneration Committee

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Five (5) out of five (5) meetings

ACADEMIC QUALIFICATION(S)

LLB (Hons) London CLP

PROFESSIONAL ASSOCIATIONS

Member of Kedah Bar



Oh Phaik Choo

Independent Non-Executive
Director



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DATE OF APPOINTMENT

1 July 2022

LENGTH OF SERVICE

(as at 15 April 2024)
1 year 9 months

DATE OF LAST RE-ELECTION

9 June 2023

BOARD COMMITTEES

- Chairman of Audit and Risk Management Committee
- Member of Remuneration Committee and Nomination Committee

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Five (5) out of five (5) meetings

ACADEMIC QUALIFICATION(S)

Chartered Association of Certified Accountants, United Kingdom

PRESENT DIRECTORSHIP(S)

Listed entity: Nil
Other public company: Nil

PROFESSIONAL ASSOCIATIONS

- Member of the Malaysian Institute of Accountants (MIA)
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Member of The Institute of Internal Auditors Malaysia (IIAM)
- Associate member of Chartered Tax Institute of Malaysia (CTIM)

PAST APPOINTMENTS AND WORKING EXPERIENCE

She graduated from Tunku Abdul Rahman College in 1996 and joined a local accounting firm with international affiliation from 1997 to 2007. In 2008, she joined and admitted as partner of KFF PLT and currently in public practice.



Lee Kean Cheong

Independent Non-Executive
Director



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DATE OF APPOINTMENT

01 July 2022

LENGTH OF SERVICE

(as at 15 April 2024)
1 year 9 months

DATE OF LAST RE-ELECTION

9 June 2023

BOARD COMMITTEES

- Chairman of Remuneration Committee
- Member of Audit and Risk Management Committee and Nomination Committee

BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Five (5) out of five (5)

ACADEMIC QUALIFICATION(S)

- Master degree in Commerce, The University of New South Wales, Australia
- Bachelor degree in Commerce, Murdoch University, Australia

PROFESSIONAL ASSOCIATIONS

Member of the Malaysian Institute of Accountants (MIA)
Member of the Certified Practising Accountant (CPA) Australia

PRESENT DIRECTORSHIP(S)

Listed entity:
Pentamaster Corporation Berhad
MSM International Ltd (Singapore)
Other public company: Nil

PAST APPOINTMENTS AND WORKING EXPERIENCE

He started his career with Ernst & Young and later moved to the commercial sector involving public listed companies and multinational corporations. He has more than 25 years of experience in the commerce and financial field, having previously held various senior managerial positions in the commercial sector. Currently, he is one of the partners in an accounting firm and a Director for a management consultancy firm.

PROFILE OF KEY SENIOR MANAGEMENT



Chan Ban Hei

Group Operations General Manager



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DATE OF APPOINTMENT

30 May 2018

ACADEMIC QUALIFICATION(S)

- Bachelor of Engineering
- Diploma in Management

PAST APPOINTMENT 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 March 2021. He was further promoted as Group Operations General Manager in April 2021.



Saw Sue Ning

Group Accountant



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DATE OF APPOINTMENT

25 June 2018

ACADEMIC QUALIFICATION(S)

- Bachelor of Accounting
- Chartered Associations of Certified Accountants, United Kingdom

PAST APPOINTMENT AND WORKING EXPERIENCE

In year 2011, she was attached with an audit firm involved to external audit. Then, she left the audit firm and started working in manufacturing industry. In year 2018, she joined SLP as Accounts 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.

Save as disclosed, none of the Key Senior Management have:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Messages to Shareholders



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 2023 ("FY2023").

FINANCIAL PERFORMANCE

For FY2023, the Group posted a revenue of RM162.3 million, compared to RM185.7 million recorded in FY2022, a 12.6% drop due to the weak demand from overseas and local markets. In tandem with lower revenue recorded in FY2023, the Group's profit before tax ("PBT") decreased to RM14.2 million. The Group's profit after tax recorded in FY2023 was RM10.6 million, a decrease of RM10 million or 48.5% from RM20.6 million in FY2022. Export sales contributed RM56.7 million which represented 34.9% of group revenue in FY2023 when compared to RM75.8 million or 40.8% of group revenue in FY2022.

In FY2023, the Group operated in a very challenging business landscape, which impacted the group's performance. Almost all operating costs escalated while the global demand remained subdued. The recent conflict in the Red Sea region and seasonal drought crisis in the Panama Canal contributed additional challenges to the global logistics and supply chain. The Group experienced delays and extended

lead time for goods imported from the North American continent, while supplies from the Middle East and Asia Pacific remained unaffected as of present.

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 an annual dividend of above 40.0% of the Group's net profit for the past ten (10) years. For FY2023, the Company has declared four (4) single tier interim dividends totalling 4.75 sen with total payout amount of RM15.1 million which was approximately 141.9% of the Group's net profit. The dividends declared which exceeded the Group's commitment to pay out at least 40.0% of its annual net profit was an effort on the part of the Company in showing its appreciation and rewarding our shareholders for the trust and faith they have placed with the Company.

The Company will continue to pay dividends based on our business performance and fund for capital requirement. At the same time, the Group shall endeavour to ensure a satisfactory return on investment to shareholders

REVENUE

FY2023
RM162.3 million

FY2022
RM185.7 million ↓ 12.6%

PROFIT AFTER TAX ("PAT")

FY2023
RM10.6 million

FY2022
RM20.6 million ↓ 48.5%

NET DIVIDEND PER SHARE

FY2023
4.75 sen

CHAIRMAN'S MESSAGE

GOOD CORPORATE GOVERNANCE

The Board continually applies the corporate governance best practice as a crucial step towards achieving continuous growth. We are committed to implementing business strategies that correspond with the Group's visions deemed value-accretive to protect and maximise stakeholders' value. The Annual Report's Corporate Governance Overview Statement emphasises our commitment in upholding and improving corporate governance group-wide.

SUSTAINABILITY AND ESG INITIATIVES

The Group strives to give customers the best value proposition for a durable and loyal business relationship. The Group's core strengths are its personnel, employees, suppliers, customers, shareholders and stakeholders. Their involvement and satisfaction drive the Group's success in achieving sustainability across all aspects of its business operations, right from sourcing raw materials to production process efficiencies, culminating in the sales of our products.

The Board acknowledges the importance of integrating sustainability into the organisation in its quest to achieve excellence and value creation for our business operations. The Group strives to satisfy all of our shareholders, stakeholders, and the community by fulfilling its social responsibilities as a good corporate citizen. We also continuously strive to educate our management team and periodically update the Board members on new and revamped or amended



statutory, regulatory and reporting requirements from Bursa Malaysia, Securities Commission, Companies Commission of Malaysia, Inland Revenue Board, Malaysian Accounting Standard Board, Bank Negara and other statutory bodies.

We also allocate sufficient resources and time for education, training, documentation and implementation of new or revamped ESG initiatives to strengthen and enhance our management's knowledge and coordination of environmental, social and governance programmes to ensure the responsible, ethical and ongoing success of our Group and thereby improving the well-being of our employees as well as our stakeholders.

In 2023, our notable achievements included cleaning up the Pantai Bersih beach by the Company's personnel that is held and organised by the Company in conjunction with the World Coastal Cleanup Day. We organised and mobilised approximately 166 employees which represent more than 60% of our total workforce to tidy the beach, collecting more than 400 kg of marine waste.

Despite the tough times, we will nonetheless continue to provide employee performance incentives to spur and motivate employees' performance and to allocate budgets for corporate social responsibility and environmental, social, and governance programmes.

A detailed report on our sustainability-related initiatives is available in the Sustainability Statement in this Annual Report.

CHAIRMAN'S MESSAGE



SUSTAINABILITY AND ESG INITIATIVES (Cont'd)

Southeast Asia and Malaysia's Economic Outlook and The Challenges Ahead

The Asian Development Bank (ADB) has revised its growth projections for Southeast Asia downwards to 4.3% in 2023 and 4.7% in 2024, mainly due to weak external demand. Inflation in Southeast Asia is projected to be 4.2% for 2023 and revised its forecast upwards to 3.5% from 3.3% for 2024 due to possible food supply disruptions resulted from climate risks, including El Nino.

ADB also readjusted Malaysia's gross domestic product (GDP) forecast to 4.6% from 4.9% for 2024 compared to 3.7% achieved in 2023. The country enjoyed firm domestic demand, improved employment conditions and rising tourism, but subdued manufacturing and weak external demand kept a lid on Malaysia's growth in 2023.

Standard Chartered Bank projects the Malaysian economy to grow at 4.8% in 2024, fuelled by domestic consumer spending, public infrastructure investments and travel industry improvements despite the moderate 2.9% growth projected for the world economy.

Despite the improved GDP forecasts, the top five downside risks may derail the country's anticipated growth trajectory. These risks include the unresolved geopolitical tensions, China's debt crisis, slower US economic growth, uncertainties over the upcoming US presidential elections, and domestic vulnerabilities. However, if the trade crisis and political tension worsen, and the Russian-Ukraine War, and the Middle-Eastern conflict escalate, these will ultimately lead to a prolonged bottoming process for Asia currencies, including the Ringgit alongside the Renminbi. China is the largest economy in Asia, and if its economy continues to contract, the impact will reverberate throughout the region. Similarly, a sluggish US economy will decelerate Malaysia's growth outlook.

Although the Malaysian economy is expected to improve this year, its vulnerabilities may weaken its ability to weather global uncertainties and economic crises. The country's debt-to-GDP ratio is among the highest in the region, which will influence the government to tighten its monetary policy, eventually impacting its investment and consumption. Malaysia's high household and corporate debt will increase its susceptibility to higher borrowing costs. These potential economic and political hurdles ahead need to be closely monitored.

CHAIRMAN'S MESSAGE

PROSPECTS AND STRATEGIES

Given the global and domestic challenges ahead, we have formulated a growth strategy focusing on mitigating the impact of inflation and pursuing a slow and steady growth for sustainability. In view of the global economy slowing down and other ensuing uncertainties, we accordingly themed our growth strategy as 'Shaping Stability, Progressing with Patience'.

A recent Global Market Insight report predicts that the flexible plastic packaging market, valued at over US\$170 billion in 2022, will grow at a 4% compounded annual growth rate (CAGR) between 2023 and 2032.

We have also allocated a RM6 million budget to increase production capacity to penetrate other potential markets and to increase the automation of our manufacturing processes so as to achieve optimum operating costs and reduce dependency on labour force in order to increase production efficiency. In order to have better management on Human Resources matter as well as workers' welfare, additional RM8 million has been allocated for acquisition of workers' dormitory.

In FY2024, the Group expects the demand to improve, albeit not significant. However, based on economic data from the regions, the rebound in demand is subject to various factors, consumer spending habits and currency performances against the greenback being the notable factors as well as others. As our new circular packaging products gained favourable responses from clients, the Group expects these will enable us to penetrate new markets.

The Group acknowledges the importance of environmental, social and governance (ESG) and has allocated capital expenditure in FY2024 to support such programmes.

The Group will be acquiring its own workers' dormitory for the better management of the Group's human resource and its related matters.

The Group shall stay vigilant and agile in making business decisions to address the present volatile and fast-changing environment. For SLP, we will concentrate on our core business and offer our customers innovative and cost-effective flexible packaging materials to sustain the Group's performance and to strive for a rewarding return to our valued shareholders over the long term.

APPRECIATION

On behalf of the Board, I sincerely thank the Group's management and employees for their dedication, team spirit and hard work in delivering positive financial results in FY2023, under challenging business landscape.

Last, I express my utmost gratitude to our stakeholders, including customers, shareholders, suppliers, and other business associates, for their long-standing support, cooperation, and assistance.

Khaw Khoon Tee
Executive Chairman



GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

China's economic health, high interest rate in the United States ("US"), uncertainties over the upcoming US presidential election, and escalating logistic costs continue to challenge industries across the globe to think innovatively about charting business growth and path.



When China reopened during January 2023, everyone expected the economic juggernaut to stimulate and rekindle global demand. However, the unpredictable happened when brakes were pulled by Beijing on infrastructure and property development activities, setting off the real estate crisis which catastrophically affected the domestic economy, triggering mass unemployment and the exit of multinational corporations. Early this year, the Shanghai Composite index fell 6.2%, its most sizable weekly loss since October 2018, while the Shenzhen Component index shed 8.1%, its most significant drop in three years.

The indexes have lost more than 8% and 15%, respectively, since the start of the year. China's blue-chip capitalization-weighted stock market index ("CSI") 300 index, comprising 300 major stocks listed in Shanghai and Shenzhen, also fell 4.6%, notching its worst week since October 2022. The index is down 7% year-to-date. As a result, China's demand has slowed, forcing its trading partners to cut exports. From January to October 2023, China's total trade, comprising imports and exports, rose by a mere 0.03%.

The US's government has used the interest hike as a mechanism to reduce the inflation rate since year 2022. However, the inability of the last interest rate hike to force US inflation down to 2.9% has prompted analysts and investors to caution that a rate cut may not happen in May 2024 as anticipated. Hence, US Dollar may still strengthen against the other currencies until the interest rate is cut. Currently, the interest rates in the US hover around 5.25% to 5.5%. The last rate hike was in July 2023.

The uncertainties that surround the upcoming US presidential election has prompted the consumer goods industries, in particular, to keep inventories low, resulting in snail pace demand across the globe.

Finally, the recurring Panama Canal drought and the recent Red Sea conflict have substantially increased logistics costs and delayed shipments of essential raw ingredients.

In February 2024, the number of vessels allowed to cross the canal daily has dwindled to about 24 compared to 36 in the first half of 2023. Shipping companies, opting to avoid and circumvent the delays, are now taking longer routes around the Cape of Good Hope, Cape Horn and the Suez Canal to get to their destinations. In fact, the restriction on the numbers of vessels crossing the Panama Canal has delayed our group's import of raw materials from the US.

These four challenges have prompted our management team to rethink our business directions and growth for 2024. Despite all the aforesaid, the Group will fight inflation and strive to maintain a steady growth to sustain ourselves amid the current economic turmoil. In face of all the aforesaid challenges as narrated above, the Group has accordingly adopted the theme for the growth and direction of the Group in FY2024 as 'Shaping Stability, Progressing with Patience'.

In spite of the hostile business environment in FY2023 which are full of challenges, the stability of oil and resin prices has allowed us to bear with the rise of logistic costs and continue to compete in the packaging industry.

GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SLP Resources Berhad ("SLP" or "the Company") and its three (3) subsidiaries (herein collectively referred to as "the Group") manufacture and sell flexible plastic packaging and its related products, employing a joint total of 291 employees in Kulim. SLP operates in its own production facilities measuring 387,000 square feet.

The Group manufactures high-quality thin-gauged flexible plastic packaging products for the market in Malaysia and other parts of the world. The Group's popular products include kitchen bags, garbage bags (mainly for the Japanese market), vertical form fill seal machine ("VFFS") films, fashion bags, patch handle bags, industrial bags, oil VFFS films and quality films for healthcare packaging.

For FY2024, through the 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 its customers to provide innovative ideas, expertise and support solutions to cater 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 as SLP also supplies products gearing toward personal hygiene care, home care, health care and industrial sectors.

The Group's high-quality flexible plastic packaging products cater to personal hygiene care 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 FY 2023, the Group recorded revenue of RM162.3 million, a decrease of RM23.4 million or 12.6% from RM185.7 million recorded in FY2022, which was due to weakening demand in overseas and domestic markets.

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

Countries	FY2023		FY2022		Increase/(Decrease)	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	105,664	65.1%	109,982	59.2%	(4,318)	(3.9)
Japan	47,409	29.2%	57,230	30.8%	(9,821)	(17.2)
Australia	4,164	2.6%	8,123	4.4%	(3,959)	(48.7)
Other countries	5,091	3.1%	10,407	5.6%	(5,316)	(51.1)
Total	162,328	100.0%	185,742	100.0%	(23,414)	(12.6)

In FY2023, domestic sales contributed 65.1% of the total revenue, a 3.9% decrease compared to FY2022's performance due to slower demand. The Group's core products sold to domestic markets comprised plastic resins for other plastic converters, flexible plastic packaging bags and films for packaging food, medical, and industrial products.

For export market, Japan is still remain the primary market for the Group. Sales to Japan contributed RM47.4 million or 29.2% to the Group total revenue. Japan buys primarily flexible plastic packaging bags for retail and kitchen bags used in households from SLP.

Australia, another leading customer for the Group's fashion and carrier bags, contributed 2.6% or RM4.2 million in total sales in FY2023, dropping about 48.7% from the RM8.1 million revenue contribution generated in FY 2022.

In FY2023, SLP exported household, industrial and retail plastic packaging bags and films to other countries. These overseas market contributed 3.1% to the FY2023 revenue, lower revenue contribution as compared to 5.6% in FY2022.

GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW (Cont'd)

Gross Profit

	FY2023	FY2022	Increase/(Decrease)
Gross Profit (RM'000)	18,931	27,450	(8,519)
Gross Profit margin	11.7%	14.8%	(3.1%)

In tandem with lower revenue recorded in FY2023, the Group recorded a lower gross profit of RM18.9 million compared to RM27.5 million recorded in FY2022. This is due to higher production cost incurred such as increase in electricity tariffs and labour cost, and downward adjustment on average selling price to compete in the packaging industry. Besides, additional RM0.5 million of the inventories written down to net realizable value ("NRV") and provision for slow moving stock during FY2023.

Profit Before Tax

	FY2023	FY2022	Increase/(Decrease)
Profit Before Tax (RM'000)	14,236	25,538	(11,302)
Profit Before Tax margin	8.8%	13.7%	(4.9%)

In FY2023, the Group posted a lower profit before tax of RM14.2 million from RM25.5 million. This is due to elevated production cost, adjustment on average selling price and written down inventory value to NRV and provision for slow moving stock.

	FY2023	FY2022	Increase/(Decrease)
Other operating income (RM'000)	3,560	7,555	(3,995)
Other operating expenses (RM'000)	8,256	9,467	(1,211)

For FY2023, the Group's other operating income decreased by RM4.0 million while other operating expenses decreased by RM1.2 million in FY2023.

The Group posted a higher other operating income in FY2022 mainly due to the completion of a disposal of right-of-use assets that posted a net gain of RM5.1 million to the Group. Without non-recurring gain recorded in FY2023, hence the operating income was decreased to RM3.6 million.

The Group's other operating expenses comprised mainly of administrative, selling and marketing expenses. The decrease in the other expense is due to reduction in selling cost resulted from decrease in revenues achieved in FY2023.

Profit After Tax

	FY2023	FY2022	Increase/(Decrease)
Profit After Tax (RM'000)	10,607	20,580	(9,973)
Profit After Tax margin	6.5%	11.1%	(4.6%)

With lower profit before tax, the Group recorded RM10.6 million after-tax profit in FY2023, a decrease of RM10.0 million from RM20.6 million in FY2022. The Group's profit after tax margin of 6.5% in FY2023 was lower when compared to 11.1% in FY2022.

GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

An analysis of financial position is presented below:

Total Assets

As of 31 December 2023, the Group's total assets stood at RM219.9 million, decreased from RM229.3 million as at 31 December 2022.

As of 31 December 2023, the Group reported property, plant and equipment ("PPE") and right-of-use assets ("ROU") of RM65.9 million when compared to RM69.2 million as at 31 December 2022.

As part of the Group's continuing expansion program, the Group invested in approximately RM0.5 million in FY2023, 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 2023 and 2022, the Group's inventories stood at RM42.7 million and RM45.1 million, respectively, representing 19.4% and 19.7% of total assets.

As of 31 December 2023 and 2022, the Group reported cash and cash equivalents of RM84.3 million and RM83.4 million respectively, representing 38.3% and 36.4% of total assets.

As of 31 December 2023 and 2022, the Group's receivables stood at RM26.8 million and RM31.4 million, respectively, representing 12.2% and 13.7% of total assets.

Total Liabilities

As of 31 December 2023 and 2022, the Group total liabilities stood at RM28.8 million and RM36.2 million.

Trade and other payables were the significant total liabilities accounting for 64.6% and 70.5% as of 31 December 2023 and 2022.

Shareholders' equity

As of 31 December 2023 and 2022, the Group shareholders' equity stood at RM191.1 million and RM193.1 million. The decrease in shareholders' equity was due to dividend declared which exceeded profit earned in FY2023. Please refer to "Consolidated Statement of Changes of Equity" in the Audited Financial Statements for more details on this item.

Liquidity

The Group generated RM15.4 million from operating activities in FY2023 as compared to RM16.3 million in FY2022. This was attributed to lower profit before tax posted in FY2023.

The last component in the cash flow statement is cash flows used in financing activities mainly for the payment of dividends to the shareholders, which amounted to RM16.6 million.

As of 31 December 2023, the Group's net changes in cash and cash equivalents stood at RM0.3 million. After adding RM83.4 million of cash and cash equivalents brought forward from FY2022, the Group's liquidity of 31 December 2023 stood at RM84.3 million including RM0.6 mil of the effect of foreign exchange fluctuation on cash held.

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

OUTLOOK, RISKS AND STRATEGIES

In 2023, Malaysia's domestic sector contributed 65.1% to the group's revenue. Malaysia's gross domestic product (GDP) is forecasted to grow between four and five per cent this year. Hence, we expect the domestic economy to continue contributing significantly to the group's revenue and profit. Bank Negara is expected to maintain its rates at 3% throughout 2024.

According to the Mordor Intelligence report, the Malaysia Retail Market size, estimated at US\$89.66 billion in 2024, is expected to reach US\$119.64 billion by 2029, growing at a 5.94% compounded annual growth rate (CAGR). The Malaysian retail industry has been one of the largest contributing sectors to the country's GDP for decades.

Japan's economy is expected to grow at 1% in 2024, and its retail sector at 1.4% per annum till 2032, according to an IMARC research report. The growth is minimal, but it is growth nevertheless.

The Yen remains weak and is expected to continue to stimulate its tourism industry, which has inadvertently benefitted us, in turn, by boosting our sales of kitchen and rubbish bags to Japan.

The economies of Australia and New Zealand, our other key markets, are expected to increase at 2.25% and 5%, respectively in FY2024.

GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK, RISKS AND STRATEGIES (Cont'd)

According to a recent Allied Market Research report, the global flexible packaging market, valued at US\$197.4 billion in 2022, is projected to reach US\$325.8 billion by 2032, growing at a 5.1% CAGR.

In FY2023, the Group managed to export more than 6,500 tonnes of flexible plastic packaging products with an approximate value of RM9,000/tonne.

SLP has targeted the production of premium products, such as non-commoditised products like pouches, films which serve the medical and hygiene sectors, and the unique machine directional-oriented (MDO) PE films in order to stay relevant in the market.

MDO-PE films, which have enhanced durability, performance, and more importantly complies to the economy for circular packaging. The Group is expecting MDO-PE to generate enquiries from the market and an improved sales going forward.

Plastic packaging industry is a labour-intensive industry. Labour costs will continue to affect the Group's operating costs. The Group shall continue to implementing mitigation strategies to convert manual operations to automated processes so as to reduce labour dependence. Digitalisation is another of the Group's investment to enhance real-time and precise manufacturing reporting.

In line with the Group strategy, the Group will spend about RM6 million for the expansion of our production capacity, and speeding up the transformation of its current labour intensive manufacturing lines into more automation processes. This would allow SLP to reduce its dependency on manual labour and thus increase production efficiency and reducing cost. The capital expenditure allocated for FY2024 has increased compared to FY2023.

In FY2023, the Group had a small budget for capital expenditure as we had to conserve our cash to persevere through the economy low cycle. A further RM8 million has been allocated for acquisition of workers' dormitory. This is to ensure better management of human resources and its related matters and workers' welfare.

Stringent environmental regulations present a crucial challenge to the Group's flexible plastic packaging business. Strict legislation was passed to mitigate the environmental threat in view of the growing consumers' demand for bioplastics and other environmentally friendly packaging solutions. In FY2023, the Group has trained its focus on developing eco-friendly products. In FY2024, the Group expects the demand for our eco-friendly products to improve and thereby contributing more to the Group's revenue.

Besides stringent environmental regulations, the Group has identified foreign exchange fluctuations, especially in USD, as one of the significant risks. 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.

To reduce the aforesaid risk, we will hedge our USD sales proceeds through foreign currency forward contracts to minimise foreign currency exchange risk exposure. Hedging is done whenever we see forward contracts with potential benefits to the Group.

The ongoing trade war tensions are another identified risk factor affecting the Group's business performance. The trade war may cause in supply chain disruptions as well as an increase in materials cost from these countries. SLP is cautious in planning our procurement activities with the aim of decreasing its impacts on our production as well as financial performance.

Dividend payout

The Company has consistently declared and has paid out an annual dividends of above 40.0% of the Group's net profit over the past ten (10) years. For FY2023, the Company declares four (4) single tier interim dividends totalling 4.75 sen with a total payout amount of RM15.1 million. The dividends represents approximately 141.9% of the Group's net profit. It has exceeded the Group's commitment to pay out at least 40% of its annual net profit to reward our shareholders for their trust and faith in the Company.

The Company will continue to pay dividends based on its business performance to ensure a satisfactory return on investment to our valued shareholders and enable the Group to conserve sufficient funds for capital requirements.

Appreciation

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

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

Thank you.

Khaw Seang Chuan
Group Managing Director

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT FY2023

The Board of Directors (“Board”) is pleased to present this Sustainability Statement (“Statement”) which addresses the sustainability issues, efforts, targets, performance, as well as achievements of SLP Resources Berhad (“SLP” or the “Company”) and its subsidiaries (“SLP Group” or the “Group”). This Statement demonstrates how we create value for our stakeholders and how our sustainability approaches and performance contribute to SLP Group’s Vision, Mission, Core Values, and long-term strategy.

Vision	Mission	Core Values
To be an internationally renowned plastic packaging solutions specialist through the application of innovative research & development and latest technology	To continuously provide innovative, high-quality plastic packaging solutions to meet our customers’ ever-changing needs and to exceed users’ expectation	<ul style="list-style-type: none"> • Trustworthiness • Caring • Innovative • Commitment • Flexibility to change

Reporting Scope and Standards

This Statement covers information and performance data collected from all operations and entities, all of which are located in Kulim, Kedah. This includes SLP’s three (3) wholly-owned subsidiaries, namely Sinliplas Holding Sdn Bhd, SLP Green Tech Sdn Bhd, and SLP Polymers Sdn Bhd.

The sustainability performance of this Statement complies with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”) and the Sustainability Reporting Guide 3rd Edition and its accompanying Toolkits published by Bursa. The data and information in this Statement cover the period from 1 January 2023 to 31 December 2023 (“FY2023”), unless otherwise specified. This Statement has also included the 9 enhanced common sustainability indicators, which are required to be disclosed in accordance with the Listing Requirements, while the indicators relating to waste and emissions will be reported in FY2024.

The accuracy and integrity of our disclosures in this Statement have been enhanced through a review conducted by the Audit and Risk Management Committee (“ARMC”).

In the preparation of this Statement, the Group has implemented appropriate controls and internal reporting measures to enhance the quality of data reporting and will continue to enhance the data collection, review, and reporting processes. This Statement has not been subjected to internal reviews by the internal audit or external assurance.

Sustainable Development Goals

The Group acknowledges and supports the United Nations’ (“UN”) 2030 Agenda for Sustainable Development and the Sustainable Development Goals (“SDGs”) as integral to our commitment to sustainability. In our sustainability initiatives, we also assess how they can be aligned with and contribute to the achievement of these SDGs.



HIGHLIGHTING FY2023 PERFORMANCE

We are pleased to present the key highlights of our Group's sustainability efforts and performance during the financial year under review as follows:

All our products are fully recyclable

Safe and high-quality products

- Average customer evaluation score of 4.03 against a target of 3.50 and above, out of 5.00
- All suppliers are assessed via our due diligence process

Optimising manufacturing efficiency

- Wastage rate of 10.7% against a target of 10.0% and below
- 6% 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 systems contributed to an estimated 1,006 tonnes of CO₂e avoidance and an estimated RM471,043 in savings
- Renewable energy generated represented approximately 12% 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
- 16 minor accidents against a target of 0 accidents, amounting to 129 loss days
- Recorded 14.3 training hours per employee

Complying with environmental and social laws and regulations

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

Upholding business ethics and integrity

- Code of Conduct and Ethics and Whistle Blowing Policy
- No whistleblowing cases were received
- Adequate procedures to prevent bribery and having an Anti-Bribery and Corruption Policy
- 100% of staff holding critical positions are trained in anti-bribery and corruption
- No known incidence of corruption or bribery or serious breaches against business ethics

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board recognises its duty and responsibilities to incorporate sustainability into the Company's long-term business strategy. As custodians of the Company, the Board who oversees the development and implementation of sustainability strategies, with support from the ARMC, ensures there is efficient process for recognising, assessing, managing, and reporting the Group's Material Sustainability Matters ("MSMs").

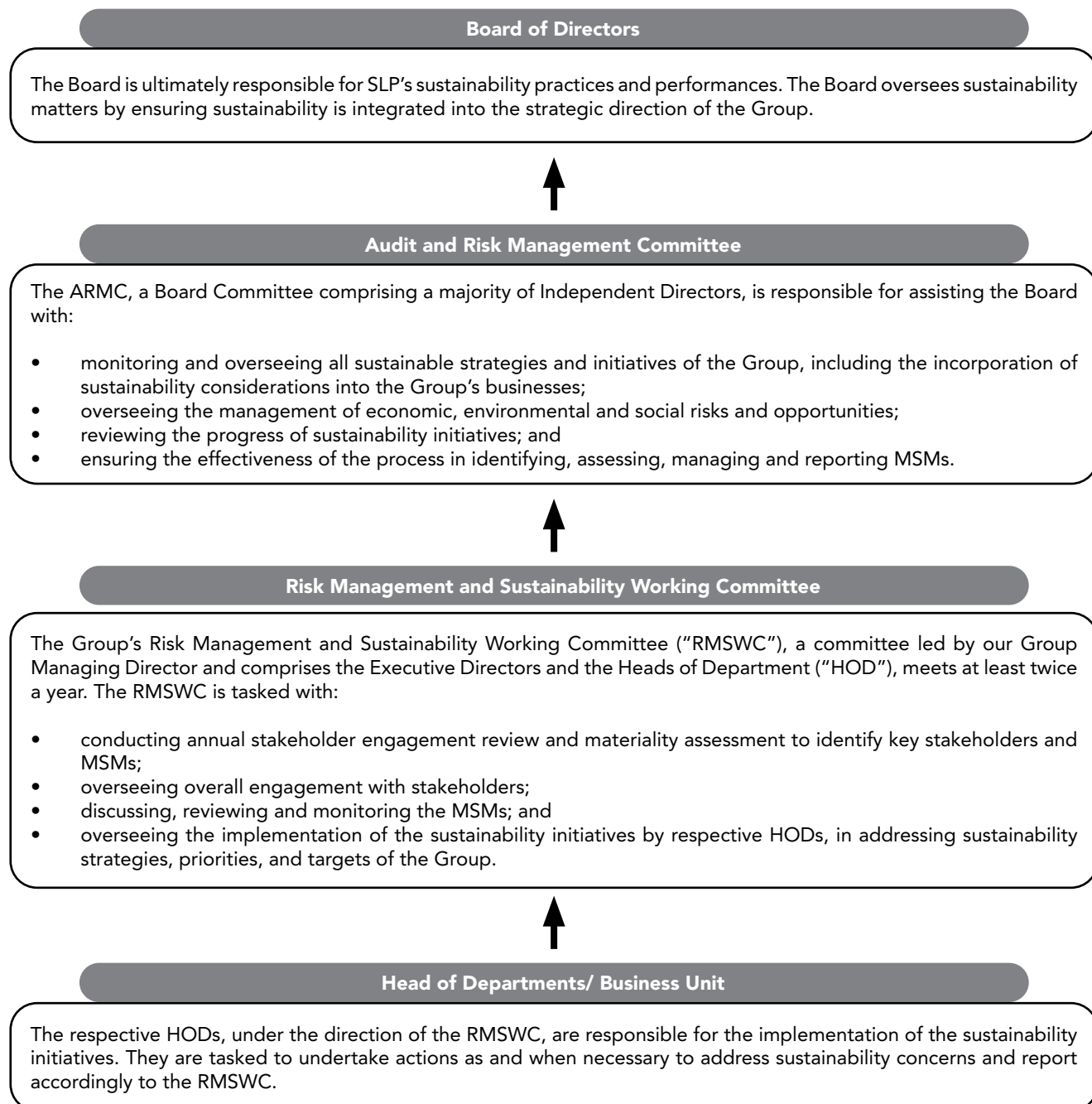
Furthermore, the Board also recognises the significance of understanding and addressing the overall interests of the Group's stakeholders. This includes communicating relevant information about the Group's sustainability strategies, priorities, and targets with stakeholders. The Group utilises various engagement channels not only for communication purposes but also to gain insight into stakeholders' needs, perspectives, and concerns.

To maintain the Board's awareness of sustainability issues relevant to the Group's operations, the Group Managing Director and the Executive Directors, who are regularly updated on sustainability matters within the Group, regularly update the Board on MSMs relevant to the industry and the business. This includes environmental and social challenges encountered by the industry or industry peers as well as emerging concerns. The Board, through the Nomination Committee, is responsible for considering sustainability when determining Directors' training requirements and needs. The Directors also receive training or briefing on updates relating to sustainability trends or sustainability issues in the industry from time to time.

SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

To bolster accountability in managing the Group's sustainability matters, the Board and the Nomination Committee have integrated evaluations of progress and achievement of the annual sustainability strategies and targets into the annual assessment of the Board, Board Committees, and individual Directors. For detailed information on the annual assessment, please refer to the Corporate Governance Report FY2023.

An overview of the governance structure for overseeing and managing sustainability matters within the Group is as follows:



STAKEHOLDER ENGAGEMENT

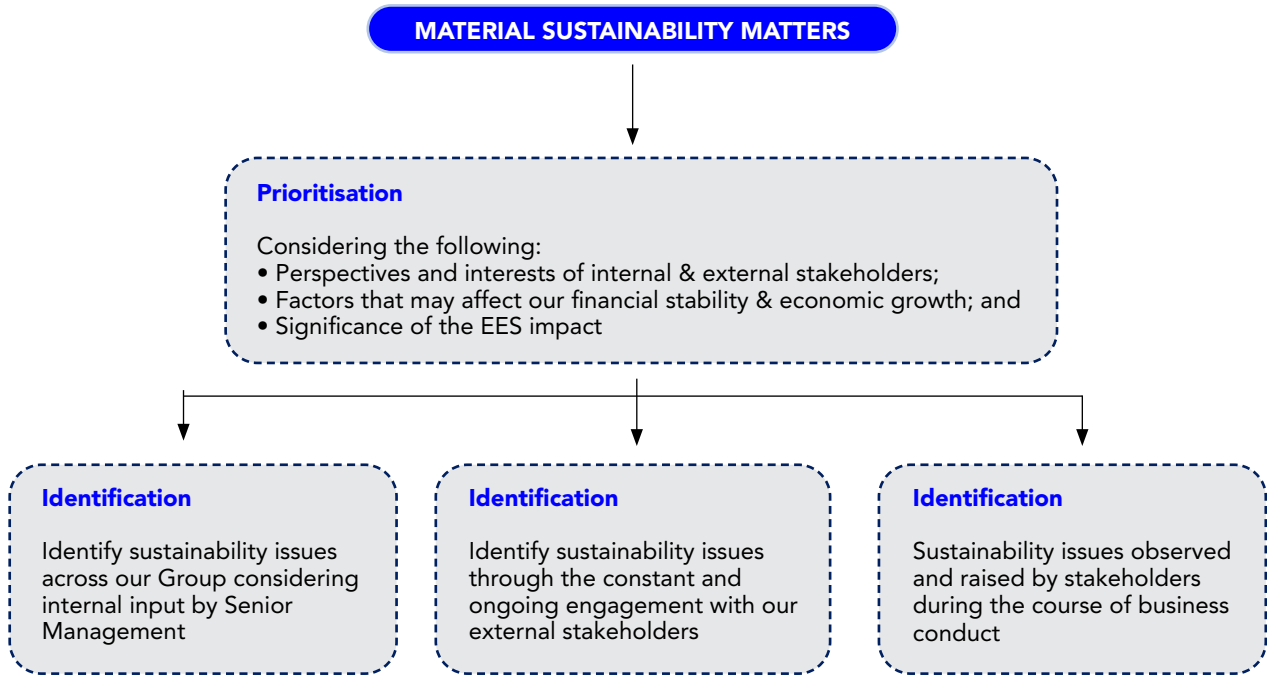
SLP Group emphasises the importance of responsible corporate citizenship, which involves prioritising the broader interests of stakeholders and making efforts to understand their concerns, as well as transparent communication to empower stakeholders in making informed decisions. At SLP Group, regular engagement with stakeholders is conducted not only to gain a deeper understanding of their interests and concerns which impact our business decisions towards shared value creation between the Company and our stakeholders but also to build and maintain long-term and close relationships with our stakeholders.

Throughout the financial year, the Risk Management and Sustainability Working Committee (“RMSWC”) conducted a thorough review of the Group’s stakeholder assessment and overall engagement activities, considering the effectiveness and adequacy of the existing engagement channels as well as the sustainability issues relevant to stakeholders. The table below provides an overview of our engagement methods, frequency of engagement, and key areas of interest for various stakeholder groups.

Stakeholders	Areas of Concern	Methods of Engagement	Frequency of Engagement
Employees	<ul style="list-style-type: none"> • Business performance and direction • Career development • Learning and development • Employee welfare and benefits • Employee wellness • Health and safety • Human rights and labour practices 	<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 feedback • 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
Regulators and Government Authorities	<ul style="list-style-type: none"> • Adherence to laws 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 • Supply chain 	<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 the Malaysian Plastics Manufacturers Association • Community outreach and social programmes • Educational site visits 	<ul style="list-style-type: none"> • Ad-hoc • Ad-hoc • Ad-hoc

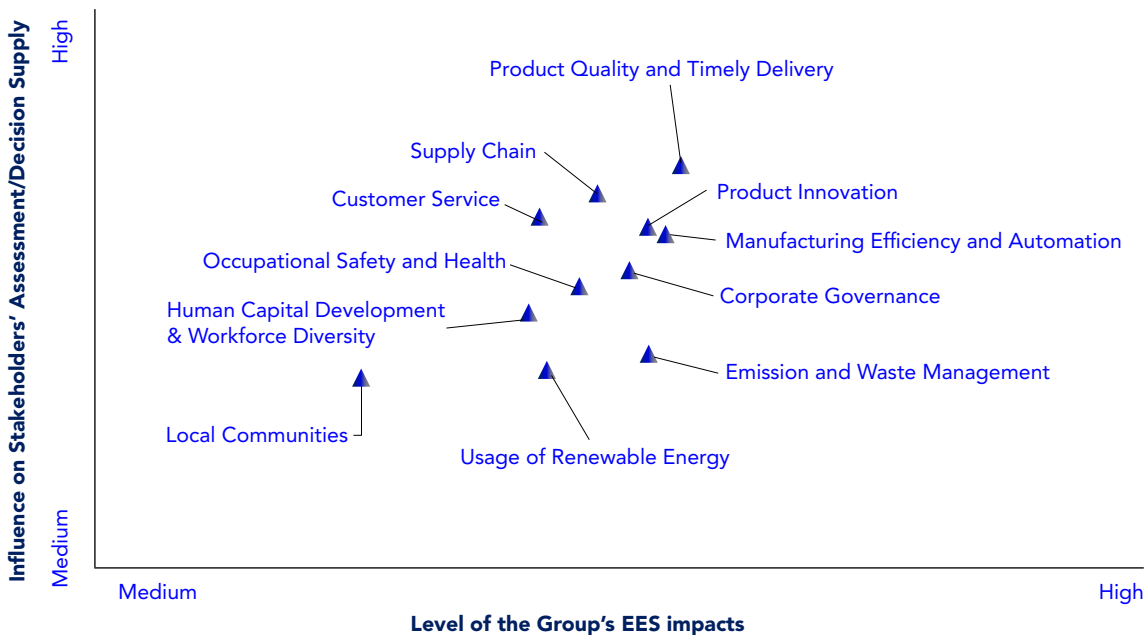
MATERIAL SUSTAINABILITY MATTERS

The RMSWC undertook a review of the Group’s materiality assessment, aiming to determine and evaluate the economic, environmental, and social (“EES”) risks and opportunities that are relevant to the Group. The materiality assessment approach is summarised below:



A materiality assessment has been conducted by considering the feedback from both the internal Management team and external stakeholders. The assessment was participated by relevant Management personnel and employees, including those who deal with external stakeholders and understand their concerns. By gathering feedback from both internal and external sources, the materiality assessment aims to identify key sustainability issues that are important to the business or the stakeholders.

In FY2023, a materiality matrix was formulated, identifying 11 sustainability aspects as the most material sustainability issues for SLP to manage and address. This assessment was reviewed by the RMSWC before being presented to the Board for approval. The Group’s materiality matrix illustrating the 11 MSMs is presented as follows:



RESPONSIBLE PRODUCTS AND SERVICES

Supply Chain

Supply chain management is an important backbone of both our business and manufacturing operations, facilitating processes ranging from inventory planning, material procurement, and production, to delivery of finished goods.

We continue to conduct close reviews of our supply chain and ensure sufficient inventory levels while preparing for extended lead times to address uncertainties in raw materials supply throughout the financial year. Besides, the Group continuously assesses the integrity and reliability of its supply chain and implements measures to minimise relevant risks, including economic, geopolitical, and environmental uncertainties affecting the supply chain.

The Group also recognises that supporting local suppliers not only strengthens our supply chain but also stimulates investment, fostering stability in the local economy. We consistently review both new and existing suppliers to fortify the strength and resilience of our supply chain. The Group’s supply chain management also further involves evaluating suppliers to ensure that our suppliers consistently deliver quality products and services with integrity.

All suppliers are required to undergo a due diligence process and must be registered in the Group’s approved vendor list before engaging in business. Existing suppliers undergo annual assessments to maintain consistency, quality, and reliability in their delivery of products and services. The Group also expects that our key suppliers uphold business ethics and adhere to anti-bribery policies when conducting business with or on behalf of the Group.

Where possible, the Group prioritises the sourcing of materials from local suppliers. In FY2023, 75% of the Group’s materials were procured from local suppliers. The summary of the proportion of spending on local suppliers is provided as follows:

	FY2021	FY2022	FY2023
Proportion of spending on local suppliers (materials consumed for manufacturing)	63%	59%	75%

Manufacturing Efficiency and Automation

To achieve optimal manufacturing efficiency, it is crucial to maintain our facilities and equipment well to ensure they operate in optimal condition. On the other hand, we also continue to consider automating our processes where appropriate, balancing between production continuity, cost, and benefits. We have integrated systems to oversee processes in our manufacturing workflow, including tracking incoming raw materials and inventory, raw material usage, and production progress. These systems empower us to enhance decision-making and swiftly address any issues as they arise.

Since 2022, we have initiated several digitalisation efforts aimed at minimising human error and redundant tasks, enhancing the timeliness and precision of data reporting and recording, reducing paper usage and manpower reliance, and ultimately optimising the efficiency and effectiveness of our processes. The initiatives undertaken are summarised as follows:

Initiative	Status	Brief description
Guard checkpoint	Completed	QR code scanning at different check points for Security Guards instead of traditional clocking method.
Visitor form	Completed	System recording of visitor details when entering and exiting the factory premises.
QR code scanning (stock count)	Completed	Stock count via the use of QR code scanning, including subsequent generation of stock count report.
Linkage between production and store system	The further enhancement was also completed	Tracking and monitoring of goods from manufacturing floor (finished goods) to delivery of goods to customers.

In response to market challenges in FY2023, our investments in manufacturing capabilities (e.g. machinery), manufacturing efficiency, and automation were lower at RM109,000 to preserve cash and control spending.

RESPONSIBLE PRODUCTS AND SERVICES (CONT'D)

Manufacturing Efficiency and Automation (Cont'd)

	FY2021	FY2022	FY2023
Total investment in manufacturing capability, manufacturing efficiency, and automation (RM'000)	503	616	109

The Group did not make significant investments in acquiring new manufacturing capabilities in FY2023 but has allocated capital for the procurement of machinery in FY2024.

The Group continued to invest in technologies, automation, and product innovation and is in line with Target 9.5 of the SDG, as we continue to seek out opportunities to improve and upgrade technological capabilities towards producing environmentally friendly products, and further improving 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.sdgs.un.org/goals/goal9

Product Innovation

The Group's Vision is to become an internationally renowned plastic packaging solutions specialist by leveraging innovative research and development and the latest technology. To achieve this Vision, we place our focus on manufacturing recyclable products, which is a strategic focus aligned with our corporate direction across our businesses and research and development activities. We also focus on pursuing operational efficiency and incorporating strategies to minimise waste, decrease material usage, and improve recyclability. We continue to implement appropriate approaches and find ways to reduce the environmental impact of our products, from manufacturing to consumption. Through close collaboration with our customers, we aim to understand and fulfil their needs, including environmental requirements in order to deliver sustainable products.

In recent years, the most distinctive changes in the market are the increasing varieties and accessibility of goods and services for consumers. To maintain competitiveness, we remain deeply engaged in understanding our customers' needs and expectations and invest in research and development to deliver products and services that align with their demands. Our manufacturing facilities are equipped with a range of capabilities, including Flexo Printing Press, Blown Film Lines, Slitting Rewinder and other Converting Lines. These resources enable us to collaborate with customers in developing new products while also broadening our reach across diverse industries. Leveraging newly developed resins and enhanced machinery technologies, along with precise polymer processing parameters, enables us to down-gauge our plastic packaging products, using lesser materials to manufacture lighter, more versatile, and durable products, contributing to energy and resource conservation, particularly in sectors like retail and healthcare. Furthermore, our Pre-Opened Perforated Bags-on-Roll facilitates more efficient filling operations for semi-auto or automated packing machines used across various industries such as electronic, medical, and food production.

The flexible packaging industry is witnessing a shift towards "sustainable packaging", as evidenced in large-scale shows and exhibitions. This trend is expected to favour the Group, as we manufacture mono-material structured films and pouches, products which have been fully recyclable since their introduction to the market in 2020.

Moreover, we have invested in high-tech equipment to manufacture Machine-Directional-Oriented polyolefin films. This initiative is providing stakeholders with products and solutions for achieving fully recyclable flexible packaging materials. The Machine-Directional-Oriented polyolefin films began production in 2023 and were well-received by the market.

RESPONSIBLE PRODUCTS AND SERVICES (CONT'D)

Product Innovation (Cont'd)

The Group’s approaches to sustainable packaging technology and products are consistent with Target 12.5 of the SDG – Responsible Consumption and Production, as we actively seek out opportunities to minimise waste generation through prevention, reduction, recycling, and reuse strategies. Our goal is to diminish waste generation and minimise our business’s environmental footprint by introducing eco-friendly products to consumers. These environmentally friendly products have not only assisted in retaining and attracting existing and potential customers but have also been particularly appealing to our overseas customer base. Many of these customers adhere to international standards of environmental management systems, demonstrating their commitment to safeguarding the environment and its future.

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

Product Quality and Timely Delivery, and Customer Service

The Group’s Mission is to consistently deliver high-quality and innovative plastic packaging solutions that meet the ever-changing demands of our customers and exceed our users’ expectations. We do not only offer products but also serve as a solutions provider which assists our customers in integrating elements like design, safety, and quality into our products, while also considering the cost and pricing factors.

We prioritise quality and safety in our products without compromise. We also ensure that our products undergo rigorous quality and safety checks, and communication with our customers is conducted regularly to ensure that the right type of products such as polybags and polyfirms are provided to meet their requirements. Our operations are certified with ISO 9001:2015 – Quality Management Systems, ISO 22000:2018 – Food Safety Management Systems, and the British Retail Consortium (“BRC”)/ IOP Global Standard for Packaging and Packaging Materials, which enable us to serve diverse customer requirements such as those for food, non-food, pharmaceutical, healthcare, and household purposes.

Our certifications are aligned with our commitment to delivering products and services that meet customer requirements, are safe, and comply with relevant regulations and requirements. Apart from that, our products are also in line with various relevant standards required such as the Japanese Industrial Standards (“JIS”) and Australian & New Zealand Standard (“ANW”), facilitating export and sales in global markets.

The Group developed a dedicated Quality Control (“QC”) Department which is responsible for upholding consistent product quality and safety. This QC Department conducts quality inspections on both incoming raw materials and manufactured products to ensure consistent quality prior to customer delivery. Adhering to stringent criteria for raw materials and product quality, any deviations in quality will result in the rejection and return of the raw materials to the suppliers or the need for reworking or scrapping of products. Moreover, the QC Department submits a monthly Product Quality Summary Report for Management’s review, and in addition, our Management team will also conduct regular on-field inspections.

We conduct routine internal production line audits and engage independent auditors for external audits, in addition to undergoing regular customer audits. These approaches are in place to ensure that product quality aligns with expectations and fulfils all relevant requirements. We also implemented a systematic approach to oversee our product quality. These approaches include internal reports and several indicators, amongst others, customers’ satisfaction, customers’ complaints, and delivery punctuality.

We conduct an annual Customers’ Satisfaction Survey encompassing two main aspects, which are “Product Quality” which emphasises quality and safety, and “Customer Service” which emphasises delivery, technical support, and cost management. The Group targets to meet scores of 3.50 or above out of 5.00 for both “Product Quality” and “Customer Service” aspects, as well as the overall Customers’ Satisfaction Survey score.

RESPONSIBLE PRODUCTS AND SERVICES (CONT'D)

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

In FY2023, our overall Customers' Satisfaction Survey score decreased to 4.03 from 4.09 in FY2022. Nevertheless, we successfully met our target of maintaining a minimum average score of 3.50. We will continue to strive to enhance our performance.

The feedback collected from customers through the survey is immensely valuable to us, and we hold it in high regard. We take this feedback seriously and regularly report it during our monthly Management Review meetings, where it is considered in our ongoing efforts to enhance our processes.

Our Customer's Satisfaction Survey scores are summarised as follows:

Customer Evaluation on	Target	FY2021	FY2022	FY2023
Product Quality	≥ 3.50	4.12	4.08 (↓1%)	4.05 (↓1%)
Customer Service	≥ 3.50	4.01	4.09 (↑2%)	4.02 (↓2%)
Average score	≥ 3.50	4.05	4.09 (↑1%)	4.03 (↓1%)

While the percentage of product quality-related complaints remained consistent in both FY2022 and FY2023, the average monthly complaints decreased from 11.8 to 11.3 in FY2023. We will consistently monitor product quality, aiming to achieve an average monthly complaints target of below 10.0. Notably, customer complaints were addressed within an average of less than 7 working days.

The statistics of complaints received in relation to product quality are summarised as follows:

	Target	FY2021	FY2022	FY2023
% of complaints received out of total delivery (product quality-related)	-	1.7%	2.0%	2.0%
Average monthly complaints received on product quality	≤ 10.0	11.9	11.8	11.3
Average response time	Less than 7 working days	Less than 7 working days	Less than 7 working days	Less than 7 working days

The Group has established procedures to investigate any complaints received, with the resulting outcomes promptly reported to Management. This is to ensure that appropriate corrective action is implemented and safeguards are put in place to prevent the recurrence of similar issues in the future, thereby upholding our target of continuous improvement and customer satisfaction.

In addition to the aforementioned customer complaints, there were no substantiated complaints or cases from customers regarding breaches of their privacy and losses of customers' data noted within our operations.

	FY2021	FY2022	FY2023
Substantiated complaints concerning breaches of customer privacy and losses of customer data (no.)	0	0	0

During the financial year under review, the Group experienced a late delivery rate of 0.54% concerning sales orders received, meeting our target of 1.00% and below. This reduction in late delivery percentage was attributed to sufficient manpower in our production activities, ensuring timely and scheduled deliveries to customers, thereby addressing and improving the late delivery issues. Details of the late deliveries are provided in the table below:

	Target	FY2021	FY2022	FY2023
% of late delivery cases over sales orders received	≤ 1.00%	1.48%	2.28%	0.54%

RESPONSIBLE PRODUCTS AND SERVICES (CONT'D)

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

Our processes to ensure prompt product delivery include 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

PROTECTING THE ENVIRONMENT

Energy and Emissions Management

As a responsible corporate citizen, we are also putting in efforts to mitigate climate change, thereby protecting our environment, and effectively combating global warming. To achieve this, the Group undertook several approaches to combat climate change, including but not limited to the following:

- leveraging technology to conduct remote meetings and attend training or seminars virtually which helps to reduce emissions associated with travelling and at the same time enhances work efficiency;
- a policy requiring all vehicles, including trucks and passenger cars, to switch off their engine while waiting in the compound of our premises;
- 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 have been imposed by authorities for any non-compliance with environmental regulations.

	FY2021	FY2022	FY2023
Fines or penalties due to non-compliance with environmental regulations	0	0	0

Energy Management

Electricity consumption stands out as a significant contributor to greenhouse gas ("GHG") emissions within the Group's operations. SLP Group monitors its electricity usage to identify energy-saving and energy-efficiency opportunities, and it considers implanting sustainable energy alternatives where possible. This initiative not only seeks to enhance cost-efficiency and savings but also plays an important role in managing our GHG emissions.

The energy-saving initiatives implemented by the Group encompass the following efforts:

- 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

PROTECTING THE ENVIRONMENT (CONT'D)

Energy and Emissions Management (Cont'd)

Energy Management (Cont'd)

During the financial year under review, the Group's electricity consumption amounted to 11,373 MWh, marking a 6% decrease compared to FY2022, primarily attributable to better planning of production flows to optimise energy efficiency and minimise unnecessary electricity wastage.

Following is a summary table presents the Group's total electricity and energy consumption alongside the Group's energy intensity per kilogram of production output:

	FY2021	FY2022	FY2023
Total electricity consumed* by the Group (MWh)	12,744	12,158	11,373
Total energy consumption** (MWh)	12,744	12,158	11,373
Energy Intensity: Electricity consumed per output (kWh/kg)	0.95	1.00	0.99

Note:

* electricity consumed is electricity purchased from TNB and electricity generated from the solar photovoltaic system

** energy consumption includes electricity purchased from TNB and electricity generated from the solar photovoltaic system

Usage of Renewable Energy

In 2018, the Group invested RM6 million towards the installation of a solar photovoltaic ("PV") system atop its factory premises, aimed at generating approximately 2,074 MWh of renewable energy annually.

During the financial year under review, our PV system generated a total energy yield of 1,327 MWh, constituting an estimated 12% of the Group's overall electricity consumption, totalling 11,373 MWh. This contribution enabled us to save approximately RM 471,043 in electricity costs and prevent the emission of 1,006 tonnes of CO₂e.

	FY2021	FY2022	FY2023
Total energy yield (MWh)	1,647	1,634	1,327
Energy yield over total consumption	13%	13%	12%
Estimated electricity cost-saving (RM)	584,643	580,049	471,043
Estimated CO ₂ e avoidance (tonnes)	1,142	1,134	1,006*

Note: * CO₂e avoidance for FY2023 is estimated using Peninsular Malaysia's Grid Emission Factor of 0.758 Gg CO₂e/ GWh for FY2021. Source: <https://meih.st.gov.my/documents/10620/cdddb88f-aaa5-4e1a-9557-e5f4d779906b>

By investing in renewable energy, our Group actively contributes to achieving 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

PROTECTING THE ENVIRONMENT (CONT'D)

Waste Management

Aligned with our objectives of waste reduction and material efficiency, the Group closely oversees the waste generated in its manufacturing operations. This involves categorising waste into recyclable and non-recyclable waste to promote the subsequent recycling process. Recyclable waste is then transformed into recycled materials by subcontractors for our internal utilisation.

A dedicated wastage reduction team was established and assigned to undertake the task of overseeing and analysing waste production, focusing on production processes that generate a higher volume of waste. Such waste can be created from interruptions in the production process, such as machinery malfunctions and shifts in production output. To enhance manufacturing efficiency, it is important to minimise these disruptions, necessitating collaboration between production, maintenance, and production planning functions. Lowering waste not only benefits the environment but also reduces the production cost per unit output, emphasising the importance of coordinated efforts in waste reduction initiatives.

In FY2023, the wastage rate increased to 10.7%, compared to 9.2% in FY2022, missing the target of 10.0% or lower. This increase was due to the wastage generated during the development of our new products. The Group will continue to undertake ongoing initiatives aimed at diminishing the rate of waste generation and improving efficiency in our production processes.

	Target	FY2021	FY2022	FY2023
Wastage rate	≤ 10.0%	10.6%	9.2%	10.7%

Apart from that, waste produced is repurposed as recycled materials in certain product lines, like shopping bags and fashion bags, which utilise up to 80% recycled materials. Nonetheless, no recycled materials are incorporated into flexible plastic packaging bags or films for hygiene, food, and beverage-related items, primarily due to safety considerations.

The usage of recyclable materials in our manufacturing activities decreased to 6% due to lower demand for product ranges which use recyclable materials.

	FY2021	FY2022	FY2023
Percentage of recyclable materials among materials used in manufacturing	10%	11%	6%

The Group will continue to further explore opportunities to incorporate even more recyclable materials into our products, aligning with the Group’s commitment to long-term sustainability.

The Group is also actively overseeing and reporting scheduled waste, including sludge ink and chemical waste, to the relevant Government authorities such as the Department of Environment Malaysia every month. Moreover, we have undertaken a treatment process for processing effluents generated during production activities. These treated effluents are subsequently outsourced to a licenced hazardous waste management company for proper disposal.

In order to align with the Group’s 3R (Reduce, Reuse, Recycle) Programme, designated bins for recycling paper, plastic, cans, and bottles have been strategically positioned across our premises. All our employees are obligated to segregate waste accordingly and deposit it into the corresponding bins, fostering a culture of responsible waste management.

Detailed information regarding our initiatives to recycle production waste and utilise recyclable materials in our manufacturing processes is reported in the **Manufacturing Efficiency and Automation** section in this Statement.

PROTECTING THE ENVIRONMENT (CONT'D)

Waste Management

The Group's various initiatives aimed at effluent treatment, responsible disposal practices, decreasing wastage rates and incorporating recyclable materials are aligned with 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

Water Management

Water has a minimal impact on our operations, therefore, we consider water management to be of low risk. Furthermore, our operations are not located in water-stressed areas, and there are no significant concerns related to water scarcity.

During the financial year, the Group recorded a total of 19.023 MI of water used within the operations, primarily for domestic use.

	FY2023
Water used (MI)	19.023

INVESTING IN PEOPLE AND PROMOTING A SAFE AND HEALTHY WORKPLACE

Workforce Diversity

Human capital is a vital capital and asset within the SLP Group, serving as the cornerstone of our operations. Our employees are the driving forces for us to pursue our long-term goals and objectives, and our ability to continuously innovate new products.

As at 31 December 2023, there were a total of 291 employees within our operations, and our workforce composition is summarised as follows:

By Gender	Male	Female
Board of Director	4 (57%)	3 (43%)
Employee Category		
Executive Directors/ Senior Management	3 (50%)	3 (50%)
Managerial Position	5 (71%)	2 (29%)
Other Employees	232 (83%)	46 (17%)

By Age Group	< 30	30 – 50	> 50
Board of Director	0 (0%)	1 (14%)	6 (86%)
Employee Category			
Executive Directors/ Senior Management	0 (0%)	2 (33%)	4 (67%)
Managerial Position	0 (0%)	3 (43%)	4 (57%)
Other Employees	110 (40%)	156 (56%)	12 (4%)

By Ethnicity	Malay	Chinese	Indian	Others
Executive Directors/ Senior Management	0 (0%)	6 (100%)	0 (0%)	0 (0%)
Managerial Position	1 (14%)	5 (72%)	1 (14%)	0 (0%)
Other Employees	62 (22%)	8 (3%)	23 (8%)	185 (67%)

By Nationality	Malaysian	Non-Malaysian
Executive Directors/ Senior Management	6 (100%)	0 (0%)
Managerial Position	7 (100%)	0 (0%)
Other Employees	93 (33%)	185 (67%)

In line with common trends in the manufacturing sector, our factory primarily comprises male employees, reflecting the physically demanding and labour-intensive nature of these roles. Similarly, our workforce is also consisting of individuals aged 50 or below, with more than half below the age of 30. However, we maintain a relatively balanced gender diversity in managerial positions and above.

In FY2023, the Group's workforce in total consists of 291 employees and is made up of 99% full-time permanent employees and 1% full-time contract employees.

INVESTING IN PEOPLE AND PROMOTING A SAFE AND HEALTHY WORKPLACE (CONT'D)

Workforce Diversity (Cont'd)

Workforce breakdown	FY2021	FY2022	FY2023
Full-time permanent	284 (93%)	284 (97%)	287 (99%)
Part-time permanent	0 (0%)	0 (0%)	0 (0%)
Full-time contract	23 (7%)	10 (3%)	4 (1%)
Part-time contract	0 (0%)	0 (0%)	0 (0%)

The Group also employs 4 contractors from service providers within the production process, who are not considered employees but are stationed at our manufacturing sites. These contractors play vital roles in supporting various aspects of the production process, contributing their skills to ensure the smooth operation of our manufacturing facilities.

During the financial year under review, the number of employees who left the company and new hires were approximately matching. This indicates a level of stability in our workforce, with turnover rates being offset by new additions to our team. This equilibrium in employee turnover and new hires suggests a balanced approach to managing staffing changes and maintaining continuity in our operations.

Employee turnover (no.)	FY2021	FY2022	FY2023
Executive Directors/ Senior Management	0	0	0
Managerial Position	3	1	3
Other Employees	102	95	42

New hire employee (no.)	FY2023
Executive Directors/ Senior Management	0
Managerial Position	2
Other Employees	52

Employee Capital Development

The Group is committed to investing in employee development, aiming to improve their skills and capabilities. Through this investment, we prepare our employees for expanded roles and responsibilities while fostering the realisation of their full potential. We recognise the significance of nurturing both professional and personal growth, not only to enhance our human capital but also to improve livelihoods and contribute positively to society.

The Group prioritises the training needs of its employees, considering both collective requirements based on functions and individual skill enhancement. We continue to carry out regular engagements with employees to ensure adequate and open communication channels between the Group and its workforce. We believe that daily work serves as a vital platform for development and experiential learning. To support this, we have implemented a mentoring system whereby direct managers or supervisors are responsible for providing mentorship, support, coaching, and training to their team members. During annual performance appraisals, employees and supervisors collaborate to identify and assess areas for improvement and relevant training, where applicable. The Group's HR develops a training plan every year for our employees, taking into consideration individual employees' strengths and weaknesses.

INVESTING IN PEOPLE AND PROMOTING A SAFE AND HEALTHY WORKPLACE (CONT'D)

Employee Capital Development (Cont'd)

During the financial year under review, the Group recorded a total of 4,166 hours of training attended by our employees. The average training hours per employee increased to 14.3 hours, compared to 8.1 hours per employee in the previous year. The overall training hours are summarised as follows:

	FY2021	FY2022	FY2023
Training hours (no.)	2,486*	2,245	4,166
Average training hours per employee	9.5	8.1	14.3

Note*: Training hours for FY2021 were restated as 2,486 hours instead of 2,475 hours, as disclosed in the FY2021's Sustainability Report, due to omission

Additionally, the breakdown of total training hours for each employee category is summarised as follows:

Hours of training by employee category (no.)	FY2021	FY2022	FY2023
Executive Directors/ Senior Management	11.00	20.00	153.17
Managerial Position	174.75	119.15	193.74
Other Employees	2,300.25	2,105.85	3,819.17
Total	2,486.00	2,245.00	4,166.08

Human Rights and Labour Standards

The Group does not only prioritise employee growth and development but also the maintenance of equality and respect for diversity within our workforce. Discrimination based on factors such as race, age, religion, gender, nationality, disability, etc. is strictly prohibited. Our non-discrimination policy is developed in the Group's Employee Handbook and is available to all employees to ensure that they are aware of the Group's commitment. The Group is committed to fostering an inclusive environment that values diversity and non-discrimination and ensures fair treatment and equal opportunity to all our employees.

The Group is also committed to upholding human rights, and we strictly prohibit child labour, forced labour, or compulsory labour in our operations, in alignment with relevant laws and regulations. This expectation and stance extends to our suppliers, and immediate action will be taken if any instances of child labour, forced labour, or compulsory labour are identified.

Furthermore, we also offer various employee benefits initiatives, including medical health screening, health awareness initiatives, recognition for long-term service, enhanced employer contribution to EPF based on job grade, hospitalisation insurance coverage, and free medical check-ups for employees and their legal spouses.

In addition to the mentioned benefits, we prioritise the living conditions of our workers. The Group's accommodations adhere to the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, ensuring compliance with legal requirements. Furthermore, authorities audited our accommodations for foreign workers in 2020, and our Human Resource Department ("HR") regularly reviews our labour practices to uphold acceptable labour standards. In FY2023, RM8 million has been allocated to acquire workers' dormitories and relevant facilities.

Violations of human rights standards can be reported via the whistleblowing channel. We are pleased to report that the Group did not receive any substantiated complaints concerning human rights violations received from either our employees or external parties in FY2023.

	FY2021	FY2022	FY2023
Substantiated complaints concerning human rights violations (no.)	0	0	0

INVESTING IN PEOPLE AND PROMOTING A SAFE AND HEALTHY WORKPLACE (CONT'D)

Occupational Safety and Health

The Group is committed to providing a safe workplace environment, and this commitment is reflected in the Group's Code of Conduct and Ethics ("Code"). We also have a dedicated Safety, Health and Environmental Committee ("SHEC") that meets quarterly to monitor operational safety, assisted by the appointed Safety, Health and Environmental team, the SHEC conducts monthly safety audits to ensure adherence to the Group's latest safety management system and controls, as well as complying with the relevant regulatory requirements, including the Occupational Safety and Health Act 1994. Monthly reports are prepared by the SHEC to document non-compliance incidents, newly identified risks, and any accidents that occurred. The SHEC reports directly to the respective Executive Directors, who provide leadership and direction on safety and health practices within the operations.

Safety practices and procedures are integrated into our Procedures and Work Instructions, providing guidance to our employees in their daily tasks. Regular safety and health inspections are conducted to identify and address any potentially hazardous working conditions and monitor health risks. Safety signages are strategically placed in designated areas to serve as reminders for employees. We diligently adhere to relevant fire safety regulations and standards, obtaining necessary certifications from the Fire and Rescue Department for our manufacturing plants.

The Group has established a Workplace Emergencies and Evacuations and Immediate Action Guidelines to govern responses to potential disasters such as fires and natural disasters. We also ensure that our safety equipment and systems at our manufacturing facilities are well-maintained and fully operational.

The SHEC arranges safety and health-related activities from time to time for all employees, aimed at instilling the values and knowledge necessary for a safe and healthy workplace. In FY2023, the safety and health training delivered to employees encompassed the following topics, amongst others:

- Safety Induction Training;
- Safety at workplace;
- Industrial Accident Training & Awareness;
- Schedule Waste Management;
- Hazard Identification, Risk Assessment and Risk Control ("HIRARC");
- Personal Protective Equipment Training; and
- Emergency Preparedness and Response Training.

As the Group views safety as a top priority, we regularly conduct training sessions for employees regarding health and safety standards. The table below provides the numbers of employees trained on health and safety standards.

	FY2021	FY2022	FY2023
Number of employees trained on health and safety standards	234	336	235

Compared to FY2022, the Group recorded increased lost days and lost time incident rate due to three cases of serious injury. Among these accidents, one of our workers required an extended period of medical leave, spanning over two months, to facilitate his recovery process. This prolonged absence significantly impacted our overall lost days and contributed to the higher lost time incident rate in FY2023.

	FY2023 Target	FY2021	FY2022	FY2023
Work-related fatalities (no.)	0	0	0	0
Accident cases (no.)	0	14	16	16
Lost days	0	25	39	129
Lost-time incident rate	0	NA*	NA*	3.52
Average loss days per accident	not applicable	1.79	2.44	3.58

Note: * no data available for these indicators as we began to collect data in FY2023

INVESTING IN PEOPLE AND PROMOTING A SAFE AND HEALTHY WORKPLACE (CONT'D)

Occupational Safety and Health (Cont'd)

All accident cases underwent thorough investigation in alignment with our internal procedures. Through this investigative process, we identified areas for improvement and implemented necessary changes to prevent similar occurrences in the future. This proactive approach not only addresses immediate concerns but also fosters a culture of continuous improvement in safety standards, ensuring the ongoing protection and well-being of our employees.

The Group's commitment to health and safety practices aligns with Target 8.8 of the SDG – Decent Work and Economic Growth, demonstrating our commitment to providing a safe workplace for our employees.

8 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

LOCAL COMMUNITIES

In FY2023, SLP Group upheld its roles as a responsible corporate citizen by actively supporting initiatives that address the educational and social needs of local communities, consistent with the Group's policy.

During the financial year under review, we allocated RM 10,400 and organised a coastal cleanup activity at Pantai Bersih (Bagan Ajam) with the purpose of clearing all the trash from the designated locations assigned to respective participant teams. Approximately 400 kg of trash was collected during the cleanup, and rewards were given to the 3 teams that collected the most trash.



LOCAL COMMUNITIES (CONT'D)

	FY2023 Target	FY2021	FY2022	FY2023
Total amount invested in the community (RM)	10,000	-*	10,400	10,400
Total number of beneficiaries	-	Approximately 32,000 individuals	2 schools	Visitors to Pantai Bersih**

Note:

* Responsible for importing and distributing face masks sponsored by overseas customers to schools in the northern region.

** for the purpose of reporting in the Performance Table prescribed by Bursa, this is considered as 1 beneficiary as we were not able to reliably estimate the number of visitors of the Beach

CORPORATE GOVERNANCE

The Board considers good and sound governance practices and ethical conduct as an important factor for ensuring the long-term success and ethical integrity of the Group's operations and its workforce. This commitment underscores the importance of upholding high standards of conduct, transparency, and accountability across all business activities and operations, safeguarding its reputation, and fostering trust among stakeholders.

Code of Conduct and Ethics

The Group has implemented a Code to set out the ethical principles and expectations for the conduct of the Group's operations, Directors, and employees. This Code encompasses various areas including social responsibility, environmental considerations, conflict of interest, non-discrimination, workplace safety, anti-bribery and corruption, insider trading, money laundering, and more. The Code has been communicated with all Board members and employees of the Group and is easily accessible on the corporate website.

Anti-Bribery and Corruption

The Group has implemented an Anti-Bribery and Corruption Policies ("ABCP") that applies to all stakeholders, including the Board, employees, customers, and suppliers. This ABCP establishes a strict zero-tolerance approach towards corruption and the ABCP covers various forms of gratification that may be considered bribery and corruption, such as gifts, kickbacks, hospitality, charitable contributions, and facilitation payments. Moreover, the Group conducts thorough due diligence processes to evaluate employees, suppliers, contractors, and business partners, and communicates its zero-tolerance against all forms of bribery and corruption prior to engaging in any business relationships with them.

We adopt a risk-based approach towards managing corruption risk where our operations and activities are assessed for corruption risks, categorised by risk levels. Corruption risk is also included in our annual risk assessment and management process.

As at 31 December 2023, all our operations have been assessed for corruption-related risks.

	FY2023
Operations assessed for corruption-related risk	100%

The anti-bribery and corruption approaches undertaken 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.

CORPORATE GOVERNANCE (CONT'D)

Anti-Bribery and Corruption (Cont'd)

In order to ensure effective communication of the Group’s commitment, policies, and control measures regarding anti-bribery and corruption, we conduct training sessions and refreshers for Directors and employees at all levels holding pivotal roles at least once a year. The table below summarises the overall number of employees that have undergone anti-corruption training.

Number of employees that have received anti-corruption training (%)	FY2021	FY2022	FY2023
Executive Directors/ Senior Management	100%	100%	6 (100%)
Managerial Position	100%	100%	7 (100%)
Other Employees	_*	_*	278 (100%)

Note: * no data available for these employee categories as we began to collect data in FY2023

Whistle Blowing Policy

To maintain ethical standards throughout the organisation, SLP Group has implemented a formal whistleblowing mechanism which is formalised via its Whistle Blowing Policy. This reporting mechanism is designed to encourage whistleblowers to voice genuine concerns about unethical business practices and other misconduct without fear of reprisal. The mechanism offers protection to whistleblowers from reprisal and harassment and establishes a reporting channel for an Independent Director. The Whistle Blowing Policy is available on the corporate website, ensuring transparency and accountability in addressing concerns raised by whistleblowers.

Apart from that, the Group did not receive any reported incidents of corruption, bribery, or serious breaches of business ethics.

	FY2021	FY2022	FY2023
Corruption, bribery, or serious breaches of business ethics (no.)	0	0	0

Please refer to the Group’s corporate governance practices in the **Corporate Governance Overview Statement** of this Annual Report FY2023 and the **Corporate Governance Report 2023** for detailed information.

The implementation of adequate procedures and relevant measures to combat bribery and corruption aligns with Target 16.5 of the SDG – Peace, Justice and Strong Institutions.



16 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.sdgs.un.org/goals/goal16

SUSTAINABILITY PERFORMANCE REPORT 2023

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	75.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	11,373.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	19.023000
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Directors / Senior Management Under 30	Percentage	0.00
Executive Directors / Senior Management Between 30-50	Percentage	33.00
Executive Directors / Senior Management Above 50	Percentage	67.00
Managerial Position Under 30	Percentage	0.00
Managerial Position Between 30-50	Percentage	43.00
Managerial Position Above 50	Percentage	57.00
Other Employees Under 30	Percentage	40.00
Other Employees Between 30-50	Percentage	56.00
Other Employees Above 50	Percentage	4.00
Gender Group by Employee Category		
Executive Directors / Senior Management Male	Percentage	50.00
Executive Directors / Senior Management Female	Percentage	50.00
Internal assurance	External assurance	No assurance
		(*)Restated

SUSTAINABILITY PERFORMANCE REPORT 2023 (CONT'D)

Indicator	Measurement Unit	2023
Managerial Position Male	Percentage	71.00
Managerial Position Female	Percentage	29.00
Other Employees Male	Percentage	83.00
Other Employees Female	Percentage	17.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	57.00
Female	Percentage	43.00
Under 30	Percentage	0.00
Between 30-50	Percentage	14.00
Above 50	Percentage	86.00
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Executive Directors/ Senior Management	Hours	153
Managerial Position	Hours	194
Other Employees	Hours	3,819
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.00
Bursa C6(c) Total number of employee turnover by employee category		
Executive Directors/ Senior Management	Number	0
Managerial Position	Number	3
Other Employees	Number	42
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities		
Internal assurance	External assurance	No assurance
		(*) Restated

SUSTAINABILITY PERFORMANCE REPORT 2023 (CONT'D)

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023						
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.52						
Bursa C5(c) Number of employees trained on health and safety standards	Number	235						
Bursa (Community/Society)								
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	10,400.00						
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1						
Bursa (Anti-corruption)								
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category								
Executive Directors / Senior Managements	Percentage	100.00						
Managerial Position	Percentage	100.00						
Other Employees	Percentage	100.00						
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00						
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0						
<table border="0" style="width: 100%;"> <tr> <td style="width: 33%; text-align: center;">Internal assurance</td> <td style="width: 33%; text-align: center;">External assurance</td> <td style="width: 33%; text-align: center;">No assurance</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">(*) Restated</td> </tr> </table>			Internal assurance	External assurance	No assurance			(*) Restated
Internal assurance	External assurance	No assurance						
		(*) Restated						

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 2023 (“FYE2023”) 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 2023. The CG Report FYE2023 of the Company is available on the Company’s website at www.sinliplas.com.my as well as via an announcement on Bursa’s website.

Apart from the CG Report FYE2023, this CGOS should also be read in tandem with the other statements in the FYE2023’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 which 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).

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

Board and Board practices (Cont'd)

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.

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").

Mr Law Cheng Lock, the senior INED who has served for 8 years and 10 months as at the date of last AGM has undergone a two-tier voting process in the last AGM and the voting result is carried. Mr Law Cheng Lock is retained as INED until the following AGM. On February 2024, Mr Law has done the annual assessment on his independence and contributions and Mr Law has to subject to annual shareholders' approval through a two-tier voting process in following AGM in order to be retained as INED.

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 Director through various key criteria, including skills, knowledge, experience, diversity, time commitment, character, and integrity that are consistent with the criteria in fit and proper policy adopted by the Group. Based on the assessment carried out for FYE2023, the NC is satisfied with the performances of the Board, all the Board Committees and all the Directors.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Nomination Committee (Cont'd)

Pursuant to Article 88 of the Company's Constitution, 1/3 of directors shall retire and eligible for re-election. The retiring Directors, in accordance with Article 88 of the Company's Constitution, shall be subject to assessment by the NC according to the Group's fit and proper policy and recommendation for re-election only if NC is satisfied with the performance of the retiring Directors.

Remuneration Committee

The RC comprised wholly of INED and is chaired by Lee Kean Cheong. The RC supervises remuneration-related matters, including annual review of the remuneration policy and procedures, review and recommend to the Board and subsequently to the shareholder for 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.

The remuneration paid to Directors of the Group and the Company for FYE2023 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
Khaw Khoon Tee	-	-	5	-	-	5
Khaw Seang Chuan	-	-	-	-	-	-
Khaw Choon Hoong	-	-	-	-	-	-
Khaw Choon Choon	-	-	-	-	-	-
Non-Executive Directors						
Law Cheng Lock	38	-	5	-	-	43
Oh Phaik Choo	34	-	5	-	-	39
Lee Kean Cheong	32	-	5	-	-	37
Group						
Khaw Khoon Tee	43	392	5	-	18	458
Khaw Seang Chuan	-	390	-	-	50	440
Khaw Choon Hoong	-	325	-	-	43	368
Khaw Choon Choon	-	299	-	-	40	339
Non-Executive Directors						
Law Cheng Lock	38	-	5	-	-	43
Oh Phaik Choo	34	-	5	-	-	39
Lee Kean Cheong	32	-	5	-	-	37

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

Remuneration Committee (Cont'd)

The aggregated remuneration paid to the Senior Management team in the range of RM50,000 for FYE2023 on an unnamed basis are as follows:

Range of remuneration (RM)	Number of Senior Management Executive
200,001 to 250,000	1
250,001 to 300,000	-
300,001 to 350,000	2
350,001 to 400,000	1
400,001 to 450,000	1
450,001 to 500,000	1

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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 FYE2023 are as follows:

	Board	ARMC	NC	RC
Khaw Khoon Tee (Executive Chairman)	5/5	-	-	-
Khaw Seang Chuan (Group Managing Director)	5/5	-	-	-
Khaw Choon Hoong (Executive Director)	5/5	-	-	-
Khaw Choon Choon (Executive Director)	5/5	-	-	-
Law Cheng Lock (Senior Independent Non-Executive Director)	5/5	5/5	1/1	1/1
Oh Phaik Choo (Independent Non-Executive Director)	5/5	5/5	1/1	1/1
Lee Kean Cheong (Independent Non-Executive Director)	5/5	5/5	1/1	1/1

Board Training

All existing Directors have attended the Mandatory Accreditation Programme ("MAP") Part I as required by the Listing Requirements. During 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	Introduction The First ISSB Standards by KPMG	21 Jul 2023
	Internal briefing – ABC policy	10 Nov 2023
Khaw Seang Chuan	Overview of the 2023 Budget as well as discuss updates on latest tax development and Sales and Service Tax by KPMG Tax	18 Apr 2023
	Introduction to Sedex & SMETA 2. Labor Standards, Health & Safety Standards, Environmental Standards, Business Ethics	3 Nov 2023
	Internal briefing – ABC policy	10 Nov 2023
Khaw Choon Hoong	Conference on Absorbent and Hygiene Product & Wipes	1 Nov 2023
	Internal briefing – ABC policy	10 Nov 2023
Khaw Choon Choon	The future pathway to effectively and efficiently integrating ESG metrics into organisational business models lies in digital empowerment and convergence	10 May 2023
	Seminar on Malaysia-Japan: Moving Ahead with Trade & Sustainability	20 Jun 2023
	Internal briefing – ABC policy	10 Nov 2023
Law Cheng Lock	KPMG Penang Tax Summit 2023 by KPMG Tax	18 Apr 2023
	Internal briefing – ABC policy	10 Nov 2023

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

Board Training (Cont'd)

	Course Title	Date
Oh Phaik Choo	Audit Fundamentals – Control Testing, Substantive Procedures, Documentation Analytical Procedures, Audit Evidence & Stock Take Observations and Audit Documentation by Malaysian Accounting Firms Association (MAFA)	9 Feb 23
	Audit of Income Statement Items, Liabilities and Related Parties by Malaysian Accounting Firms Association (MAFA)	2 Mar 23
	2023 Budget Seminar by IRB	7 Mar 23
	2023 Budget Seminar by CTIM	20 Mar 23
	Audit Completion Procedures, Going Concern, Subsequent Events and Audit Opinions by Malaysian Accounting Firms Association (MAFA)	23 Mar 23
	Hasil - STIM Tax Forum 2023 by CTIM	30 May 23
	Members' Dialogue - An Exclusive for CTIM Members by CTIM	19 Jun 23
	Minimum Transfer Pricing Documentation for SMEs by MIA	29 Sep 23
	MFRS Updates 2023 & Understanding MFRS 136 : Impairment of Assets - Principles, Concepts & Common Application Issues by MICPA	18 Oct 23
	IFRS S1 And S2 : Are We Ready by MICPA	20 Oct 23
	ACCA VAIRTUAL Seminar - Post Budget 2024 by ACCA	6 Nov 23
	2024 Budget seminar by MIA	8 Nov 23
	Internal briefing – ABC policy	10 Nov 23
	AOB's conversation with Audit Committees by Securities Commission Malaysia's (SC) Audit Oversight Board (AOB)	27 Nov 23
	Developing a Transfer Pricing Policy for Intra-Group Services - Key Factors to Consider by MIA	22 Dec 23
Lee Kean Cheong	Deal Flow Summit - Insights and Discussion with Corporate Finance Experts	29 Sep 23
	Tougher year in 2024, How to overcome and propel? By YYC Business School	11 Oct 23
	Budget 2024 Madani : Economic Reforms, Empowering People by UHY	31 Oct 23
	E-invoice implication for all company in 18 months by SQL account Stream Software Sdn Bhd	4 Nov 23
	Transforming Through Agile Digitalisation - The Jodoo Way	8 Nov 23
	Internal briefing - ABC policy	10 Nov 23
	Economic Outlook 2024 by Bursa Malaysia	29 Nov 23

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The ARMC comprises solely of INED and is chaired by Oh Phaik Choo, a 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.

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

Audit and Risk Management Committee (Cont'd)

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 FYE2023.

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 (19th).

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 FYE2023, amounting to as follows:

	Company (RM)	Group (RM)
Statutory audit fees	36,300	157,200
Non-audit fees	4,500	4,500
Non-audit fees from local affiliate of KPMG PLT	4,600	38,100

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

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.

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 FYE2023.

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 (19th) on our corporate website on or before 30 business days after the AGM.

This Corporate Governance Overview Statement was approved by the Board on 15 April 2024.

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 2023, 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 15 April 2024.

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 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 under 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 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 strives to implement and maintain a structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and sets a list of agenda which is required to be brought to its attention for discussion, in ensuring an effective and appropriate supervision of controls. The Group Managing Director leads the presentation of board papers and provides explanation of pertinent issues. In addition, the Board is also updated on the Group's development and its operations;
- 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 that serves as a tool of reference in identifying the authorisation matrix for various transactions including matters that require Board's approval;
- Regular and relevant information are provided by management, covering financial and operational performance and key business indicators, for effective monitoring and timely decision making;
- Regular visits to operating units by members of the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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, frameworks and other key components of risk management including corporate risk profile for implementation within the Group;
- Reviews the progress of risk management activities to identify, evaluate, monitor and manage critical risks;
- Oversees the effective implementation of risk management policies and guidelines, ERM and cultivation of risk management culture within the organisation;
- Reviews and monitors periodically the status of the Group's principal risks and their mitigating actions and update the Board.

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

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 the 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 2023, 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 15 April 2024.

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
Oh Phaik Choo	Chairman, Independent Non-Executive Director
Law Cheng Lock	Member, Senior Independent Non-Executive Director
Lee Kean Cheong	Member, Independent Non-Executive Director

Oh Phaik Choo is a Chartered Accountant registered with Malaysian Institute of Accountants (MIA), approved company Auditor and Licensed tax Agent, a Fellow of the Chartered Tax Institute of Malaysia (CTIM), a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Member of The Institute of Internal Auditors. 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 2023, a total of five (5) ARMC meetings were held. The details of attendance of each member of the Committee were as follows:

Directors	Attendance
Law Cheng Lock	5/5
Oh Phaik Choo	5/5
Lee Kean Cheong	5/5

3. TERMS OF REFERENCE

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

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

During the financial year ended 31 December 2023, 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 2023 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.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

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 2023;
- (ii) Reviewed the external auditors' scope of work, audit plan and fee for the financial year ended 31 December 2023;
- (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 2023; and
- (iv) Evaluated the performance and independence of the external auditors and their services rendered including non-audit service and made recommendations to the Board of Directors on their re-appointment and remuneration.

Internal audit

- (i) Reviewed the annual audit plan for FY2023 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.

Conflict of Interest

- (i) Reviewed conflict of interest or potential conflict of interest situations that may arise and the measures taken to resolve, eliminate, or mitigate such conflict.

Other duties

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 2023.

5. TRAINING

During the financial year ended 31 December 2023, 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:

- Audit Fundamentals – Control Testing, Substantive Procedures, Documentation Analytical Procedures, Audit Evidence & Stock Take Observations and Audit Documentation
- Audit of Income Statement Items, Liabilities and Related Parties
- 2023 Budget Seminar
- Audit Completion Procedures, Going Concern, Subsequent Events and Audit Opinions
- KPMG Penang Tax Summit 2023
- Hasil - STIM Tax Forum 2023
- Members' Dialogue – An Exclusive for CTIM Members
- Minimum Transfer Pricing Documentation for SMEs
- Deal Flow Summit – Insights and Discussion with Corporate Finance Experts
- Tougher year in 2024, How to overcome and propel?
- MFRS Updates 2023 & Understanding MFRS 136 : Impairment of Assets – Principles, Concepts & Common Application Issues
- IFRS S1 And S2 : Are We Ready by MICPA
- Budget 2024 Madani : Economic Reforms, Empowering People
- E-invoice implication for all company in 18 months
- ACCA Virtual Seminar – Post Budget 2024

5. TRAINING (CONT'D)

During the financial year ended 31 December 2023, 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)

- 2024 Budget seminar
- Transforming Through Agile Digitalisation - The Jodoo Way
- Internal briefing – ABC policy
- AOB's conversation with Audit Committees
- Economic Outlook 2024
- Developing a Transfer Pricing Policy for Intra-Group Services - Key Factors to Consider

6. Internal Audit Function

The Group has outsourced its internal audit function to a professional service firm, Messrs JWC Consulting Sdn Bhd whose primary responsibility is to independently assess and report to the Board of Directors, through the ARMC, the system of internal control of the Group. The internal audit functions are as set out in the Statement on Risk Management and Internal Control on pages 52 to 54 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 2023 are as follows:

Name	Qualifications
Joyce Wong (<i>Director-In-Charge</i>)	Member of Malaysian Institute of Accountants, Institute of Internal Auditors, 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 RM30,200.

This report is made in accordance with a resolution of the Board of Directors dated 15 April 2024.

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 2023 are as follows:-

Type of Fees	Company (RM)	Group (RM)
Audit Fees	36,300	157,200
Non-Audit Fees		
- KPMG PLT	4,500	4,500
- Local affiliate of KPMG PLT	4,600	38,100

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 RM30,200.

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 2023.

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 30 April 2024.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 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 7 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the year attributable to owners of the Company	<u>10,606,936</u>	<u>15,259,509</u>

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 2022 :
 - a third interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 4 November 2022 and paid on 6 January 2023; and
 - a fourth interim dividend of 1.5 sen per ordinary share totalling RM4,754,399 declared on 24 February 2023 and paid on 13 April 2023.
- ii) in respect of the financial year ended 31 December 2023 :
 - a first interim dividend of 1.0 sen per ordinary share totalling RM3,169,600 declared on 5 May 2023 and paid on 6 July 2023;
 - a second interim dividend 1.25 sen per ordinary share totalling RM3,962,001 declared on 4 August 2023 and paid on 5 October 2023; and
 - a third interim dividend of 1.25 sen per ordinary share totalling RM3,962,001 declared on 10 November 2023 and paid on 5 January 2024.

Subsequent to the end of the financial year, the Company declared a fourth interim dividend of 1.25 sen per ordinary share totalling RM3,962,001 in respect of the financial year ended 31 December 2023 on 26 February 2024 and paid on 5 April 2024.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2023.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS OF THE COMPANY

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

Khaw Khoon Tee
Khaw Choon Choon
Khaw Choon Hoong
Khaw Seang Chuan
Law Cheng Lock
Oh Phaik Choo
Lee Kean Cheong

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 31.12.2023
	At 1.1.2023	Bought	(Sold)	
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	131,652,059	-	-	131,652,059
Khaw Seang Chuan				
Interest in the Company:				
- own	47,489,085	-	-	47,489,085
- others #	2,644,998	-	-	2,644,998
Deemed interest in the Company:				
- own	131,652,059	-	-	131,652,059

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	(Sold)	
Khaw Choon Hoong				
Interest in the Company:				
- own	3,929,499	-	-	3,929,499
Deemed interest in the Company:				
- own	131,652,059	-	-	131,652,059
Khaw Choon Choon				
Interest in the Company:				
- own	1,853,199	-	-	1,853,199
- others #	100,000	-	-	100,000

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 2023 had any interest in the ordinary shares of the Company during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 shown below) 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 a Director who has a substantial financial interest in a company which traded with a company in the Group in the ordinary course of business.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM	From the subsidiaries RM
Directors of the Company :		
Fees	104,000	43,200
Remuneration	<u>20,000</u>	<u>1,556,336</u>
	<u>124,000</u>	<u>1,599,536</u>

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

ISSUE OF SHARES AND DEBENTURES

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

INDEMNITY AND INSURANCE COSTS

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

There 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 2023 has 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

FOR THE YEAR ENDED 31 DECEMBER 2023

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are as follows :

	Group 2023 RM	Company 2023 RM
Audit fees by KPMG PLT	157,200	36,300
Non-audit fees		
- KPMG PLT	4,500	4,500
- Local affiliate of KPMG PLT	<u>38,100</u>	<u>4,600</u>

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 : 15 April 2024

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Property, plant and equipment	3	55,851,842	59,419,800	-	-
Right-of-use assets	4	10,034,297	9,743,159	-	-
Intangible assets	5	8,580	8,580	-	-
Deferred tax assets	6	16,000	-	-	-
Investments in subsidiaries	7	-	-	79,639,689	79,836,032
Total non-current assets		65,910,719	69,171,539	79,639,689	79,836,032
Inventories	8	42,690,931	45,075,643	-	-
Trade and other receivables	9	26,829,701	31,397,900	3,545,500	4,753,000
Current tax assets		95,619	270,233	4,957	4,858
Cash and cash equivalents	10	84,345,153	83,354,439	35,894,491	35,893,181
		153,961,404	160,098,215	39,444,948	40,651,039
Asset classified as held for sale	11	-	-	-	-
Total current assets		153,961,404	160,098,215	39,444,948	40,651,039
Total assets		219,872,123	229,269,754	119,084,637	120,487,071
Equity					
Share capital	12	113,680,000	113,680,000	113,680,000	113,680,000
Reserves	13	77,416,992	79,373,040	1,352,341	1,940,833
Total equity attributable to owners of the Company		191,096,992	193,053,040	115,032,341	115,620,833

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Liabilities					
Deferred tax liabilities	6	<u>9,277,000</u>	9,754,000	-	-
Total non-current liability		<u>9,277,000</u>	9,754,000	-	-
Trade and other payables	14	18,584,691	25,550,260	4,052,296	4,866,238
Derivative financial liabilities	15	-	216,964	-	-
Current tax liabilities		<u>913,440</u>	695,490	-	-
Total current liabilities		<u>19,498,131</u>	26,462,714	4,052,296	4,866,238
Total liabilities		<u>28,775,131</u>	36,216,714	4,052,296	4,866,238
Total equity and liabilities		<u>219,872,123</u>	229,269,754	119,084,637	120,487,071

The notes on pages 76 to 110 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	16	162,328,073	185,742,222	14,895,000	18,825,000
Changes in work-in-progress and manufactured inventories		1,151,690	668,898	-	-
Raw materials and consumables used		(120,397,965)	(137,389,513)	-	-
Employee benefits expenses	17	(13,336,323)	(12,234,865)	(5,000)	(5,000)
Depreciation of property, plant and equipment	3	(6,182,448)	(6,246,771)	-	-
Depreciation of right-of-use assets	4	(151,813)	(146,442)	-	-
Net (loss)/gain on impairment of financial instruments	18	(101,955)	115,045	-	-
Other expenses		(12,634,083)	(12,525,438)	(479,941)	(474,316)
Other income		1,584,840	6,315,314	17	-
Results from operating activities		12,260,016	24,298,450	14,410,076	18,345,684

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Finance income	18	<u>1,975,621</u>	<u>1,239,194</u>	<u>1,114,133</u>	<u>738,420</u>
Profit before tax	18	14,235,637	25,537,644	15,524,209	19,084,104
Tax expense	20	<u>(3,628,701)</u>	<u>(4,957,630)</u>	<u>(264,700)</u>	<u>(175,574)</u>
Profit for the year attributable to owners of the Company		10,606,936	20,580,014	15,259,509	18,908,530
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences	21	<u>3,285,017</u>	<u>4,595,638</u>	<u>-</u>	<u>-</u>
Total other comprehensive income for the year, net of tax	21	3,285,017	4,595,638	-	-
Total comprehensive income for the year attributable to owners of the Company		13,891,953	25,175,652	15,259,509	18,908,530
Basic earnings per ordinary share (sen)	22	<u>3.35</u>	<u>6.49</u>	<u>-</u>	<u>-</u>

The notes on pages 76 to 110 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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		
At 1 January 2022	113,680,000	(1,829,818)	(105,580)	73,565,583		185,310,185
Foreign currency translation differences	-	4,595,638	-	-		4,595,638
Total other comprehensive income for the year	-	4,595,638	-	-		4,595,638
Profit for the year	-	-	-	20,580,014		20,580,014
Total comprehensive income for the year	-	4,595,638	-	20,580,014		25,175,652
Distributions to owners of the Company	-	-	-	(17,432,797)		(17,432,797)
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)
At 31 December 2022	113,680,000	2,765,820	(105,580)	76,712,800		193,053,040

Note 12

Note 13

Note 13

Note 13

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

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		
At 1 January 2023	113,680,000	2,765,820	(105,580)	76,712,800		193,053,040
Foreign currency translation differences	-	3,285,017	-	-		3,285,017
Total other comprehensive income for the year	-	3,285,017	-	-		3,285,017
Profit for the year	-	-	-	10,606,936		10,606,936
Total comprehensive income for the year	-	3,285,017	-	10,606,936		13,891,953
Distributions to owners of the Company	-	-	-	(15,848,001)		(15,848,001)
Dividends to owners of the Company	-	-	-	(15,848,001)		(15,848,001)
Total transactions with owners of the Company	-	-	-	(15,848,001)		(15,848,001)
At 31 December 2023	113,680,000	6,050,837	(105,580)	71,471,735		191,096,992

Note 12

Note 13

Note 13

Note 13

23

The notes on pages 76 to 110 are an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 January 2022		113,680,000	465,100	114,145,100
Profit for the year representing total comprehensive income for the year		-	18,908,530	18,908,530
<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 2022/1 January 2023		113,680,000	1,940,833	115,620,833
Profit for the year representing total comprehensive income for the year		-	15,259,509	15,259,509
<i>Distributions to and transactions with owners of the Company</i>				
- Dividends to owners of the Company	23	-	(15,848,001)	(15,848,001)
At 31 December 2023		113,680,000	1,352,341	115,032,341
		Note 12	Note 13	

The notes on pages 76 to 110 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities					
Profit before tax		14,235,637	25,537,644	15,524,209	19,084,104
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	6,182,448	6,246,771	-	-
- right-of-use assets	4	151,813	146,442	-	-
Gain on disposal of :					
- plant and equipment	18	-	(9,999)	-	-
- asset held for sale		-	(5,054,935)	-	-
Loss on winding up of a subsidiary	A	-	-	38,408	-
Net loss on/ (Reversal of) impairment of trade receivables	18	101,955	(115,045)	-	-
Plant and equipment written off	18	818	25,420	-	-
Provision of slow-moving inventories	8	242,728	-	-	-
Write-down of inventories to net realisable value	8	216,108	-	-	-
Dividend income	18	-	-	(14,895,000)	(18,825,000)
Finance income	18	(1,975,621)	(1,239,194)	(1,114,133)	(738,420)
Operating profit/(loss) before changes in working capital		19,155,886	25,537,104	(446,516)	(479,316)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Changes in working capital :					
Inventories		3,014,739	(8,733,892)	-	-
Trade and other receivables		4,865,081	603,886	-	-
Trade and other payables		(7,863,609)	3,151,812	(21,544)	27,049
Cash generated from/(used in) operations		19,172,097	20,558,910	(468,060)	(452,267)
Dividends received		-	-	16,102,500	17,925,000
Tax paid		(3,729,137)	(4,219,712)	(264,799)	(171,794)
Net cash from operating activities		15,442,960	16,339,198	15,369,641	17,300,939
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(461,479)	(1,118,273)	-	-
Capital distribution from a subsidiary		-	-	157,935	-
Proceeds from disposal of plant and equipment		-	10,000	-	-
Net proceeds from disposal of asset held for sale		-	5,942,182	-	-
Interest received		1,975,621	1,239,194	1,114,133	738,420
Net cash from investing activities		1,514,142	6,073,103	1,272,068	738,420

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from financing activity					
Dividends paid to owners of the Company		(16,640,399)	(17,432,797)	(16,640,399)	(17,432,797)
Net cash used in financing activity		(16,640,399)	(17,432,797)	(16,640,399)	(17,432,797)
Net increase in cash and cash equivalents		316,703	4,979,504	1,310	606,562
Effect of foreign exchange rate fluctuations on cash held		674,011	1,222,391	-	-
Cash and cash equivalents at 1 January		83,354,439	77,152,544	35,893,181	35,286,619
Cash and cash equivalents at 31 December	10	84,345,153	83,354,439	35,894,491	35,893,181
Cash outflows for leases as a lessee					
Included in net cash from operating activities					
Payment relating to short-term leases	18	180,000	133,800	-	-
Payment relating to leases of low-value assets	18	7,704	7,704	-	-
Total cash outflows for leases		187,704	141,504	-	-

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE

A. Winding up of a subsidiary

During the financial year, the winding up of a subsidiary, Sinliplas Sdn. Bhd. has been completed. The details of winding up are as follows :

	2023 RM
Fair value of investment in the subsidiary	10,586,393
Less : Capital distribution to shareholders	<u>(10,547,985)</u>
Loss on winding up of a subsidiary	<u>38,408</u>

The notes on pages 76 to 110 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business

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

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 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 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 15 April 2024.

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"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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

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

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

The initial application of the accounting standards, interpretations and 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 except for the following item, which is measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value
Non-derivative financial instruments at FVTPL	Fair value

(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 8 - Inventories; and
- Note 27.4 - Measurement of expected credit loss

2. CHANGES IN MATERIAL ACCOUNTING POLICIES

2.1 Material accounting policy information

The Group also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

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 2022	168,048	32,673,713	119,000	117,594,156	1,165,359	2,093,371	340,814	154,154,461
Additions	-	-	-	770,141	49,917	157,090	141,125	1,118,273
Written off	-	-	-	(516,400)	(5,315)	-	-	(521,715)
Disposals	-	-	-	-	-	(80,579)	-	(80,579)
Reclassification	-	84,031	-	57,094	165,024	-	(306,149)	-
Effect of movements in exchange rates	9,079	1,762,913	-	4,368,246	58,112	22,947	3,948	6,225,245
At 31 December 2022/1 January 2023	177,127	34,520,657	119,000	122,273,237	1,433,097	2,192,829	179,738	160,895,685
Additions	-	-	-	231,186	11,132	-	219,161	461,479
Written off	-	-	-	(1,494,836)	-	-	-	(1,494,836)
Effect of movements in exchange rates	8,071	1,572,695	-	3,847,136	52,613	20,485	4,202	5,505,202
At 31 December 2023	185,198	36,093,352	119,000	124,856,723	1,496,842	2,213,314	403,101	165,367,530

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 2022	-	7,850,660	88,388	81,671,486	1,119,250	1,480,640	-	92,210,424
Depreciation for the year	-	745,137	26,209	5,225,128	60,229	190,068	-	6,246,771
Written off	-	-	-	(490,982)	(5,313)	-	-	(496,295)
Disposals	-	-	-	-	-	(80,578)	-	(80,578)
Effect of movements in exchange rates	-	422,294	-	3,110,988	51,072	11,209	-	3,595,563
At 31 December 2022/1 January 2023	-	9,018,091	114,597	89,516,620	1,225,238	1,601,339	-	101,475,885
Depreciation for the year	-	773,599	4,400	5,099,601	103,313	201,535	-	6,182,448
Written off	-	-	-	(1,494,018)	-	-	-	(1,494,018)
Effect of movements in exchange rates	-	415,578	-	2,875,370	47,629	12,796	-	3,351,373
At 31 December 2023	-	10,207,268	118,997	95,997,573	1,376,180	1,815,670	-	109,515,688
Carrying amounts								
At 1 January 2022	168,048	24,823,053	30,612	35,922,670	46,109	612,731	340,814	61,944,037
At 31 December 2022/1 January 2023	177,127	25,502,566	4,403	32,756,617	207,859	591,490	179,738	59,419,800
At 31 December 2023	185,198	25,886,084	3	28,859,150	120,662	397,644	403,101	55,851,842

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT - GROUP (CONT'D)

3.1 Material accounting policy information

(a) Recognition and measurement

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

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

(b) Depreciation

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. Capital work-in-progress 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

4. RIGHT-OF-USE ASSETS - GROUP

	Land RM
At 1 January 2022	9,382,392
Depreciation	(146,442)
Effect of movements in exchange rates	507,209
At 31 December 2022/1 January 2023	9,743,159
Depreciation	(151,813)
Effect of movements in exchange rates	442,951
At 31 December 2023	10,034,297

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

4. RIGHT-OF-USE ASSETS - GROUP (CONT'D)

4.1 Operating lease payments receivable

The operating lease payments to be received are as follows :

	2023 RM	2022 RM
Less than one year	<u>67,500</u>	<u>114,000</u>

4.2 Material accounting policy information

(a) Recognition exemption

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 shorter 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.

5. INTANGIBLE ASSETS - GROUP

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2022/31 December 2022/1 January 2023/31 December 2023	<u>19,910</u>	<u>988,302</u>	<u>1,008,212</u>
Amortisation and impairment loss			
At 1 January 2022/31 December 2022/1 January 2023/31 December 2023	<u>(11,330)</u>	<u>(988,302)</u>	<u>(999,632)</u>
Carrying amounts			
At 1 January 2022/31 December 2022/1 January 2023/31 December 2023	<u>8,580</u>	<u>-</u>	<u>8,580</u>

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

5.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets.

The estimated useful lives for capitalised development costs in the current and comparative period is 3 years.

NOTES TO THE FINANCIAL STATEMENTS

6. DEFERRED TAX ASSETS/(LIABILITIES) - GROUP

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following :

	Assets RM	Liabilities RM	Net RM
2023			
Property, plant and equipment	-	(9,583,000)	(9,583,000)
Others	<u>322,000</u>	<u>-</u>	<u>322,000</u>
Deferred tax assets/(liabilities)	322,000	(9,583,000)	(9,261,000)
Set-off of tax	<u>(306,000)</u>	<u>306,000</u>	<u>-</u>
Net deferred tax assets/(liabilities)	<u>16,000</u>	<u>(9,277,000)</u>	<u>(9,261,000)</u>
2022			
Property, plant and equipment	-	(10,032,000)	(10,032,000)
Others	<u>278,000</u>	<u>-</u>	<u>278,000</u>
Deferred tax assets/(liabilities)	278,000	(10,032,000)	(9,754,000)
Set-off of tax	<u>(278,000)</u>	<u>278,000</u>	<u>-</u>
Net deferred tax liabilities	<u>-</u>	<u>(9,754,000)</u>	<u>(9,754,000)</u>

Movements in temporary differences during the year are as follows :

	At 1 January 2022 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2022/ 1 January 2023 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2023 RM
Property, plant and equipment	(9,905,000)	(127,000)	(10,032,000)	449,000	(9,583,000)
Reinvestment allowance carry-forward	373,000	(373,000)	-	-	-
Others	<u>144,000</u>	<u>134,000</u>	<u>278,000</u>	<u>44,000</u>	<u>322,000</u>
	<u>(9,388,000)</u>	<u>(366,000)</u>	<u>(9,754,000)</u>	<u>493,000</u>	<u>(9,261,000)</u>

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2023 RM	2022 RM
Cost of investments		79,639,689	85,595,323
Less : Impairment loss	7.1	-	(5,759,291)
		79,639,689	79,836,032

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest and voting interest		Principal activities
	2023 %	2022 %	
Sinliplas Holding Sdn. Bhd. ("SHSB")	100	100	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	-	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. The winding up has been completed during the year.
SLP Green Tech Sdn. Bhd. ("SLPGT")	100	100	Manufacture and sale of specialised plastic film and packaging products
SLP Polymers Sdn. Bhd. ("SLPP")	100	100	Trading of polymer products such as resin

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

7.1 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. The winding up has been completed during the year.

7.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

8. INVENTORIES - GROUP

	2023 RM	2022 RM
Raw materials	27,574,606	31,111,008
Work-in-progress	7,657,811	8,538,396
Manufactured inventories	7,458,514	5,426,239
	<u>42,690,931</u>	<u>45,075,643</u>
Recognised in profit or loss :		
Inventories recognised as cost of sales	142,938,401	158,291,836
Provision of slow-moving inventories	242,728	-
Write-down of inventories to net realisable value	<u>216,108</u>	<u>-</u>

8.1 Significant judgements and assumptions

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

8.2 Material accounting policy information

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.

9. TRADE AND OTHER RECEIVABLES

	Note	2023 RM	2022 RM
Group			
Trade			
Amount due from a company controlled by a Director	9.1	441,436	625,544
Third parties		23,838,590	26,981,418
Trade receivables from contracts with customers		24,280,026	27,606,962
Non-trade			
Other receivables	9.2	679,412	3,114,446
Deposits		170,744	204,017
Prepayments	9.3	1,699,519	472,475
		2,549,675	3,790,938
		26,829,701	31,397,900
Company			
Non-trade			
Deposits		3,000	3,000
Dividends receivable from subsidiaries		3,542,500	4,750,000
		3,545,500	4,753,000

9.1 Amount due from a company controlled by a Director

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

9.2 Other receivables

Included in other receivables of the Group is import duties claimable of RM656,912 (2022 : RM3,088,446).

9.3 Prepayments

Included in prepayments of the Group is advance payments of RM1,311,930 (2022 : Nil) for the purchase of machinery.

NOTES TO THE FINANCIAL STATEMENTS

10. CASH AND CASH EQUIVALENTS

	Note	2023 RM	2022 RM
Group			
Short term funds	10.1	39,024,078	38,060,550
Short term deposits with licensed banks		23,196,000	25,185,000
Cash and bank balances		22,125,075	20,108,889
		84,345,153	83,354,439
Company			
Short term funds	10.1	31,490,190	30,716,251
Short term deposits with a licensed bank		4,394,000	5,166,000
Cash and bank balances		10,301	10,930
		35,894,491	35,893,181

10.1 Short term funds

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

11. ASSET CLASSIFIED AS HELD FOR SALE

On 15 December 2021, the Company entered into a Sale and Purchase Agreement ("SPA") for disposal of a leasehold land at RM6,500,000. The sale has been completed in previous financial year ended 31 December 2022. The gain from disposal is shown in Note 18. Details of the asset classified as held for sale are as follows :

	2023 RM	2022 RM
Carrying amount		
At 1 January	-	860,639
Disposal	-	(860,639)
At 31 December	-	-

12. SHARE CAPITAL - GROUP/COMPANY

	2023		2022	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid ordinary shares with no par value classified as equity instruments	<u>316,959,999</u>	<u>113,680,000</u>	<u>316,959,999</u>	<u>113,680,000</u>

12.1 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.

13. RESERVES

	Note	2023 RM	2022 RM
Group			
Fair value reserve	13.1	(105,580)	(105,580)
Foreign currency translation reserve	13.2	6,050,837	2,765,820
Retained earnings		<u>71,471,735</u>	<u>76,712,800</u>
		<u>77,416,992</u>	<u>79,373,040</u>
Company			
Retained earnings		<u>1,352,341</u>	<u>1,940,833</u>

The movements in reserves are shown in the statements of changes in equity.

13.1 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.

13.2 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

14. TRADE AND OTHER PAYABLES

	2023 RM	2022 RM
Group		
Trade		
Trade payables	12,191,793	18,821,052
Non-trade		
Other payables	1,374,358	1,142,375
Accrued expenses	1,056,539	832,434
Dividend payable	3,962,001	4,754,399
	<u>6,392,898</u>	<u>6,729,208</u>
	<u>18,584,691</u>	<u>25,550,260</u>
Company		
Non-trade		
Accrued expenses	90,295	111,839
Dividend payable	3,962,001	4,754,399
	<u>4,052,296</u>	<u>4,866,238</u>

15. DERIVATIVE FINANCIAL LIABILITIES - GROUP

	2023			2022		
	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	-	-	-	6,585,000	-	216,964
				<u>6,585,000</u>		<u>216,964</u>

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

	2023 RM	2022 RM
Group		
Revenue from contracts with customers	<u>162,328,073</u>	<u>185,742,222</u>

Company

Revenue represents dividend income received from subsidiaries.

16.1 Disaggregation of revenue

	2023 RM	2022 RM
Major products		
Manufacturing and sale of plastic packaging and its related products	100,607,266	117,702,462
Trading of polymer products	61,720,807	68,039,760
	<u>162,328,073</u>	<u>185,742,222</u>

Timing of recognition

At a point in time	<u>162,328,073</u>	<u>185,742,222</u>
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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

Employee benefits expenses of the Group include contributions to the Employees' Provident Fund of RM712,280 (2022 : RM681,477).

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

NOTES TO THE FINANCIAL STATEMENTS

18. PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- Audit fees by KPMG PLT	157,200	149,500	36,300	34,500
- Non-audit fees				
- KPMG PLT	4,500	4,000	4,500	4,000
- Local affiliate of KPMG PLT	38,100	39,800	4,600	3,600
Gain on disposal of plant and equipment	-	(9,999)	-	-
Gain on disposal of asset held for sale	-	(5,054,935)	-	-
Loss on disposal of a subsidiary	-	-	38,408	-
Plant and equipment written off	818	25,420	-	-
(Gain)/Loss on foreign exchange, net	(291,746)	1,137,299	-	-
Provision of slow-moving inventories	242,728	-	-	-
Write-down of inventories to net realisable value	216,108	-	-	-
Dividend income from subsidiaries	-	-	(14,895,000)	(18,825,000)
Finance income (Note 18.1)	(1,975,621)	(1,239,194)	(1,114,133)	(738,420)
Government grants income (Note 18.2)	(43,810)	(15,000)	-	-
Net loss on/(Reversal of) impairment of financial instruments				
Financial assets at amortised cost	101,955	(115,045)	-	-
Expenses arising from leases:				
Expenses relating to short-term leases	180,000	133,800	-	-
Expenses relating to leases of low-value assets	7,704	7,704	-	-
Lease income	345,500	(255,667)	-	-

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.

19. KEY MANAGEMENT PERSONNEL COMPENSATIONS

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
- fees	147,200	174,200	104,000	131,000
- remuneration	1,576,336	1,569,968	20,000	24,000
Total short-term employee benefits	1,723,536	1,744,168	124,000	155,000

20. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax expense	3,628,701	4,957,630	264,700	175,574

Major components of income tax expense include:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense				
- Current year	4,127,693	4,675,577	264,693	175,577
- Prior year	(5,992)	(83,947)	7	(3)
Total current tax recognised in profit or loss	4,121,701	4,591,630	264,700	175,574
Deferred tax expense				
- Origination and reversal of temporary differences	(494,000)	314,000	-	-
- Under provision in prior year	1,000	52,000	-	-
Total deferred tax recognised in profit or loss	(493,000)	366,000	-	-
Total tax expense	3,628,701	4,957,630	264,700	175,574

NOTES TO THE FINANCIAL STATEMENTS

20. TAX EXPENSE (CONT'D)

Reconciliation of tax expense

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit for the year	10,606,936	20,580,014	15,259,509	18,908,530
Total income tax expense	3,628,701	4,957,630	264,700	175,574
Profit excluding tax	14,235,637	25,537,644	15,524,209	19,084,104
Income tax calculated using Malaysian tax rate of 24% (2022 : 24%)	3,416,553	6,129,035	3,725,810	4,580,185
Non-deductible expenses	340,067	473,856	113,683	113,392
Tax incentives	(15,516)	(78,575)	-	-
Non-taxable income	-	(1,347,061)	(3,574,800)	(4,518,000)
Other items	(107,411)	(187,678)	-	-
(Over)/Under provision in prior year	(4,992)	(31,947)	7	(3)
Income tax expense	3,628,701	4,957,630	264,700	175,574

21. OTHER COMPREHENSIVE INCOME - GROUP

	Before tax RM	Tax (expense)/ benefit RM	Net of tax RM
2023			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- Gain during the year	3,285,017	-	3,285,017
	3,285,017	-	3,285,017
2022			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- Gain during the year	4,595,638	-	4,595,638
	4,595,638	-	4,595,638

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 RM10,606,936 (2022 : RM20,580,014) and on the weighted average number of ordinary shares outstanding during the financial year of 316,959,999 (2022 : 316,959,999).

23. DIVIDENDS - GROUP AND COMPANY

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2023			
Fourth interim 2022 ordinary	1.50	4,754,399	13 April 2023
First interim 2023 ordinary	1.00	3,169,600	6 July 2023
Second interim 2023 ordinary	1.25	3,962,001	5 October 2023
Third interim 2023 ordinary	1.25	3,962,001	5 January 2024
Total amount		<u>15,848,001</u>	

	Sen per share	Total amount RM	Date of payment
2022			
Fourth interim 2021 ordinary	1.50	4,754,399	13 April 2022
First interim 2022 ordinary	1.00	3,169,600	6 July 2022
Second interim 2022 ordinary	1.50	4,754,399	6 October 2022
Third interim 2022 ordinary	1.50	4,754,399	6 January 2023
Total amount		<u>17,432,797</u>	

Subsequent to the end of the financial year, the Company declared a fourth interim dividend of 1.25 sen per ordinary share totalling RM3,962,001 in respect of the financial year ended 31 December 2023 on 26 February 2024 and paid on 5 April 2024.

NOTES TO THE FINANCIAL STATEMENTS

24. OPERATING SEGMENTS - GROUP

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

Business segments

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

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

Geographical segments

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

	External revenue RM	Non-current assets RM
Geographical information		
2023		
Malaysia	105,664,017	65,910,719
Japan	47,409,256	-
Australia	4,163,884	-
Other countries	5,090,916	-
	<u>162,328,073</u>	<u>65,910,719</u>
2022		
Malaysia	109,981,836	69,171,539
Japan	57,230,804	-
Australia	8,122,998	-
Other countries	10,406,584	-
	<u>185,742,222</u>	<u>69,171,539</u>

Major customer

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

	2023 RM	2022 RM
Customer A	<u>18,035,576</u>	<u>19,469,899</u>

25. COMMITMENTS - GROUP

	2023 RM	2022 RM
Property, plant and equipment		
Contracted but not provided for	<u>4,986,000</u>	<u>109,000</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 of 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 9 to the financial statements.

	Group	
	2023 RM	2022 RM

A company controlled by a Director

Sales	<u>1,375,511</u>	<u>873,227</u>
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	Company	
	2023 RM	2022 RM

Subsidiaries

Dividend income	<u>14,895,000</u>	<u>18,825,000</u>
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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"); and
- (b) Fair value through profit or loss ("FVTPL") - mandatorily required by MFRS 9.

	Carrying amount RM	AC RM
2023		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	25,130,182	25,130,182
Cash and cash equivalents	84,345,153	84,345,153
	109,475,335	109,475,335
Company		
Trade and other receivables	3,545,500	3,545,500
Cash and cash equivalents	35,894,491	35,894,491
	39,439,991	39,439,991
Financial liabilities		
Group		
Trade and other payables	18,584,691	18,584,691
Company		
Trade and other payables	4,052,296	4,052,296

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM
2022			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	30,925,425	30,925,425	-
Cash and cash equivalents	83,354,439	83,354,439	-
	<u>114,279,864</u>	<u>114,279,864</u>	-
Company			
Trade and other receivables	4,753,000	4,753,000	-
Cash and cash equivalents	35,893,181	35,893,181	-
	<u>40,646,181</u>	<u>40,646,181</u>	-
Financial liabilities			
Group			
Trade and other payables	25,550,260	25,550,260	-
Derivative financial liabilities	216,964	-	216,964
	<u>25,767,224</u>	<u>25,550,260</u>	<u>216,964</u>
Company			
Trade and other payables	<u>4,866,238</u>	<u>4,866,238</u>	-

27. FINANCIAL INSTRUMENTS (CONT'D)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gains/(losses) on :				
Financial assets at fair value through profit or loss - held for trading	225,469	(221,498)	-	-
Financial assets at amortised cost	1,690,711	377,262	1,114,133	738,420
Financial liabilities at amortised cost	249,232	61,176	-	-
	2,165,412	216,940	1,114,133	738,420

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 a subsidiary. 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.

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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Concentration of credit risk

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

	Group	
	2023 RM	2022 RM
Domestic	16,737,113	19,489,805
Japan	6,531,309	5,268,521
Australia	716,196	2,514,217
Others	295,408	334,419
	<u>24,280,026</u>	<u>27,606,962</u>

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, 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

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			
2023			
Not past due	18,143,709	(15,487)	18,128,222
Past due 1 - 30 days	4,334,948	(2,931)	4,332,017
Past due 31 - 120 days	1,606,075	(422)	1,605,653
Past due 121 - 180 days	214,355	(221)	214,134
	24,299,087	(19,061)	24,280,026
Credit impaired			
Individually impaired	168,056	(168,056)	-
	24,467,143	(187,117)	24,280,026
Group			
2022			
Not past due	19,137,358	(13,253)	19,124,105
Past due 1 - 30 days	6,041,721	(4,078)	6,037,643
Past due 31 - 120 days	2,425,359	(1,086)	2,424,273
Past due 121-180 days	20,942	(1)	20,941
	27,625,380	(18,418)	27,606,962
Credit impaired			
Individually impaired	66,429	(66,429)	-
	27,691,809	(84,847)	27,606,962

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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

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

	Trade receivables		Total RM
	Lifetime ECL RM	Credit impaired RM	
Group			
Balance at 1 January 2022	104,804	92,568	197,372
Net remeasurement of loss allowance	(88,906)	(26,139)	(115,045)
Effect of movements in exchange rates	2,520	-	2,520
Balance at 31 December 2022	18,418	66,429	84,847
Balance at 1 January 2023	18,418	66,429	84,847
Net remeasurement of loss allowance	328	101,627	101,955
Effect of movements in exchange rates	315	-	315
Balance at 31 December 2023	19,061	168,056	187,117

Cash and cash equivalents

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

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

Other receivables

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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM6,378,731 (2022: RM6,742,246) 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.

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 of 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				
2023				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	18,584,691	-	18,584,691	18,584,691
2022				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	25,550,260	-	25,550,260	25,550,260
<i>Derivative financial liabilities</i>				
Forward exchange contracts (gross settled) :				
Outflow	216,964	-	6,585,000	6,585,000
Inflow	-	-	(6,368,036)	(6,368,036)
	<u>25,767,224</u>		<u>25,767,224</u>	<u>25,767,224</u>

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				
2023				
<i>Non-derivative financial liabilities</i>				
Other payables	4,052,296	-	4,052,296	4,052,296
Financial guarantees	-	-	6,378,731	6,378,731
	<u>4,052,296</u>		<u>10,431,027</u>	<u>10,431,027</u>
2022				
<i>Non-derivative financial liabilities</i>				
Other payables	4,866,238	-	4,866,238	4,866,238
Financial guarantees	-	-	6,742,246	6,742,246
	<u>4,866,238</u>		<u>11,608,484</u>	<u>11,608,484</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.

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			
2023			
Trade and other receivables	1,112,854	1,840,103	-
Cash and cash equivalents	3,903,896	9,780,722	184,404
Trade and other payables	(1,528,537)	(1,920,915)	-
Net exposure	3,488,213	9,699,910	184,404
2022			
Trade and other receivables	1,131,718	1,525,024	-
Cash and cash equivalents	3,326,458	8,455,865	189,020
Forward exchange contracts	(216,964)	-	-
Trade and other payables	(1,248,123)	(3,325,266)	-
Net exposure	2,993,089	6,655,623	189,020

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

27.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2022 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2023 RM	2022 RM
Group		
RM	(265,104)	(227,475)
USD	(737,193)	(505,827)
JPY	(14,015)	(14,366)

A 10% (2022 : 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.

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 of the Company's significant interest-earning financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2023 RM	2022 RM
Group		
Fixed rate instruments		
Financial assets	<u>23,196,000</u>	<u>25,185,000</u>
Floating rate instruments		
Financial assets	<u>39,024,078</u>	<u>38,060,550</u>
Company		
Fixed rate instruments		
Financial assets	<u>4,394,000</u>	<u>5,166,000</u>
Floating rate instruments		
Financial assets	<u>31,490,190</u>	<u>30,716,251</u>

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.

	2023 RM	2022 RM
Group		
Floating rate instruments	<u>296,583</u>	<u>289,260</u>
Company		
Floating rate instruments	<u>239,325</u>	<u>233,444</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.

There is no financial instrument carried at fair value in the Group as at the financial year end.

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		
Group								
2022								
Financial liabilities								
Forward exchange contracts	-	216,964	-	216,964	-	-	-	216,964

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 of the fair values during the financial year (2022 : no transfer in either directions).

28. CAPITAL MANAGEMENT

The Group and the Company consider its equity as capital as presented in the statements of financial position. The Group's and the Company's capital management objectives are to sustain business's operation and growth, and to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns to the shareholders and to repay or settle the amounts owed to other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or secure additional debts.

The Group and the Company did not have any borrowing for the financial years ended 31 December 2023 and 31 December 2022, hence debt to equity ratio is not relevant to the Group and the Company. Management monitors capital based on the ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

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 65 to 110 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year 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 : 15 April 2024

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 65 to 110 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 15 April 2024.

.....
Khaw Khoon Tee

Before me :

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SLP RESOURCES BERHAD

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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 65 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 1(d) Use of estimates and judgements and Note 8 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

TO THE MEMBERS OF SLP RESOURCES BERHAD

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 less estimated selling expenses; 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, IFRS Accounting 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

TO THE MEMBERS OF SLP RESOURCES BERHAD

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate treats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Phaik Im
Approval Number : 03177/05/2025 J
Chartered Accountant

Penang

Date: 15 April 2024

SHAREHOLDINGS STATISTIC

AS AT 4 APRIL 2024

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		Indirect	
	Own	%	Others	%
Khoon Tee & Family Sdn Bhd	131,652,059	41.54	-	-
Khaw Khoon Tee	31,404,478	9.91	2,757,998 ⁽ⁱ⁾	0.87
Khaw Seang Chuan	47,489,085	14.98	2,724,998 ⁽ⁱ⁾	0.86
Khaw Choon Hoong	3,929,499	1.24	-	-

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 ("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		Indirect		%
	Own	%	Others	%	
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	2,724,998 ⁽ⁱ⁾	0.86	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	-
Law Cheng Lock	-	-	-	-	-
Oh Phaik Choo	-	-	-	-	-
Lee Kean Cheong	-	-	-	-	-

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	3,927	0.00
615	100 - 1,000 shares	245,038	0.08
845	1,001 - 10,000 shares	4,087,372	1.29
438	10,001 - 100,000 shares	13,926,232	4.39
78	100,001 - to less than 5% of issued shares	88,151,808	27.81
3	5% and above of issued shares	210,545,622	66.43
<u>2,085</u>	<u>TOTAL</u>	<u>316,959,999</u>	<u>100.00</u>

SHAREHOLDINGS STATISTIC

AS AT 4 APRIL 2024

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 INVESTMENTS SMALL- CAP FUND	10,004,200	3.16
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	7,082,000	2.23
8.	LIM KUAN GIN	6,666,600	2.10
9.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)	4,221,880	1.33
10.	KHAW CHOON HOONG	3,929,499	1.24
11.	LAU SU LIN	3,372,319	1.06
12.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	3,290,476	1.04
13.	CHUAH TEE LIN	2,528,198	0.80
14.	CHUAH CHIN KOK	2,273,399	0.72
15.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	2,233,824	0.70
16.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	2,185,200	0.69
17.	KHAW CHOON CHOON	1,853,199	0.58
18.	YEOH SEW JIN	1,409,740	0.44
19.	KHAW SEANG GHEE	1,378,999	0.44
20.	KHAW SEANG SENG	1,378,999	0.44
21.	ONG SAW KEOK	1,312,519	0.41
22.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB PRIVATE FUND – SERIES 3	1,204,440	0.38
23.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ENG @ TAN AING (MY0225)	1,000,100	0.32
24.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM KUAN GIN	1,000,000	0.32
25.	LAU SU LIN	975,140	0.31
26.	TAN KIM LENG @ TAN KHENG LEANG	943,040	0.30
27.	CHUAH HOO JIN	892,220	0.28
28.	JAPACK'S, INC.	840,000	0.27
29.	MASUDA TOSHIO	840,000	0.27
30.	CHUAH HOO JIN	727,840	0.23
TOTAL :		286,575,693	90.41

LIST OF PROPERTIES HELD BY THE GROUP

Location	Description/Existing use	Tenure	Age of building	Land area/ Built up area (Sq. ft)	Carrying value RM'000 As at 31-Dec-23	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	7- 29 years	471,082/ 387,320	33,001	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	1,982	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	937	2008 /-
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	185	2018 /-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual manner via live streaming and online meeting platform at <https://sshsb.net.my> (Domain Registration No. with MyNIC Berhad: D4A004360) on Friday, 7 June 2024 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2023 and Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 88 of the Company's Constitution:
 - (a) Mr. Khaw Khoon Tee (Resolution 1)
 - (b) Ms Khaw Choon Choon (Resolution 2)
3. To approve the Directors' Fees of up to RM200,000 for the financial year ending 31 December 2024. (Resolution 3)
4. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM25,000, from 08 June 2024 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 2024 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 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the provisions of the Constitution of the Company and approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Board of Directors of the Company ("Board") be and is 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 Board may, in its 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 Board be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Mandate") and that such authority shall continue in force until the conclusion of the next AGM of the Company;

THAT pursuant to Section 85 of the Act read together with Article 10 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate AND THAT such new Shares when allotted shall rank pari passu in all respects with the existing class of ordinary shares;

AND FURTHER THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate."

(Resolution 6)

ORDINARY BUSINESS:- (CONT'D)

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 Main Market Listing Requirements of Bursa Securities 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 30 April 2024 with the specific related parties mentioned therein ("the Mandate"), which are necessary for SLP Group's day-to-day operations on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

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

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

whichever is the earlier.

AND FURTHER THAT the Board be and is hereby authorised to complete and do all such acts and things including executing such documents as may be considered necessary or expedient to give effect to the RRPT contemplated and/or authorized by this resolution."

(Resolution 7)

8. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"To retain the Mr. Law Cheng Lock, 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 ("Code")."

(Resolution 8)

9. 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 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 30 May 2024. Only a depositor whose name appears on the Record of Depositors as at 30 May 2024 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
30 April 2024

NOTICE OF ANNUAL GENERAL MEETING

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 George Town, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

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

Explanatory Notes On Special Business

Resolution 6

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

Should the need arise to issue new shares the General Mandate would avoid any delay and costs in convening a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilization of the proceeds arising from such issue.

Resolution 7

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

Detailed information of the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 30 April 2024.

Resolution 8

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

- (a) He has met the criteria on the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore able to give independent opinion to the Board;
- (b) Being director for more than nine (9) years has enabled him to contribute positively during deliberations/discussions at meetings as he is familiar with the operations of the Company and possess tremendous knowledge of the Company's operations;

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes On Special Business (Cont'd)

Resolution 8 (Cont'd)

- (c) He has the caliber, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
- (d) He has contributed sufficient time and exercised due care during his tenure as Independent Non-Executive Director and carried out his 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 19th AGM.

The retiring Directors have confirmed that they do not have any conflict of interest or potential conflict of interest that arise, or might arise, where they have interest, whether direct or indirect financial interest as well as non-financial interest or competing loyalties or interests which are in conflict with the Company or its subsidiaries.

- 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 9 June 2023.

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

PROXY FORM

CDS ACCOUNT NO.	NO. OF SHARES HELD

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

MYKAD/PassportNo./CompanyNo. _____ of _____

(Address in full, telephone no. & 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/Passport No. _____ of _____

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

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

MYKAD/Passport No. _____ 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 Nineteenth Annual General Meeting of the Company, to be conducted as a fully virtual manner via live streaming and online meeting platform at <https://sshsb.net.my> (Domain Registration No. with MyNIC Berhad: D4A004360) on **Friday, 7 June 2024 at 11.00 a.m.** and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	For	Against
1.	To re-elect Mr. Khaw Khoon Tee as Director		
2.	To re-elect Madam Khaw Choon Choon as Director		
3.	To approve payment of Directors' fees for year ending 31 December 2024		
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 Mr. Law Cheng Lock		

(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 _____ 2024

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:

- 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.
- 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.
- 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 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 George Town, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 30 May 2024. Only a depositor whose name appears on the Record of Depositors as at 30 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- 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.

Personal Data Privacy:

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

STAMP HERE

THE COMPANY SECRETARY

SLP Resources Berhad

Registration No. 200401025355 (663862-H)

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

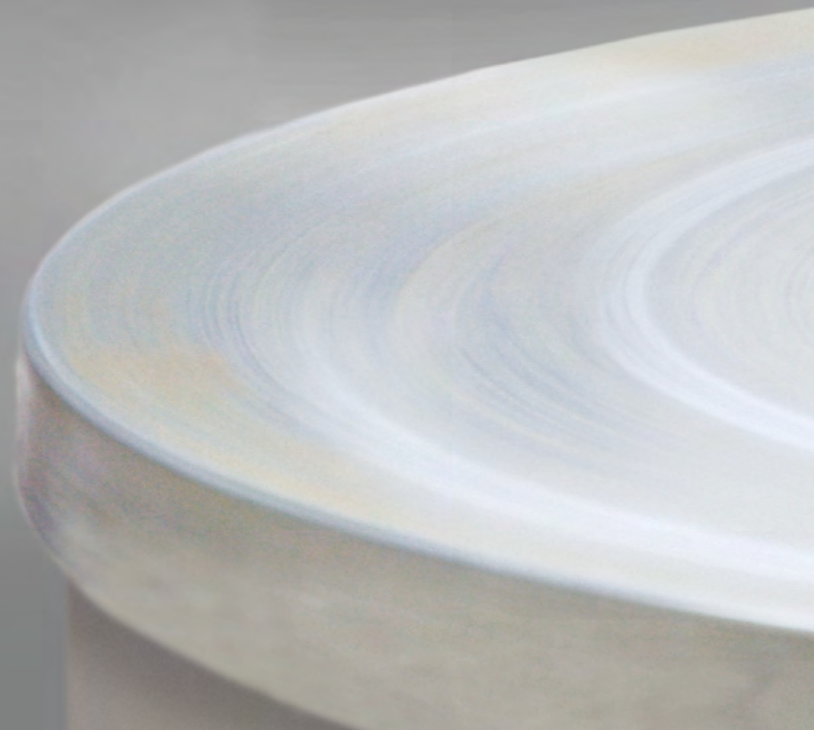


SLP RESOURCES BERHAD

(Registration No. 200401025355 (663862-H))

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

www.sinliplas.com.my



CORPORATE GOVERNANCE REPORT

STOCK CODE : 7248
COMPANY NAME : SLP Resources Berhad
FINANCIAL YEAR : December 31, 2023

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) 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, conflict of interest 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 :		
<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 1.2

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 are chaired 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 draft minutes are circulated to the respective Directors within 14 days from the meeting date, 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>

	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.	
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 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;• Conflict of Interest;• 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>No whistleblowing report received by the Group in year 2023.</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 3rd 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 Board has included an evaluation on ESG aspect for the financial year 2023.</p> <p>Refer to the CG Overview Statement in the Annual Report 2023 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	:	Applied	
Explanation on application of the practice	:	<p>NC has revised the content of directors’ annual assessment by incorporating the review of the directors’ performance in addressing sustainability risks and opportunities. The revised assessment has been distributed to directors for evaluation.</p> <p>Senior Management are assessed by a set of KPI by their respective superior.</p>	
Explanation for departure	:	Please provide an explanation for the departure.	
<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. The evaluation criteria in the annual assessment as well as during appointment of new directors are in compliance with the criteria in the Group Directors' Fit and Proper Policy.</p> <p>Based on the assessment carried out on the Board, Board Committees and individual Directors for the financial year ended 31 December 2023, 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>• Law Cheng Lock</td> </tr> <tr> <td>5</td> <td>Independent Non-Executive Director</td> <td>• Oh Phaik Choo • Lee Kean Cheong</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	• Law Cheng Lock	5	Independent Non-Executive Director	• Oh Phaik Choo • Lee Kean Cheong
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	• Law Cheng Lock																		
5	Independent Non-Executive Director	• Oh Phaik Choo • Lee Kean Cheong																		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																				

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>In the upcoming AGM (19th AGM), we are seeking approval through a two-tier voting process to retain an INED, Mr Law Cheng Lock who has served as INED for nine (9) years.</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

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> <p>Appointment and re-election of directors are assessed according to the criteria stated in Directors’ Fit and Proper Policy adopted by the Group to ensure the directors can serve the Board effectively.</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 Group 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 2023, there were no new Directors being appointed to the Board.</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

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 Director in the financial year ended 31 December 2023.</p> <p>Based on the evaluation carried out by the NC, NC has recommended to the Board to seek shareholders' approval for re-appointment of the retiring Directors, namely Mr. Khaw Khoon Tee and Madam Khaw Choon Choon. The Board unanimously resolved that the retiring Directors are fit and proper and thus in support for the re-appointment of the retiring 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 5.8

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, a Senior INED, and comprised exclusively of INED.</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>Senior Independent Non-Executive Director</td></tr><tr><td>2</td><td>Oh Phaik Choo</td><td rowspan="2">Committee Member</td><td>Independent Non-Executive Director</td></tr><tr><td>3</td><td>Lee Kean Cheong</td><td>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• lead the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.	No.	Name of Directors	Position	Directorship	1	Law Cheng Lock	Chairman	Senior Independent Non-Executive Director	2	Oh Phaik Choo	Committee Member	Independent Non-Executive Director	3	Lee Kean Cheong	Independent Non-Executive Director
No.	Name of Directors	Position	Directorship														
1	Law Cheng Lock	Chairman	Senior Independent Non-Executive Director														
2	Oh Phaik Choo	Committee Member	Independent Non-Executive Director														
3	Lee Kean Cheong		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

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 2024, 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 :		
<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

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 Directors; 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, Group 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>Lee Kean Cheong</td> <td style="text-align: center;">Chairman</td> <td style="text-align: center;">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 style="text-align: center;">Senior Independent Non-Executive Director</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Oh Phaik Choo</td> <td style="text-align: center;">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	Lee Kean Cheong	Chairman	Independent Non-Executive Director	2	Law Cheng Lock	Committee Member	Senior Independent Non-Executive Director	3	Oh Phaik Choo	Independent Non-Executive Director
No.	Name of Directors	Position	Directorship														
1	Lee Kean Cheong	Chairman	Independent Non-Executive Director														
2	Law Cheng Lock	Committee Member	Senior Independent Non-Executive Director														
3	Oh Phaik Choo		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 2023 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	32	-	18	458
2	Khaw Seang Chuan	Executive Director	-	-	-	-	-	-	-	-	-	360	30	-	50	440
3	Khaw Choon Hoong	Executive Director	-	-	-	-	-	-	-	-	-	300	25	-	43	368
4	Khaw Choon Choon	Executive Director	-	-	-	-	-	-	-	-	-	276	23	-	40	339
5	Law Cheng Lock	Independent Director	38	5	-	-	-	-	43	38	5	-	-	-	-	43
6	Oh Phaik Choo	Independent Director	34	5	-	-	-	-	39	34	5	-	-	-	-	39
7	Lee Kean Cheong	Independent Director	32	5	-	-	-	-	37	32	5	-	-	-	-	37
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	:	<p>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> <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 1753"> <thead> <tr> <th>Range of remuneration (RM)</th> <th>Number of Senior Management Executive</th> </tr> </thead> <tbody> <tr> <td>200,001 to 250,000</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>1</td> </tr> <tr> <td>450,001 to 500,000</td> <td>1</td> </tr> </tbody> </table>	Range of remuneration (RM)	Number of Senior Management Executive	200,001 to 250,000	1	250,001 to 300,000	1	300,001 to 350,000	1	350,001 to 400,000	1	400,001 to 450,000	1	450,001 to 500,000	1
Range of remuneration (RM)	Number of Senior Management Executive															
200,001 to 250,000	1															
250,001 to 300,000	1															
300,001 to 350,000	1															
350,001 to 400,000	1															
400,001 to 450,000	1															
450,001 to 500,000	1															
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																
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") by end of the year and chaired by an INED, with details 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>Oh Phaik Choo</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2</td><td>Law Cheng Lock</td><td rowspan="2">Committee Member</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>3</td><td>Lee Kean Cheong</td><td>Independent Non-Executive Director</td></tr></tbody></table> <p>The Chairman of the ARMC, Oh Phaik Choo, 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	Oh Phaik Choo	Chairman	Independent Non-Executive Director	2	Law Cheng Lock	Committee Member	Senior Independent Non-Executive Director	3	Lee Kean Cheong	Independent Non-Executive Director
No.	Name of Directors	Position	Directorship														
1	Oh Phaik Choo	Chairman	Independent Non-Executive Director														
2	Law Cheng Lock	Committee Member	Senior Independent Non-Executive Director														
3	Lee Kean Cheong		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

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	:	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. SLP's Audit and Risk Management Committee ("ARMC")'s Terms of Reference 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. None of SLP's ARMC are former partner of the external audit firm being appointed to the ARMC within the past three (3) years.	
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 9.3

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 19th AGM 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>As at 31 December 2023, ARMC comprise solely INED under the chairmanship of Ms Oh Phaik Choo with details 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>Oh Phaik Choo</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>2</td><td>Law Cheng Lock</td><td rowspan="2">Committee Member</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>3</td><td>Lee Kean Cheong</td><td>Independent Non-Executive Director</td></tr></tbody></table>	No.	Name of Directors	Position	Directorship	1	Oh Phaik Choo	Chairman	Independent Non-Executive Director	2	Law Cheng Lock	Committee Member	Senior Independent Non-Executive Director	3	Lee Kean Cheong	Independent Non-Executive Director
No.	Name of Directors	Position	Directorship														
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2	Law Cheng Lock	Committee Member	Senior Independent Non-Executive Director														
3	Lee Kean Cheong		Independent Non-Executive Director														

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, training and seminar attended by the individual Audit and Risk Management Committee ("ARMC") members are disclosed in 2023 Annual Report.</p> <p>Two (2) of the three (3) members of the ARMC, namely Oh Phaik Choo and Lee Kean Cheong 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.</p> <p>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.</p> <p>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.</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 10.1

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 an Independent Non-Executive Director (“INED”) and comprise solely of INED by end of year 2023.</p>

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 2023 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, a corporate member of the Institute of Internal Auditors Malaysia and a Fellow member of the Certified Practising Accountant, Australia. She is supported by three (3) internal audit staff for the internal audit for the financial year 2023.</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. JWC also declared none of them have any relationship or conflict of interest with the Company. 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 (18th) which was held on 9 June 2023 was circulated on 27 April 2023, 43 days before the event.</p> <p>The same 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 18th Annual General Meeting (“AGM”) which was held on a fully virtual basis on 9 June 2023 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 asked 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 to reduce the emissions associated with the travelling, we have leverage on technology to facilitate voting and remote Shareholder’s participation.</p> <p>Our latest AGM (18th) 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 Agmo Digital Solutions Sdn. Bhd (“Agmo”).</p> <p>Prior to engaging Agmo 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 (18th) which was held on 9 June 2023, 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 questions which were unable to address during the AGM due to time constraint were subsequently 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 :	<p>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.</p> <p>Prior to appointing Agmo Digital Solutions Sdn. Bhd (“Agmo”) for the Remote Participation and Voting (“RPV”) facility, we have considered and tested the infrastructure in place and experience of the meeting.</p> <p>For the latest AGM (18th) which was held on 9 June 2023, 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 questions which were unable to address during the AGM due to time constraint, were subsequently answered through email subsequent to 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	:		
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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	:	Applied
Explanation on application of the practice	:	The minutes of the 18th Annual General Meeting (“AGM”) of the Company was published on our corporate website at www.sinliplas.com.my , within 30 business days after the AGM.
Explanation for departure	:	Please provide an explanation for the departure.
<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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